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Styrelsen och verkställande direktörn för

Vindkraftnorr AB

Org nr 559267-3817

får härmed avge

Årsredovisning

för räkenskapsåret 2022-01-01 -- 2022-12-31

Innehåll **Sida**

Förvaltningsberättelse	2
Resultaträkning	4
Balansräkning	5
Kassaflödesanalys	7
Redovisningsprinciper	8
Väsentliga uppskattningar och bedömningar	12
Noter	13
Underskrifter	17

Fastställelseintyg

Undertecknad styrelseledamot intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman den 2023-06-28.
Årsstämman beslutade att godkänna styrelsen förslag till hur resultatet ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överrens med originalen.

Stockholm den 2023-09-18

Jakob Norström
Styrelseledamot

20230712153530

Styrelsen och verkställande direktören för

Vindkraftnorr AB

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Förvaltningsberättelse

Verksamheten

Vindkraftnorr ABs, organisationsnummer 559267-3817 med säte i Stockholm, verksamhet är att utveckla, bygga och driva elkraftsproduktion i vindparker, äga och förvalta aktier och andelar i dotterbolag.

Viktiga förhållanden

Vindkraftnorr AB ägs till 100% av Statkraft vind AB, org nr 556903-4811 som i sin tur ägs till 100% av Statkraft Asset Holding AB, företagsnummer 998 639 018. Moderbolaget i Norge upprättar koncernredovisning som omfattar även de svenska bolagen. Någon separat koncernredovisning för de svenska bolagen upprättas därför inte. Årsredovisning för Statkraft AS finns att tillgå hos Enhetsregistret, Brönnöysund, Norge.

Samtliga belopp är angivna i tkr om inte annat anges.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser under räkenskapsåret.

Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser efter räkenskapsårets utgång.

Flerårsöversikt

	2022	2021
Nettoomsättning	516.834	462.545
Rörelseresultat	260.877	204.528
Resultat efter finansiella poster	263.528	203.551
Balansomslutning	1.243.992	1.176.878
Eget kapital	747.614	905.790
Kassaflöde från den löpande verksamheten	209.437	227.455
Soliditet, %	84%	90%
Avkastning på eget kapital, %	25%	19%
Avkastning på totalt kapital, %	21%	17%

Förändring i eget kapital

	Aktiekapital	Balanserat resultat	Årets resultat	Summa eget kapital
Belopp vid årets ingång	25	905.410	355	905.790
Nybildning				0
Beslut enligt årsstämma:				
Omföring		355	-355	0
Utdelning		-250.000		-250.000
Årets resultat			91.824	91.824
Redovisat värde	25	655.765	91.824	747.614

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Resultatdisposition
Till årsstämmans förfogande står vinstmedel på sammanlagt 747 589 056kr.

Styrelsen och verkställande direktören föreslår att vinstmedlen disponeras enligt nedan:

Utdelning (250 aktier x 800 000 kr per aktie)	200.000.000
Balanseras i ny räkning	547.589.056
Summa	747.589.056

Styrelsens yttrande över den föreslagna vinstutdelningen
Den föreslagna utdelningen reducerar bolagets soliditet till 81%. Soliditeten är mot bakgrund av att bolagets verksamhet fortsatt bedrivs med lönsamhet betryggande. Likviditeten i bolaget bedöms kunna upprätthållas på en likaledes betryggande nivå. Styrelsens uppfattning är att den föreslagna utdelningen ej hindrar bolaget från att fullgöra sina förpliktelser på kort och lång sikt, ej heller att fullgöra erforderliga investeringar. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 kap 3 § 2-3 st. (försiktighetsregeln).

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RESULTATRÄKNING

	Not	2022	2021
Rörelsens intäkter m.m.			
Nettoomsättning	3	516.834	462.545
Övriga rörelseintäkter		37.607	–
		554.441	462.545
Rörelsens kostnader			
Eldriftskostnader		-53.635	-47.169
Övriga externa kostnader	4	-183.630	-152.417
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-48.590	-58.431
Övriga rörelsekostnader		-7.709	–
		-293.564	-258.017
Rörelseresultat		**260.877**	**204.528**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	5	4.910	941
Räntekostnader och liknande resultatposter	6	-2.259	-1.918
		2.650	-977
Resultat efter finansiella poster		**263.528**	**203.551**
Bokslutsdispositioner	7	-147.881	-203.551
Resultat före skatt		**115.647**	**0**
Skatt på årets resultat	8	-23.823	355
Årets resultat		**91.824**	**355**

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BALANSRÄKNING

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Maskiner och andra tekniska anläggningar	9	781.897	796.580
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	10	948	15.686
		782.845	**812.266**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	11	450	450
Fordringar hos koncernföretag	12	36.351	38.748
Uppskjuten skattefordran	13	355	355
		37.157	**39.553**
Summa anläggningstillgångar		**820.001**	**851.819**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag	12	409.990	309.024
Övriga fordringar		9.121	14.377
Förutbetalda kostnader och upplupna intäkter	14	4.879	1.658
		423.990	**325.059**
Summa omsättningstillgångar		**423.990**	**325.059**
SUMMA TILLGÅNGAR		**1.243.992**	**1.176.878**

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BALANSRÄKNING

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	15	25	25
		25	25
Fritt eget kapital			
Balanserat resultat		655.765	905.410
Årets resultat		91.824	355
		747.589	905.765
Summa eget kapital		**747.614**	**905.790**
Obeskattade reserver	16	**378.418**	**198.072**
Avsättningar			
Övriga avsättningar	17	45.169	40.532
		45.169	**40.532**
Kortfristiga skulder			
Leverantörsskulder		5.190	3.786
Skulder till koncernföretag		13.422	11.053
Aktuell skatteskuld		37.358	6.447
Upplupna kostnader och förutbetalda intäkter	18	16.820	11.198
		72.790	**32.484**
SUMMA EGET KAPITAL OCH SKULDER		**1.243.992**	**1.176.878**

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KASSAFLÖDESANALYS

	Not	2022	2021
Den löpande verksamheten			
Rörelseresultat		260.877	204.528
Justering för poster som inte ingår i kassaflödet			
- Avskrivningar	9	48.590	58.431
- Övriga poster som inte ingår i kassaflödet		4.637	–
		314.105	**262.959**
Erhållen ränta		4.910	941
Erlagd ränta		-2.259	-1.918
Betald inkomstskatt		6.605	6.447
Nettokassaflöde från den löpande verksamheten		**323.361**	**268.429**
Förändringar i rörelsekapital			
Ökning(-)/minskning(+) av rörelsefordringar		-123.318	-107.543
Ökning(+)/minskning(-) av rörelseskulder		9.394	66.569
Kassaflöde från den löpande verksamheten		**209.437**	**227.455**
Investeringsverksamheten			
Förvärv av aktier i dotterföretag		–	-450
Avyttring / minskning av finansiella anläggningstillgångar		2.397	–
Förvärv av materiella anläggningstillgångar		-26.877	-870.697
Avyttring av materiella anläggningstillgångar		7.708	–
Kassaflöde från investeringsverksamheten		**-16.772**	**-871.147**
Finansieringsverksamheten			
Nybildning		–	25
Erhållna aktieägartillskott		–	905.410
Utbetald utdelning		-250.000	–
Erhållna koncernbidrag		32.465	–
Lämnade koncernbidrag		–	-5.479
Kassaflöde från finansieringsverksamheten		**-217.535**	**899.956**
Årets kassaflöde		**-24.870**	**256.264**
Likvida medel vid årets början		256.264	–
Likvida medel vid årets slut	12	**231.394**	**256.264**

* Likvida medel avser del i koncernens koncernkonto och redovisas under rubriken *Fordringar hos koncernföretag*.

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Noter

Belopp i tkr om inte annat anges

Not 1 Redovisnings- och värderingsprinciper

Årsredovisningen har upprättats enligt årsredovisningslagen och Bokföringsnämndens allmänna råd 2012:1 Årsredovisning och koncernredovisning (K3). Tillämpade principer är oförändrade jämfört med föregående år.

Ingen koncernredovisning har upprättats med stöd av ÅRL 7 kap § 2.

De viktigaste redovisnings- och värderingsprinciperna som använts vid upprättande av de finansiella rapporterna sammanfattas nedan.

Resultaträkning

Intäktsredovisning

Nettoomsättningen omfattar försäljningsintäkter från kärnverksamheten, dvs. produktion, försäljning och distribution av el.

Samtliga intäkter värderas till det belopp som influtit eller beräknas inflyta, dvs. med hänsyn till rabatter och efter avdrag för moms och energiskatter, och redovisas i posten Nettoomsättning.

Försäljning och distribution av energi
Energiförsäljning intäktsredovisas vid leveranstidpunkten.

Elcertifikat
Intäkter av elcertifikat som tilldelats från Energimyndigheten genom egen produktion redovisas i den månad som produktion sker.
Elcertifikat värderas till elcertifikatets verkliga värde för produktionsmånaden och ingår i posten Nettoomsättning.

Ersättningar till anställda

Bolaget har under räkenskapsåret inte haft någon anställd personal. Bolagets ledning och administration har handlagts av personal i koncernbolag.

Låneutgifter

Låneutgifter som är direkt hänförliga till inköp, konstruktion eller produktion av en kvalificerad tillgång aktiveras under den tidsperiod som krävs för att färdigställa tillgången för dess avsedda användning eller försäljning. Övriga låneutgifter kostnadsförs i den period som de hänförs till och redovisas i posten *Räntekostnader och liknande resultatposter.*

Avskrivningar

Materiella anläggningstillgångar skrivs av linjärt över tillgångarnas och/eller komponenternas bedömda nyttjandeperiod. Avskrivningen beräknas på det avskrivningsbara beloppet vilket i de allra flesta fall utgörs av tillgångens anskaffningsvärde.

Följande nyttjandeperioden tillämpas:

Materiella anläggningstillgångar
Maskiner och andra tekniska anläggningar
Vindkraftanläggningar 25 år

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Nedskrivningar

Nedskrivningar av immateriella och materiella anläggningstillgångar

Allmänna principer

Per balansdagen bedöms om det föreligger en indikation på att en tillgångs värde är lägre än dess redovisade värde. Om en sådan indikation finns beräknas tillgångens återvinningsvärde. Om återvinningsvärdet understiger redovisat värde görs en nedskrivning som kostnadsförs.

Nedskrivningsprövningen görs per varje enskild tillgång med ett oberoende flöde av inbetalningar. Vid behov behöver tillgångarna grupperas ihop till kassagenererande enheter för att identifiera inbetalningar som i allt väsentligt är oberoende av andra tillgångar eller grupper av tillgångar. Nedskrivningsprövning görs i dessa fall för hela den kassagenerande enheten. En nedskrivning redovisas när en tillgång eller en kassagenererande enhets redovisade värde överstiger återvinningsvärdet. Nedskrivningen belastar resultaträkningen.

Beräkning av återvinningsvärdet

Återvinningsvärdet utgörs av det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärdet. Vid beräkning av nyttjandevärdet diskonteras framtida kassaflöden med en diskonteringsfaktor *före skatt som återspeglar aktuella, marknadsmässiga bedömningar av pengars tidsvärde och den risk som är* förknippad med den specifika tillgången eller den kassagenerande enheten. Beräkningen gör per tillgång eller kassagenererande enhet.

Återföring av nedskrivningar

Nedskrivningar av materiella anläggningstillgångar återförs om skälen som låg till grund för beräkningen av återvinningsvärdet vid den senaste nedskrivningen har förändrats.

Koncernbidrag

Samtliga lämnade och erhållna koncernbidrag redovisas som bokslutsdispositioner.

Balansräkning

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas som tillgång i balansräkningen om det är sannolikt att framtida ekonomiska fördelar som är förknippade med tillgången sannolikt kommer att tillfalla företaget och anskaffningsvärdet kan mätas på ett tillförlitligt sätt. Materiella anläggningstillgångar värderas till anskaffningsvärde med avdrag för ackumulerade av- och nedskrivningar.

Korttidsinventerier och inventarier av mindre värde kostnadsförs löpande.

Anskaffningsvärde

I anskaffningsvärdet ingår inköpspriset och utgifter som är direkt hänförbara till inköpet och syftar till att bringa tillgången på plats och i skick för att utnyttjas i enlighet med företagsledningens avsikt med förvärvet. Som direkt hänförbara utgifter hänförs utgifter för leverans, hantering, installation och montering, lagfarter samt konsulttjänster. Låneutgifter som är direkt hänförliga till investeringar i anläggningstillgångar som tar betydande tid i anspråk att färdigställa inräknas i anskaffningsvärdet under uppförandeperioden. Anskaffningsvärdet reduceras med offentliga bidrag som erhållits för förvärv av anläggningstillgångar.

Anskaffningsvärdet inkluderar inte, till följd av kopplingen mellan redovisning och beskattning, beräknade utgifter för nedmontering, bortforsling och återställande av mark.

Tillkommande utgifter

Tillkommande utgifter aktiveras endast om det är sannolikt att de framtida ekonomiska fördelar som är förknippade med tillgången kommer att komma företaget till del och anskaffningsvärdet kan beräknas på ett tillförlitligt sätt. Utbyte av komponenter räknas in i tillgångens redovisade värde. Om inte kostnadsförs utgifter under det räkenskapsår som de uppkommer.

Reparationer och underhåll kostnadsförs löpande.

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Finansiella instrument

Allmänna principer

Finansiella instrument redovisas initialt till anskaffningsvärde vilket motsvarar instrumentets verkliga värde med tillägg för transaktionskostnader.

En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part enligt instrumentets avtalsenliga villkor. Kundfordringar redovisas när faktura har skickats till kund. Skuld tas upp när motparten har utfört sin prestation och företaget därmed har en avtalenlig skyldighet att betala även om faktura inte har erhållits. Leverantörsskulder redovisas när faktura har mottagits.

En finansiell tillgång tas bort från balansräkningen när rättigheterna i avtalet realiseras, förfaller eller när företaget förlorar kontrollen över rättigheterna. Detsamma gäller för del av en finansiell tillgång. En finansiell skuld tas bort från balansräkningen när förpliktelsen i avtalet fullgörs eller på annat sätt utsläcks. Detsamma gäller för del av en finansiell skuld. Övervägande del av finansiella tillgångar och skulder tas bort från balansräkningen genom erhållande eller erläggande av betalning.

Kundfordringar och liknande fordringar

Kundfordringar och liknande fordringar är finansiella tillgångar med fasta betalningar eller betalningar som går att fastställa med belopp. Fordringar uppkommer då företaget tillhandahåller pengar, varor eller tjänster direkt till kredittagararen utan avsikt att bedriva handel med fordringsrätterna. Kundfordringar och liknande fordringar värderas till upplupet anskaffningsvärde. Med upplupet anskaffningsvärde menas det värde som framkommer när instrumentets förväntade kassaflöde diskonteras med den effektivränta som beräknades vid anskaffningstillfället. Kundfordringar värderas därmed till det värde som beräknas inflyta, dvs. med avdrag för osäkra fordringar. Nedskrivning av kundfordringar redovisas i posten Övriga externa kostnader.

Finansiella skulder

Samtliga finansiella skulder värderas till upplupet anskaffningsvärde, dvs. det förväntade kassaflödet diskonterat med den effektivränta som beräknades vid anskaffningstillfället. Det innebär att leverantörsskulder som har kort förväntad löptid värderas till nominellt belopp.

Fordringar och skulder i utländsk valuta

Monetära fordringar och skulder i utländsk valuta värderas till balansdagens kurs.
Valutakursvinster och -förluster som uppkommer redovisas i posterna *Övriga rörelseintäkter* och *Övriga rörelsekostnader*. Övriga valutakursvinster och -förluster redovisas under rubriken *Resultat från finansiella poster*.

Aktieägartillskott

Moderföretaget redovisar lämnade och återbetalda aktieägartillskott till och från dotterföretag som en ökning respektive minskning av värdet på andelarna i dotterföretaget.

Inkomstskatter

Inkomstskatter utgörs av aktuell skatt och uppkjuten skatt. Inkomstskatt redovisas i resultaträkningen utom då den underliggande transaktionen redovisas i eget kapital varvid även tillhörande skatteeffekt redovisas i eget kapital. Aktuella skattefordringar och skatteskulder samt uppskjutna skattefordringar och skatteskulder kvittas om det finns en legal rätt till kvittning.

Aktuell skatt

Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller per balansdagen och nuvärdesberäknas inte.

Uppskjuten skatt

Uppskjuten skatt är inkomstskatt för skattepliktiga resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatt beräknas på samtliga temporära skillnader, dvs. skillnaden mellan de redovisade värdena för tillgångar och skulder och deras skattemässiga värden samt skattemässiga underskott. Förändringar i uppskjuten skatteskuld eller uppskjuten skattefordran redovisas i resultaträkningen om inte förändringen är hänförlig till en post som redovisas i eget kapital.

Uppskjuten skatteskuld och uppskjuten skattefordran värderas enligt de skattesatser och skatteregler som är beslutade före balansdagen.

Uppskjuten skattefordran värderas till högst det belopp som sannolikt kommer att återvinnas baserat på innevarande och framtida skattepliktiga resultat. Värderingen omprövas per varje balansdag för att återspegla aktuell bedömning av framtida skattemässiga resultat.

Uppskjuten skatt ingår i obeskattade reserver med 20,6 %.

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Avsättningar

En avsättning redovisas i balansräkningen när företaget har en legal eller informell förpliktelse som en följd av en inträffad händelse och det är sannolikt att ett utflöde av resuser kommer att krävas för att reglera åtagandet och en tillförlitlig uppskattning av beloppet kan göras. Om effekten av när i tiden betalningen sker är väsentlig redovisas avsättningen till nuvärdet av de framtida betalningar som krävs för att reglera förpliktelsen. Diskonteringsräntan utgörs av den räntesats som före skatt avspeglar aktuell marknadsbedömning av det tidsberoende värdet av pengar och de risker som är förknippade med framtida betalningar till den del riskerna inte betaktas genom att justeringar gjorts vid bedömningen av de framtida betalningarna.

Avsättningen tas endast i anspråk för de utgifter som avsättningen ursprungligen var avsedd för.

Eventuell gottgörelse som företaget är så gott som säker på att kunna erhålla av en extern part avseende förpliktelsen redovisas som en separat tillgång. Denna tillgång kan dock inte överstiga beloppet för den hänförliga avsättningen.

Avsättningen prövas per varje balansdag och justeringar av avsättningen redovisas i resultaträkningen.

Avsättningen för återställande av mark avseende vindkraftverk byggs upp över tillgångens nyttjandeperiod. Därmed ingår inte heller dessa in anskaffningsvärdet för materiell anläggningstillgång.

Avsättning för avbrottsersättning görs i den period som avbrottet skett under förutsättning att avbrottet ger upphov till en förpliktelse och avsättningens storlek kan beräknas på ett tillförlitligt sätt. Gottgörelse från försäkringsföretag redovisas som tillgång.

Avsättning för deponi beräknas genom att beräknad utgift för sluttäckning och underhåll nuvärdesberäknas och fördelas linjärt över återstående nyttjandeperiod för deponin, dvs. tiden fram till sluttäckning görs.

Avsättning sker även för förlustkontrakt, dvs. när oundvikliga utgifter för att uppfylla företagets förpliktelser överstiger de förväntade ekonomiska fördelarna.

Skulder

Skulder för elcertifikat, utsläppsrätter och ursprungsgarantier

Skulder för elcertifikat, utsläppsrätter och ursprungsgarantier redovisas som en kortfristig skuld.

Övrigt

Likvida medel

Likvida medel utgörs av disponibla tillgodohavanden hos banker och andra kreditinstitut och kortfristiga, likvida placeringar som lätt kan omvandlas till ett känt belopp och som är utsatta för en obetydlig risk för värdefluktuationen. Sådana placeringar har en löptid på maximalt tre månader.

Företagets tillgodohavanden på koncernens koncernkonto redovisas under rubriken *Fordringar hos koncernföretag*.

Kassaflödesanalys

Kassaflödesanalys upprättas enligt direkt metod.

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Not 2 Väsentliga uppskattningar och bedömningar

Upprättande av årsredovisning enligt K3 kräver att företagsledning och styrelse gör antaganden om framtiden och andra viktiga källor till osäkerhet i uppskattningar på balansdagen som innebär en betydande risk för en väsentlig justering av de redovisade värdena för tillgångar och skulder i framtiden. Det görs också bedömningar som har betydande effekt på de redovisade beloppen i denna årsredovisning.

Uppskattningar och bedömningar baseras på historisk erfarenhet och andra faktorer som under rådande förhållanden anses vara rimliga. Resultatet av dessa uppskattningar och bedömningar används sedan för att fastställa redovisade värden på tillgångar och skulder som inte framgår tydligt från andra källor.

Uppskattningar och bedömningar ses över årligen.

Det slutliga utfallet av uppskattningar och bedömningar kan komma att avvika från nuvarande uppskattningar och bedömningar. Effekterna av ändringar i dessa redovisas i resultaträkningen under det räkenskapsår som ändringen görs samt under framtida räkenskapsår om ändringen påverkar både aktuellt och kommande räkenskapsår.

Viktiga uppskatningar och bedömningar beskrivs nedan.

Avsättning för återställande
Värdering av avsättning för återställande av mark avseende framförallt företagets vindkraftverk baseras på långfristiga kassaflödesprognoser av framtida utgifter. Dessa prognoser inkluderar uppskattning om utgifternas storlek och när i tiden dessa beräknas utfalla samt diskonteringsränta. Sådana beräkningar präglas av större osäkerhet eftersom utgiften ligger långt fram i tiden.

Prövning av nedskrivningsbehov för materiella anläggningstillgångar
Företaget har betydande värden redovisade i balansräkningen avseende materiella anläggningstillgångar. Dessa testas för nedskrivningsbehov i enlighet med de redovisningsprinciper som beskrivs i Not 1 Redovisnings- och värderingsprinciper. Återvinningsvärden för en tillgång/komponent eller kassagenererande enheter har fastställts genom beräkning av nyttjandevärden eller verkligt värde minus försäljningskostnader. För dessa beräkningar måste vissa uppskattningar göras avseende framtida kassaflöden och andra adekvata antaganden avseende exempelvis avkastningskrav. Beräkningarna baseras på nyttjandeperiodens längd över 25 år.

Inkomstskatter och uppskjutna skatter
Företaget redovisar i sin balansräkning uppskjutna skattefordringar och skulder vilka förväntas bli realiserade i framtida perioder. Vid beräkning av dessa uppskjutna skatter måste vissa antaganden och uppskattningar göras avseende framtida skattekonsekvenser som hänför sig till skillnaden mellan i balansräkningen redovisade tillgångar och skulder och motsvarande skattemässiga värden.

Uppskattningarna inkluderar även att skattelagar och skattesatser kommer att vara oförändrade samt att gällande regler för utnyttjande av förlustavdrag inte kommer att ändras.

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Not 3 Nettoomsättning

Nettoomsättning per verksamhetsgren

	2022	2021
Elförsäljning	554.441	462.545
Nettoomsättning	**554.441**	**462.545**

	2022	2021
Andel av försäljning som avser koncernföretag	94%	98%
Andel av inköpen som avser koncernföretag	40%	99%

Vid inköp och försäljning mellan koncernföretag tillämpas samma principer för prissättning som vid transaktioner med externa parter.

Not 4 Ersättning till revisorer

	2022	2021
Deloitte AB		
Revisionsuppdraget	125	120
Summa	**125**	**120**

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskning av årsredovisningen och bokföringen, styrelsens och verkställande direktörens förvaltning samt arvode för revisionsrådgivning som lämnas i samband med revisionsuppdraget.

Not 5 Övriga ränteintäkter och liknande resultatposter

	2022	2021
Valutakursdifferenser på kortfristiga fordringar	4.910	941
Summa	**4.910**	**941**

Not 6 Räntekostnader och liknande resultatposter

	2022	2021
Räntekostnader till koncernföretag	-95	-99
Valutakursdifferenser på skulder	-2.165	-1.819
Summa	**-2.259**	**-1.918**

Not 7 Bokslutsdispositioner

	2022	2021
Överavskrivningar	-141.798	-198.072
Avsättning till periodiseringsfond	-38.548	–
Erhållna koncernbidrag	32.465	–
Lämnade koncernbidrag	–	-5.479
Summa	**-147.881**	**-203.551**

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Not 8 Skatt på årets resultat

	2022	2021
Aktuell skatt	-23.823	–
Uppskjuten skatt	–	355
Summa	**-23.823**	**355**

Redovisat resultat före skatt	115.647
Skatt enligt gällande skattesats (20,6%)	-23.823
Uppskjuten skatt på investeringar av inventarier 2021	–
Redovisad skattekostnad	**-23.823**

	0
	355
	355

Not 9 Maskiner och andra tekniska anläggningar

	2022-12-31	2021-12-31
Ingående ackumulerade anskaffningsvärden	855.011	–
Inköp	25.929	855.011
Försäljningar/utrangeringar	-7.708	–
Omklassificeringar	15.686	–
Utgående ackumulerade anskaffningsvärden	**888.918**	**855.011**
Ingående ackumulerade avskrivningar	-58.431	–
Årets avskrivningar	-48.590	-58.431
Utgående ackumulerade avskrivningar	**-107.021**	**-58.431**
Redovisat värde	**781.897**	**796.580**

Not 10 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar

	2022-12-31	2021-12-31
Ingående ackumulerade anskaffningsvärden	15.686	–
Inköp	948	15.686
Omklassificeringar	-15.686	–
Utgående ackumulerade anskaffningsvärden	**948**	**15.686**
Redovisat värde	**948**	**15.686**

Not 11 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående ackumulerade anskaffningsvärden	–	–
Förvärv	450	450
Utgående ackumulerade anskaffningsvärden	**450**	**450**
Redovisat värde	**450**	**450**

Dotterföretag	Org nr	Säte	Andel, % kapital	(röster)	Antal andelar	Redovisat värde 2022-12-31
Statkraft Sverige Vind Elnät AB	556796-8291	Stockholm	100,0	(100,0)	1.000	450
						450

Uppgifter om eget kapital och resultat	Eget kapital	Resultat
Statkraft Sverige Vind Elnät AB	444	0

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Not 12 Fordringar hos koncernföretag

	2022-12-31	2021-12-31
Långfristiga fordringar på koncernföretag	36.351	38.748
Tillgodohavande på koncernens koncernkonto	231.394	256.264
Kortfristig fordran på koncernföretag	178.596	52.760
Redovisat värde	**446.342**	**347.772**

Not 13 Uppskjuten skattefordran

	2022-12-31		2021-12-31	
	Temporär skillnad	Uppskjuten fordran	Temporär skillnad	Uppskjuten fordran
Investering maskiner och inventarier 2021	9.108	355	9.108	355
Redovisat värde		**355**		**355**

Not 14 Förutbetalda kostnader och upplupna intäkter

	2022	2021
Förutbetalda försäkringar	4.879	1.658
Redovisat värde	**4.879**	**1.658**

Not 15 Aktiekapital

Aktiekapitalet består enbart av till fullo betalda stamaktier med ett kvotvärde om 10 kr.
Alla aktier har samma rätt till utdelning och återbetalning av insatt kapital samt motsvarar en röst på bolagsstämman.

Tecknade och betalda aktier:	2022-12-31	2021-12-31
Vid årets början	250	–
Nybildning	–	250
Summa aktier vid årets slut	250	250

Not 16 Obeskattade reserver

	2022	2021
Ackumulerade överavskrivningar	339.870	198.072
Redovisat värde	**339.870**	**198.072**

I obeskattade reserver ingår 20,6 % uppskjuten skatt.

Not 17 Övriga avsättningar

	Återställnings kostnader	Totalt
Tillkommande avsättningar	45.169	40.532
Redovisat värde	**45.169**	**40.532**

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Not 18 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Upplupna transiteringskostnader	3.536	4.290
Upplupna kostnader arrende och andra ersättningar	12.101	5.521
Övriga upplupna driftskostnader	1.183	1.387
Redovisat värde	**16.820**	**11.198**

Not 19 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter och eventualförpliktelser:	**2022-12-31**	**2021-12-31**
Eventualförpliktelser	18.900	18.900

*Vindkraftnorr har framtida återställningsåtaganden för vindkraftverk till ett totalt nominellt belopp om 18 900 (18 900), 1/3 av totalbeloppet är avsatt per 31/12-2022.

Not 20 Koncernuppgifter

Vindkraftnorr AB ägs till 100% av Statkraft vind AB, org nr 556903-4811 som i sin tur ägs till 100% av Statkraft Asset Holding AB, företagsnummer 998 639 018. Moderbolaget i Norge upprättar koncernredovisning som omfattar även de svenska bolagen. Någon separat koncernredovisning för de svenska bolagen upprättas därför inte. Årsredovisning för Statkraft AS finns att tillgå hos Enhetsregistret, Brännöysund, Norge.

Not 21 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser efter räkenskapsårets utgång.

Not 22 Definiton av nyckeltal

Soliditet
Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

Avkastning på eget kapital
Resultat efter finansiella poster i förhållande till eget kapital och obeskattade reserver
(med avdrag för uppskjuten skatt)

Avkastning på total kapital
Resultat före avdrag för räntekostnader i förhållande till balansomslutning.

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Not 23 Resultatdisposition

Till årsstämmans förfogande står vinstmedel på sammanlagt 747 589 056kr.

Styrelsen och verkställande direktören föreslår att vinstmedlen disponeras enligt nedan:

Utdelning (250 aktier x 800 000 kr per aktie)	200.000.000
Balanseras i ny räkning	547.589.056
Summa	747.589.056

Stockholm

Digitally signed by Jakob Ivan Norström
Date: 2023-06-07 17:04:18+02:00

Jakob Norström
Styrelseledamot

Vår revisionsberättelse har avgivits den

Deloitte AB

PERNILLA REHNBERG

Digitally signed by PERNILLA REHNBERG
Date: 2023-06-22 09:34:59+02:00

Pernilla Rehnberg
Auktoriserad revisor

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Årsredovisning Vindkraftnorr AB 2022

Final Audit Report 2023-06-22

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REVISIONSBERÄTTELSE

Till bolagsstämman i Vindkraftnorr AB
organisationsnummer 559267-3817

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Vindkraftnorr AB för räkenskapsåret 2022-01-01 - 2022-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Vindkraftnorr ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Vindkraftnorr AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Deloitte.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Vindkraftnorr AB för räkenskapsåret 2022-01-01 - 2022-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Vindkraftnorr AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Jönköping enligt digital underskrift

Deloitte AB

Pernilla Rehnberg
Auktoriserad revisor

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Företag: Deloitte AB
Befattning: Auktoriserad revisor
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Statkraft AS



Statkraft

CONTENT

3 Statkraft's vision
5 Statkraft at a glance
8 The Board of Directors
9 The Corporate Management
10 Letter from the CEO
11 Report from the Board of Directors

37 Sustainable Finance

47 Sustainability
- 49 How we manage sustainability
- 53 Sustainability at a glance
- 55 Statkraft's contribution
- 57 Our contribution to the UN Sustainable Development Goals
- 59 How we promote responsible business practices
- 78 How we support the green transition

93 Corporate Governance

101 Statements
- **101 Group Financial Statements**
- 103 Financial Statements
- 109 Notes
- **187 Statkraft AS Financial Statements**
- 187 Financial Statements
- 191 Notes
- **215 Auditor's Statement**
- **220 Sustainable Finance Statement**
- **223 Auditor's Statement, Green Finance**
- **226 Sustainability Statement**
- **248 Auditor's Statement, Sustainability**

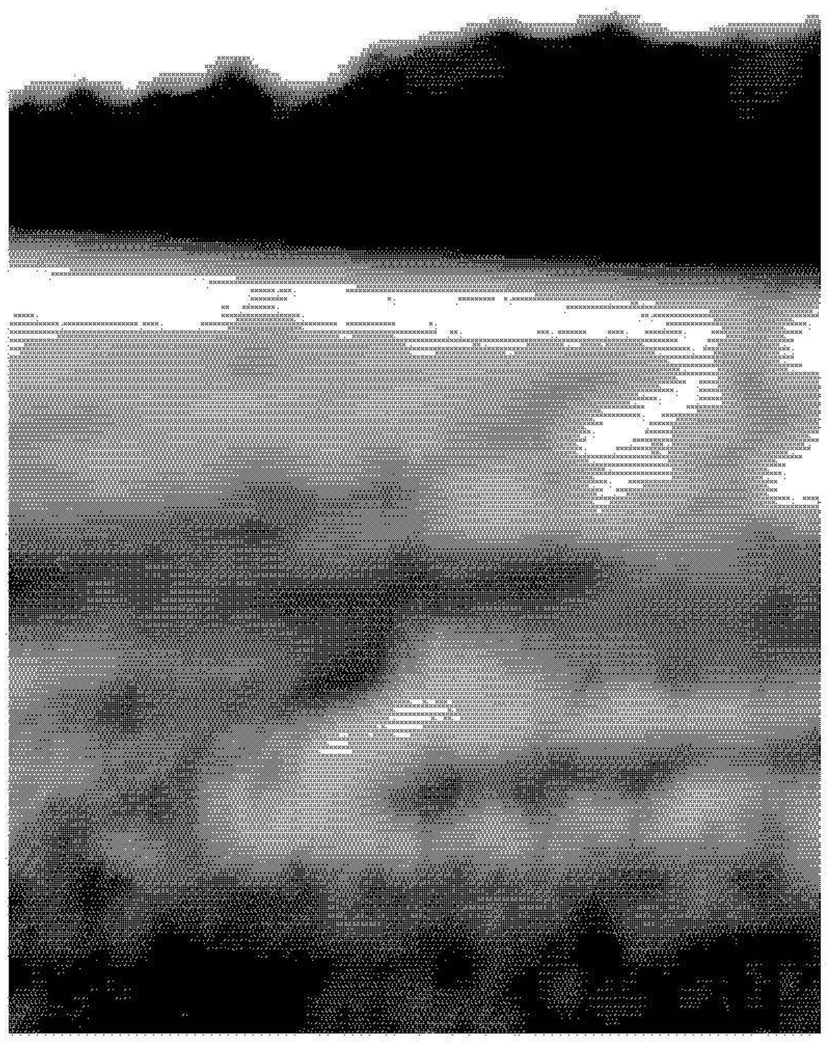
251 Declaration from the Board of Directors and CEO

255 Key figures and Alternative Performance Measures

We have always believed in a better kind of power. Power that renews itself, and in turn, renews the world. Power that creates a positive and sustainable future for people, communities, industries, and our environment. It’s the clean, renewable energy we’ve been pioneering for over a century, and the energy our world needs more than ever before. Through our expertise, we’ve seen the value it delivers and the good it can do. Now it’s our job to make sure it powers the world.

That is why we have launched a new vision – renew the way the world is powered. It is a vision that unites more than 5000 employees around the globe and the reason why we come to work every day.

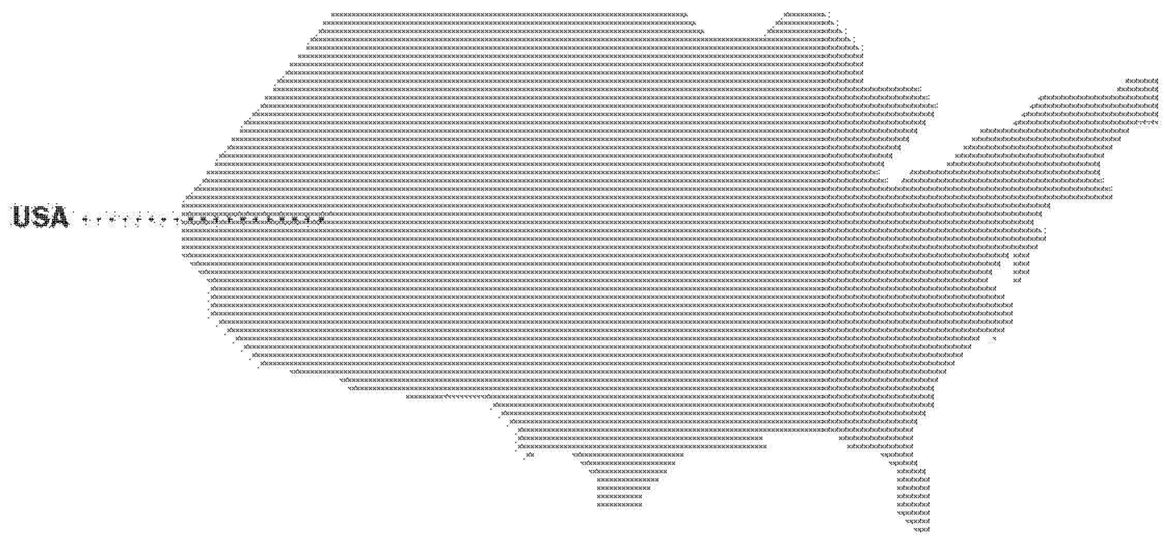
As we look towards 2030, we raise our ambitions higher than ever, as a leading international renewable energy company. Read on for an overview of our main goals for the future and how we will renew the way the world is powered.





Statkraft

AT A GLANCE

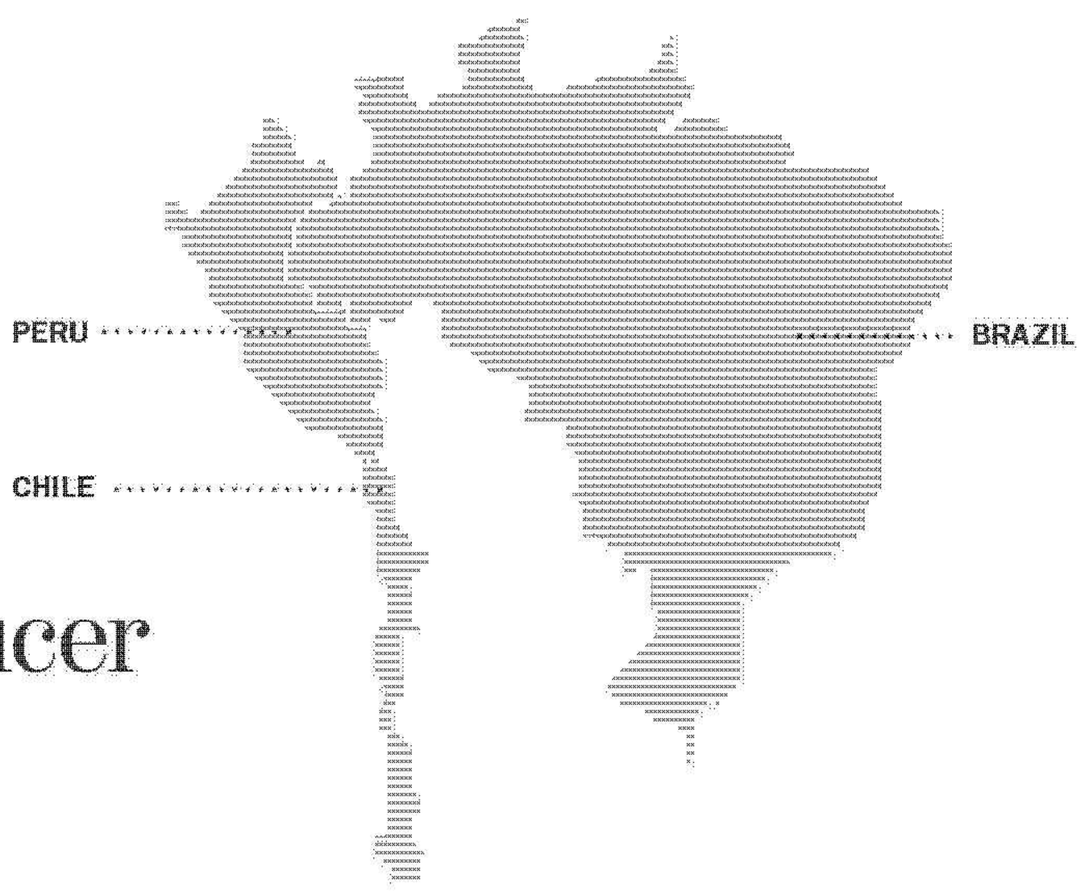


5.300

Statkraft has
5.300 employees

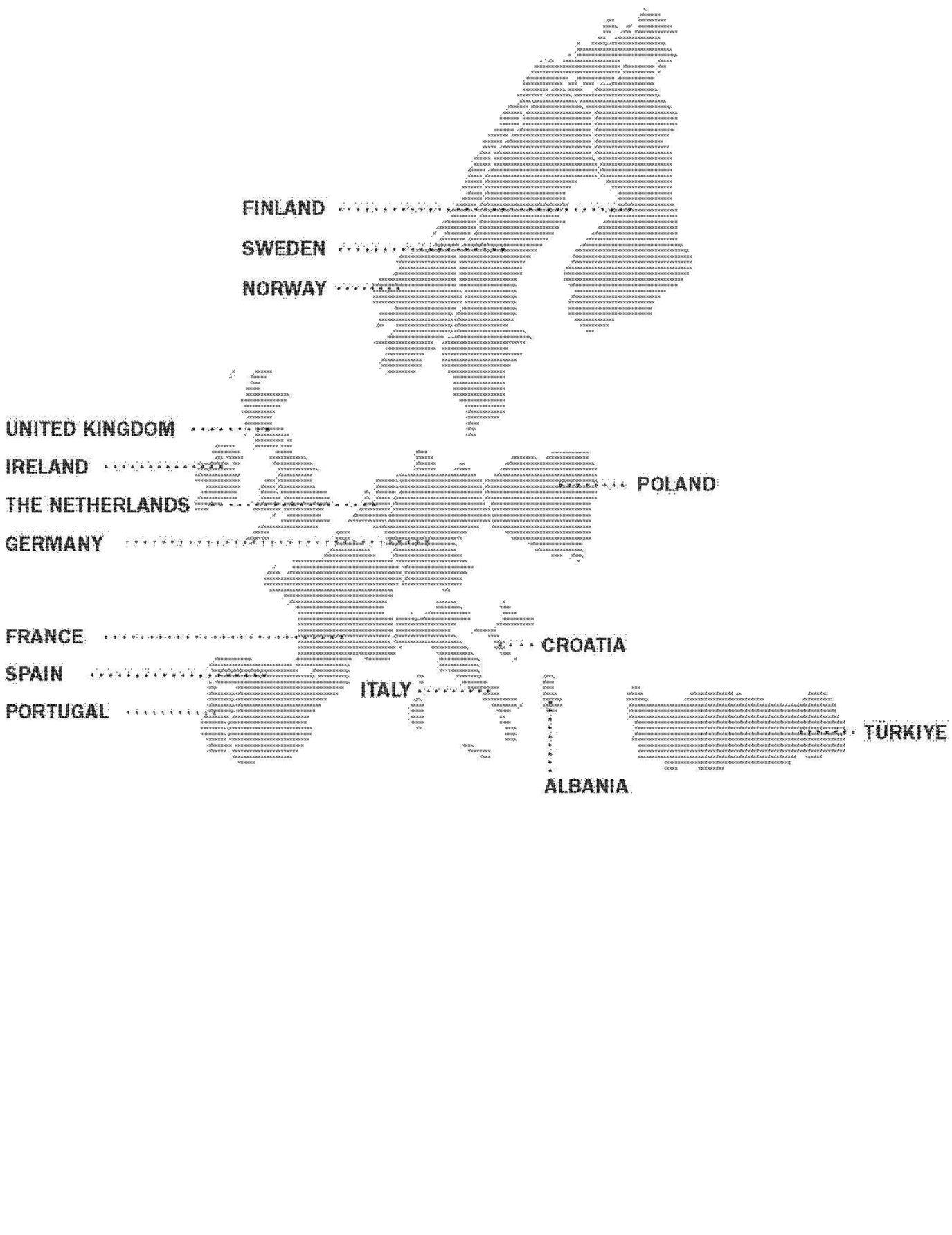
21

In 21 countries



Europe's largest producer
of renewable energy

54.4	28.6	40.2
NOK BILLION	NOK BILLION	NOK BILLION
42.4	-16.1	17.2
PER CENT	NOK BILLION	NOK BILLION



60

TWh

97

PER CENT

11.5

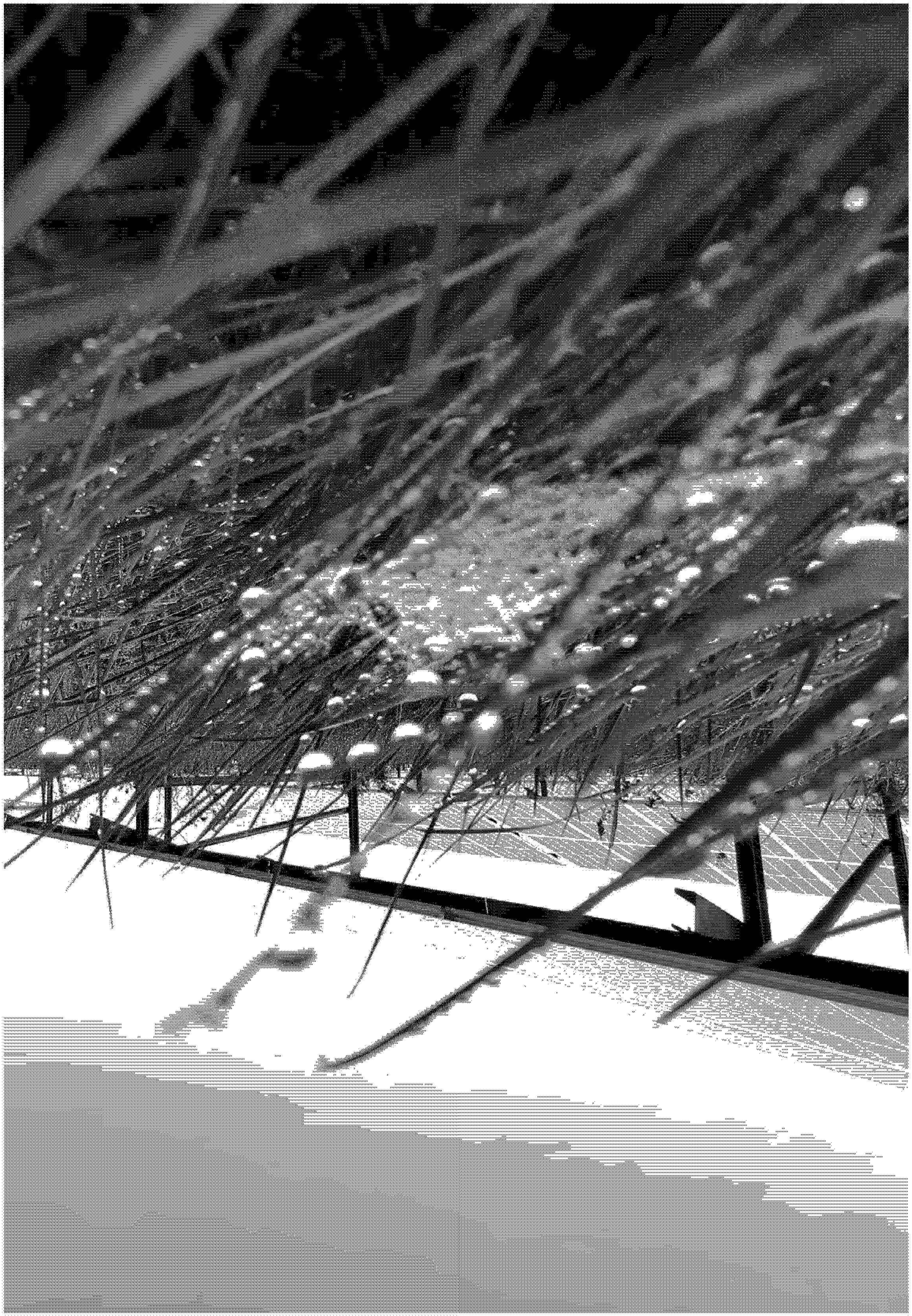
NOK BILLION

33% Norway **44%** Europe **23%** Outside Europe

A

A-





The Board of Directors



From the left: Marte Lind, Mikael Lundin, Ingelise Arntsen, Pål Erik Sjåtil, Thorhild Widvey, Peter Mellbye, Lars Mathisen, Marit Salte and Thorbjørn Holøs.

Thorhild Widvey
Born 1956, Norwegian

Chair of the board, member since 2016.
Chair of the Compensation Committee.
Current board positions: Chair: Vår Energi ASA, Norwegian Ventures AS, Bergen International Festival. Board member: Solstad Offshore ASA, Queen Sonjas Print Award foundation.
Experience: Minister of Culture.
Minister of Petroleum and Energy.
The Ministry of Foreign Affairs: State Secretary.
The Minister of Fisheries: State Secretary.

Peter Mellbye
Born 1949, Norwegian

Vice Chair of the board, member since 2016.
Member of the Compensation Committee.
Current board positions: Chair: Wellesley petroleum, Otovo, Westgass. Board member: TechnipFMC, GLS AS, Resoptima.
Experience: Statoil: EVP. Norwegian Export Council. Norwegian Ministry of Trade and Commerce: various positions.

Marit Salte
Born 1970, Norwegian

Board member, member since 2020.
Member of the Audit Committee.
Current board positions: Board member: Cercare Medical, Your.MD, Nordic Edge, Advisory Board Sparebankstiftelsen and various subsidiaries in the Smedvig Family Office.
Experience: CFO of Smedvig Family Office (present). KPMG auditing and management consulting.

Mikael Lundin
Born 1966, Swedish

Board member, member since 2018.
Member of the Compensation Committee.
Experience: Polhem Infra: CEO. Nord Pool: CEO. Vattenfall Power Consultant: CEO. Vattenfall Poland: CFO. Vattenfall Europe Trading: CFO. Birka Kraft: Director.

Pål Erik Sjåtil
Born 1972, Norwegian

Board member, member since 2022.
Member of the Audit Committee.
Experience: CEO and Managing Partner Lightrock (present), Managing Partner of McKinsey Europe, Shareholder Council (BoD) of McKinsey, Norwegian Air Force.

Ingelise Arntsen
Born 1966, Danish

Board member, member since 2017.
Chair of the Audit Committee.
Current board positions: Chair of the board: Asplan Viak. Board member: Export Finance Norway, SBM Offshore, Corvus Energy, Fred. Olsen Windcarrier.
Experience: Aibel: EVP. Sway Turbine: CEO. REC: EVP. Statkraft: EVP. Arthur Andersen Business Consulting/ Bearing Point: Director. Sogn og Fjordane Energiverk: CEO. Kværner Fjellstrand: CFO.

Marte Lind
Born 1983, Norwegian

Employee-elected board member, member since 2022.
Member of the Audit Committee.
Employee in Statkraft since: 2008
Current work position: Statkraft: Head of Physical services consumption.
Experience: Statkraft: Various positions within production and regulatory affairs.

Thorbjørn Holøs
Born 1957, Norwegian

Employee-elected board member, member since 2002.
Member of the Audit Committee.
Employee since: 1976, Skagerak Energi
Current board positions: Chair: EL and IT Workers Union Vestfold/Telemark.
Current work position: Skagerak Energi: Head union representative.

Lars Mathisen
Born 1975, Norwegian

Employee-elected board member, member since 2022.
Member of the Compensation Committee.
Employee in Statkraft since: 2006
Current board positions: Chair: EL and IT Workers Union Statkraft.
Current work position: Statkraft: Head union representative, Electrician.

The Corporate Management



From the left: Birgitte Ringstad Vartdal, Jürgen Tzschoppe, Anne Harris, Christian Rynning-Tønnesen, Ingeborg Dårflot, Barbara Flesche, Hallvard Granheim and Henrik Sætness.

Christian Rynning-Tønnesen
Born 1959, Norwegian

Group management since 2010
Position: CEO
With Statkraft in 1992-2005 and since 2010
Education: MSc NTH, Trondheim
Norwegian Army officer education
Former positions: Norske Skog: CEO and CFO.
Statkraft: CFO and other executive positions.
McKinsey: Consultant.
Esso Norge: Refinery commercial coordinator.
Current board positions: Board member: Klaveness. Chair: VCOM, LØRN.

Anne Harris
Born 1960, Norwegian

Group management since 2019
Position: CFO and IT
Education: MSc Finance BI, Oslo.
Former positions: Multiconsult AS: CFO. Entra Eiendom AS: Acting CEO and CFO. Norsk Hydro: EVP HR and Organization, SVP Corporate Financial Reporting and Performance.
Current board positions: Board member: COWI, Aker BioMarine.

Hallvard Granheim
Born 1976, Norwegian

Group management since 2014
Position: EVP Markets
With Statkraft since 2012
Education: MSc Finance NHH, Bergen.
Former positions: Statkraft: EVP & CFO, SVP Financial Reporting, Accounting and Tax.
Deloitte: Director, Advisory & Auditor.
Norske Skog: VP Energy Sourcing & Trading.

Birgitte Ringstad Vartdal
Born 1977, Norwegian

Group management since 2020
Position: EVP Nordics
With Statkraft since 2020
Education: MSc Physics and Mathematics NTNU Trondheim, MSc Financial Mathematics Heriot-Watt, Scotland.
Former positions: Statkraft: EVP European Wind and Solar, Golden Ocean: CEO and CFO. Torvald Klaveness Group, Norsk Hydro: various positions.
Current board positions: Chair: Skagerak Energi AS, Fosen Vind.

Henrik Sætness
Born 1972, Norwegian

Group management since 2020
Position: EVP Corporate Staff
With Statkraft since 2009
Education: MSc Industrial economics, NTNU Trondheim.
Former positions: Statkraft: SVP Corporate Strategy & Analysis, SVP Strategy & Development Markets. Navita Systems: EVP Products & Consulting. Norsk Hydro: various positions within energy Trading & Origination.
Current board positions: Chair: FME NTRANS. Board Member: Eviny, Fornybar Norge, Oslo Energy Forum.

Jürgen Tzschoppe
Born 1968, German

Group management since 2015
Position: EVP New Energy Solutions
With Statkraft since 2002
Education: Ph.D. Electrical engineering, RWTH Aachen.
Former positions: Statkraft: EVP Market Operations and IT, SVP Continental Energy. MD Statkraft Markets GmbH and Knapsack Power GmbH & Co. KG.
Enron: Power Trading Europe Associate.
IAEW Aachen: Chief engineer.

Ingeborg Dårflot
Born 1979, Norwegian

Group management since 2022
Position: EVP International
With Statkraft since 2004
Education: MSc NTNU, Trondheim and Comillas Pontifical University, Madrid, Spain.
Former positions: Statkraft: SVP Region Mid-Norway and various other positions.

Barbara Flesche
Born 1971, German

Group management since 2022
Position: EVP Europe
With Statkraft since 2020
Education: Master in Economics University of Hamburg, Trained Banker.
Former positions: Statkraft: SVP CFO European Wind and Solar. Solar Century: CEO.

Letter from the CEO

At the time of writing, a war is raging in Europe. Russia's invasion into Ukraine has far reaching consequences on energy prices and market structures, and high prices on energy and food have impacted the lives of many. This is first and foremost a human tragedy, but Russia's invasion continues to affect Europe's energy markets, with great harm to people and businesses all across Europe including Norway.

In May, a fatal accident occurred at the Tidong Hydropower project in India. Two employees of a local contractor lost their lives, and two others were seriously injured. Managing all activities in a safe and responsible manner is instrumental to our business and improving safety performance has top priority.

The high and volatile energy prices throughout 2022 were mainly caused by Russia reducing natural gas supply, applying political pressure on European governments. Until 2020, Russia was supplying EU countries with close to 40 per cent of their gas consumption. After the invasion almost all Russian natural gas has been phased out, causing a severe supply crisis and markets reacting with an energy price surge. The situation was worsened by unusually dry weather and less wind in Germany, as well as a dramatic and unexpected drop in French nuclear power production caused by reactor outages in addition to maintenance. To replace Russian natural gas, EU has decided to expand the renewable energy production at an unprecedented pace. Statkraft is contributing to this and completed six new power plants in 2022 while 13 others are under construction, mostly in Europe.

Statkraft's power plants are vital to the energy supply in Norway. Production decisions are made daily under significant uncertainty, whilst analysing and forecasting weather and other factors influencing the markets. Through the energy crises, we have put increasing emphasis on the role of energy sources such as natural gas, as well as the higher geopolitical risks. A dry scenario in which Norway would have to import a significant amount of electricity to cover the demand had to be given due consideration. While such concerns for supply indicated at keeping generation moderate to ensure high reservoir levels, too low generation would have caused strain on the system, worsening the situation for already struggling households and businesses. Statkraft strived to handle this dilemma in the best possible way with our large reservoir capacity. Although planning was challenging throughout the year, I believe we handled the situation well. Based on advanced forecasts, we store water for power production at times when it is most needed.

Providing businesses with competitive long-term power supply forms an important part of Statkraft's offering, providing predictable supply and pricing reducing customers' risks. We are delivering about 10 TWh annually on such contracts. During 2022, we signed eight large long-term industrial contracts totalling around 25 TWh for the duration of the contracts. Statkraft was the first mover in the new market for fixed-price contracts to businesses in Norway and is driving competition with offerings in all price regions.

Statkraft had strong revenues in 2022 driven by high energy prices, successful energy management and solid results from market activities. This resulted in exceptionally strong financial results, although production was lower than the previous years. Statkraft achieved an underlying operating profit (EBIT) of NOK 54.4 billion and a net profit of NOK 28.6 billion. The total tax expense ended at NOK 30.2 billion, of which NOK 24.0 billion is payable tax in Norway. In addition, comes high-price- and solidarity contributions of NOK 2.0 billion, of which NOK 1.7 billion is payable high-price contribution in Norway. Statkraft proposes a dividend to the Norwegian state of NOK 17.2 billion for 2022.

The European energy crisis has accelerated the need for more renewable energy, which was already in high demand to fight climate change. Our response has been to step up and 100% of our new investments are in renewable energy. Statkraft launched a strategy in 2022 with high growth ambitions across our geographies and technologies. By 2025, Statkraft has a target to develop 2500-3000 MW annually, equivalent to completing a new power plant every ninth day, year-round.

In Norway, we have launched plans for expanding the capacity in our hydropower plants by starting five major upgrade projects before 2030. We are progressing hydropower construction projects in India and Chile, and several other new projects are being evaluated internationally.

A significant part of the growth will be within wind, solar and battery storage. Statkraft is one of the largest developers of onshore wind in Europe, with three wind farms under construction. In Norway, Statkraft has launched a large wind project, and several other European projects are under development. In Brazil, the first turbines of the Ventos de Santa Eugenia wind project entered into operation before year end and the whole wind farm will be fully operational during 2023. Two other wind farms are also under construction in Brazil and Chile.

Within offshore wind, Statkraft has entered a partnership with Copenhagen Infrastructure Partners to develop four offshore wind projects in Ireland. In Norway, we are partners with Aker Offshore Wind, bp and Ocean Winds and seek to develop offshore wind at SNII and Utsira Nord in the North Sea.

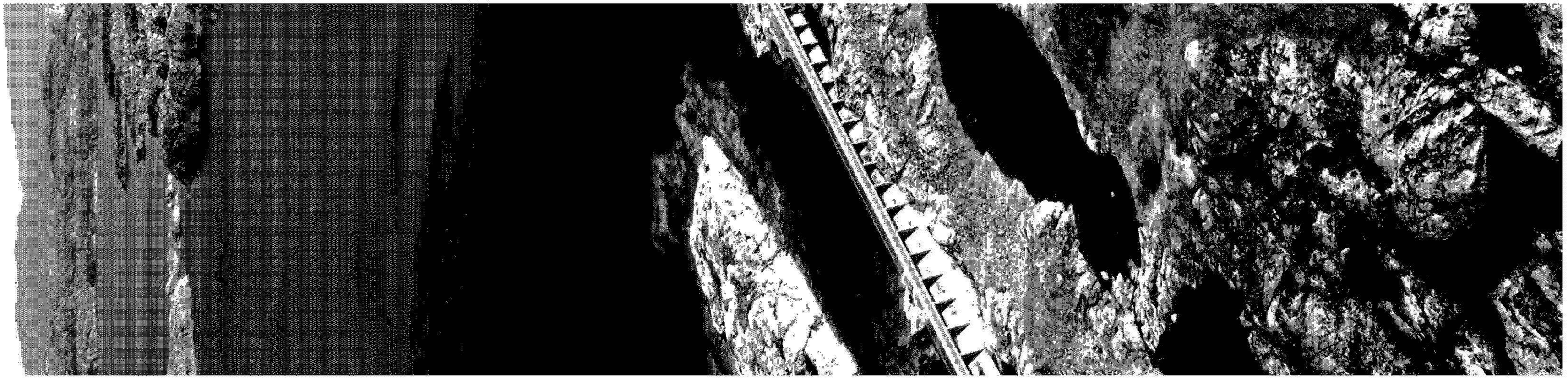
During the year, we completed three solar parks in the Netherlands and our first large scale solar park in Nellai, India. In the beginning of 2023, we have five projects under construction in Ireland, the Netherlands and Spain, and many new solar projects are under development across Statkraft's markets.

Statkraft changed the organisational structure in 2022 by establishing three geographical regions – Nordics, Europe and International. The business area Markets is responsible for the global market operations. A new business area, New Energy Solutions has been created. This business area aims to operate and grow district heating, scale new green energy technologies such as biofuels, develop one of the leading European EV charging providers through the subsidiary Mer, and establish a solid industrial position in green hydrogen. Statkraft aims to be a leading developer of green hydrogen in Norway and in selected markets internationally. The goal is to develop 2000 MW of green hydrogen by 2030.

To curb climate change, the world's energy needs to be transformed from dominantly fossil to dominantly renewable. I would like to thank all colleagues in Statkraft who constantly work to fulfil our vision: Renew the way the world is powered.

Christian Rynning-Tønnesen

Christian Rynning-Tønnesen
President and CEO



STATKRAFT'S BUSINESS GOALS

Provide clean flexibility – leveraging hydropower

Statkraft's ambition is to safeguard its position as the largest hydropower company in Europe and be a significant player in South America and India – investing in at least 5 large projects in Norway by 2030.

Report from the Board of Directors

2022 was an extraordinary year. The European energy markets were very volatile and in periods the power prices were extreme. This has been challenging for many households and businesses. As Europe's largest renewable energy producer with a significant flexible hydropower generation and reservoir capacity in Norway, Statkraft puts emphasis on handling the situation through responsible energy management.

Statkraft has a strong commitment to sustainability, and continuously works to improve the sustainability performance and to adhere to new laws and increasing stakeholder expectations. Caring for people is at the core of the company culture, and everyone should return home safely from work for Statkraft. In light of this, one accident with two fatalities, and another ten serious injuries in 2022 is not satisfactory. Strengthening the safety culture and the safety performance – within Statkraft and among subcontractors – continues to be top priority throughout the organisation.

With Statkraft's large hydropower fleet with low operating cost, the high power prices clearly had a positive effect on the financial results. Statkraft is also one of the largest participants in the European energy market, and the results from the trading and origination business were extraordinary strong in 2022. In sum, this led to a record-high underlying EBIT of NOK 54.4 billion, while profit before tax ended at NOK 58.8 billion and net profit at NOK 28.6 billion. The tax expense and proposed dividend totalling NOK 47.4 billion represent a significant contribution to society.

In 2022, Statkraft updated the growth strategy within renewable energy with more ambitious targets towards 2030. To support the updated strategy, structural adjustments were made with changes to the business areas and reportable segments. These adjustments and the strong financial results give Statkraft a solid foundation to deliver on the growth strategy.

VISION

Renew the way the world is powered

We have always believed in a better kind of power. Power that renews itself, and in turn, renews the world. Power that creates a positive and sustainable future for people, communities, industries, and our environment.

It is the clean, renewable energy we have been pioneering for over a century, and the energy the world needs more than ever before.

Through our expertise we see the value this energy delivers and the good it can do. Now it is our job to make sure it powers the world.

VALUES

Our values govern Statkraft's actions and provide guidance for the employees. These values apply to all employees and others who represent Statkraft. These are the values:

We act responsibly by caring and taking ownership. We are considerate, always aware of how our work will impact our colleagues, customers, society and the environment.

We grow together by being team players and learning from success and failure. We are one Statkraft. We bring our expertise, recognise the value of diversity and learn from every situation.

We make an impact by finding better ways and creating progress and value. We take on the challenge, focus on what matters and deliver solutions that drive positive change.

SUSTAINABILITY

Ambitions and targets

Statkraft aims to be one of the world's leading companies within renewables by 2030. A clear business strategy, updated in 2022, has been developed to achieve this. One of the enablers of the strategy is the way in which Statkraft operates. This is reflected in the company's long-standing commitment to sustainability and responsible business practices. At the same time, legal requirements and stakeholder expectations related to sustainability are rapidly developing. In 2022, Statkraft has therefore updated its sustainability strategy, to include biodiversity. This implies a focus on mitigating the company's impact on biodiversity in a responsible way, continuously improve the understanding of the company's impact, and report the impact in a transparent way. The strategy also describes the company's approach to the UN Sustainable Development Goals (SDGs) and presents ambitions and targets for climate and human rights, as well as biodiversity.

Statkraft recognises the important role that businesses play in contributing to the realisation of the UN SDGs and has assessed its impact on all 17 SDGs. Statkraft has decided to address seven specific goals the company regards as particularly important, which provide the greatest contribution. Statkraft's overarching ambition is to contribute to combat climate change (SDG 13). This ambition is supported by increased access to affordable and clean energy (SDG 7) and the development of sustainable cities and communities (SDG 11). Responsible development and operations are also important, addressing topics such as equality, health and safety, biodiversity and human rights (SDG 5, 8, 15 and 16).

As an overall climate ambition, Statkraft has committed to a power sector pathway compatible with a 1.5°C global warming target. Statkraft's long-term climate target is carbon neutrality for Scope 1 (direct) and Scope 2 (indirect) emissions by 2040. The pathway towards carbon neutrality is aligned with the Sectoral Decarbonization Approach (SDA) 1.5°C scenario, developed by the International Energy Agency (IEA) for the power sector.

Statkraft's overall commitment for health and safety is to have a workplace without injury or harm. This commitment is closely followed up through a group-wide improvement programme; 'Powered by Care'.

Statkraft is committed to high standards of business conduct. There is a compliance programme in place, covering the areas of corruption, fraud, money laundering, sanctions and export control, as well as personal data protection and competition law. The company's level of compliance prevention is high, with additional resources put in place to respond to growth activities.

Sustainability management

In its work on sustainability, Statkraft complies with the laws and regulations in the countries where it operates and takes guidance from relevant international frameworks and guidelines, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The company is a participant in the UN Global Compact. Statkraft also diligently follows up the expectations of its owner, recently outlined in Report No. 6 to the Storting (White Paper, 2022-2023).

Statkraft's Code of Conduct sets out the company's fundamental principles for responsible behaviour. Suppliers are expected to meet the requirements in Statkraft's Supplier Code of Conduct.

Statkraft aims to create value for society, while minimising the environmental impact. At the same time, Statkraft recognises that this ambition may also give rise to dilemmas. The company seeks to understand and manage such dilemmas through a risk-based approach, carefully balancing various needs, and embedding such considerations into the company's business processes. Statkraft's sustainability ambitions and principles are reflected in 'The Statkraft Way'; the management system which sets the direction for the company's business processes.

In recent years, Statkraft has worked to understand and implement the EU Taxonomy on Sustainable Finance. For the 2022 financial year, Statkraft has reported on the company's aligned activities for the first time. In addition, Statkraft has issued its first Green Bonds, including a Green Finance Impact Report. For more information about the Taxonomy and the Green Bonds, see the Sustainable Finance chapter.

Statkraft's reporting on sustainability issues and performance is based on the Global Reporting Initiative (GRI) Standards, and an updated materiality analysis was completed in 2022. The company is also updating its sustainability reporting processes, to align with the upcoming Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

Key sustainability performance in 2022

- Statkraft's installed renewables capacity was 16 646 MW, which is an increase of 377 MW from 2021. In addition, investment decisions have been made in 2022 which reflect 266 MW of new renewable capacity.
- The Group's carbon intensity is among the lowest in the global energy sector. In 2022, it was 11 kg/MWh and 97 per cent of Statkraft's power generation was based on renewable energy sources.
- Statkraft continued to explore measures to reduce our direct greenhouse gas (GHG) emissions, and to reduce GHG emissions in the supply chain (indirect emissions, scope 3). Work is ongoing to develop and pilot GHG assessment tools to assist in the design, planning and construction phases of hydropower and wind power projects.
- Regrettably there were two work-related fatalities and another ten serious injuries in 2022. The fatal accident, where two contractors lost their lives, occurred in May at the Tidong hydropower project in India.
- Statkraft did not reach its goal of zero serious injuries. Strengthening health and safety culture and performance continues to have top priority and attention in Statkraft. Key initiatives were pursued through the 'Powered by Care'

programme and the framework for managing health, safety and security.

- Statkraft is implementing the requirements in the Norwegian Transparency Act that entered into force in 2022, including human rights due diligence of the company's activities and transparent information and reporting.
- Statkraft has continued to identify and assess potential adverse impacts on human and labour rights in Statkraft's supply chains, including continued discussions with strategic suppliers.
- Statkraft aims to develop a more diverse and inclusive (D&I) workplace and has established three KPIs (key performance indicators) to promote and ensure long-term value creation. In 2022, key improvement measures have included building D&I competence and awareness in the organisation, integrating D&I in the recruitment process and establishing a governance structure for follow-up and reporting.
- In the area of business ethics, work continues to ensure awareness and preparedness to manage risks in new and existing business activities. Training on business ethics has been provided to the company's employees with focus on high-risk activities and jurisdictions including M&A (mergers and acquisitions), partnerships, business development, construction projects and market activities. Work on digitalisation, scalability, systematisation and effectiveness of the compliance program continues.
- The biodiversity strategy was finalised in 2022 and is now being translated into concrete actions. A biodiversity taskforce team has been nominated to coordinate the implementation of the strategy across business areas.
- In Norway, Statkraft is providing relevant facts and studies in the ongoing processes related to updating concession terms for its existing hydropower assets. As of late 2022, Statkraft has received updated terms for its five oldest hydropower concessions. Seven other revisions of concession terms are ongoing, comprising Statkraft's largest flexible storage facilities.
- In Sweden, the new government paused in November 2022 the national process to update the concession terms for hydropower due to national energy security considerations in the current European supply crisis. Statkraft's first hydropower concession in Sweden up for revision is Ljungan, planned to start in 2023. In Germany, the concession for Wahnhausen hydropower plant is under renewal. Also, the terms for the Dörverden hydropower plant are under review.
- Statkraft expects growing focus on circularity going forward. Work has been initiated to better understand the implications of our activities, and how we can contribute to increased circularity.

The Board of Directors follows up on the company's sustainability work as part of its regular meetings. More detailed information related to Statkraft's sustainability management and performance is presented in the Sustainability chapter.

Fosen Supreme Court judgement

In October 2021, the Norwegian Supreme Court found that the licences awarded for the Roan and Storheia wind farms as part of the Fosen development were in violation of international human rights. The Supreme Court established that the wind power development, unless sufficient mitigation measures are undertaken, would have a significant adverse effect in the longer term on the reindeer herders' possibility to practice their culture on Fosen, which was deemed by the court to be the relevant threshold under Article 27 of the International Covenant on Civil and Political Rights (ICCPR). Following the Supreme Court decision, The Ministry of Petroleum and Energy (MPE) has outlined an administrative process with the aim to identify mitigation measures that safeguard the reindeer herders' right to cultural practice and maintain reindeer husbandry at Fosen in the long-term. MPE will consider relevant changes to the wind farm licenses to ensure the protection of Sami's indigenous rights. Statkraft is committed to respect human rights and Fosen Vind and Statkraft will support this process and have proposed an impact assessment programme, as requested by MPE.

As Roan wind farm has been divested, Fosen Vind has regular dialogue primarily with Sør-Fosen sijte with the aim of adopting appropriate mitigating measures that safeguard the reindeer herders' cultural rights in line with Article 27, both in the short and long term, and will continue to do so. Fosen Vind has also outlined a plan to help Sør-Fosen sijte in the event of a challenging grazing situation or other short-term needs the sijte may have.

Fosen Vind is working continuously to fulfil its legal obligations to undertake human rights due diligence and continue the dialogue with the impacted sijte.

For more information, see the Human rights section in the Sustainability chapter, note 35 to the consolidated financial statements and the website for Fosen Vind, www.fosenvind.no.

STRATEGY

Market development

After the significant increase in power prices in 2021, power prices in Europe continued at record-high and volatile levels in 2022. The Russian invasion of Ukraine has led to a considerable increase in uncertainty regarding the market development and has likely delayed the phase-out of both fossil baseload capacity sources (e.g. coal) and nuclear power for energy security reasons. The market expects high prices to prevail in the short to medium term.

While global energy markets have been heavily impacted by geopolitics and increased economic uncertainty with high inflation levels, the energy transition continues to advance. The EU has launched several initiatives to increase the build-out of wind and solar to become independent of Russian gas and nations were recommitting to accelerate actions at the COP27 to reach climate targets. Batteries and green hydrogen are emerging as technologies that will complement intermittent renewables in a future zero-carbon economy and utilities continue to increase their growth targets.

The energy transition will change the way energy is produced and consumed. The massive growth in intermittent solar- and wind power, the phase-out of coal and increased demand for energy will require more flexible generation. Decarbonisation will further lead to increased demand for new technologies. At the same time, there will be greater market complexity and high market uncertainty both in the short and medium term. Lastly, the green agenda is becoming more complex as the sustainability agenda is strengthened and broadened. Statkraft's strategy builds on these trends and the company's competitive advantages in its quest to be a leading international renewable energy company.

Statkraft's competitive position

Statkraft has a solid foundation for further growth. From being a supplier of hydropower to Norwegian industry and general consumption, Statkraft has become Europe's largest producer of renewable energy and has a growing presence in other international markets. Statkraft's key competitive advantages emerge from the company's understanding of the market, its industrial competence in development and ownership of power generating assets and the ability to apply these strengths across the value chain.

Responsible renewable energy company

Statkraft has a reputation as a responsible renewable energy company and is seen as a competent partner with high credibility in business ethics. Statkraft is developing and operating renewable projects in a sustainable way for the environment and the societies in which it operates.

A unique Nordic hydropower portfolio

Statkraft's hydropower portfolio in the Nordics constitutes Europe's largest reservoir capacity. The fleet has long life expectancy, very low CO_2 emissions and a high degree of flexibility, which enables optimisation of power generation based on market needs. The strong competence in optimising profitability with integrated energy management, as well as operations and maintenance processes, make Statkraft a competent owner of flexible hydropower.

Strong technical capabilities

The long-term ownership has resulted in strong technical competence in operations and maintenance (O&M) and construction of complex renewable assets across several regions, particularly in hydropower and onshore wind. Statkraft leverages its strengths within asset management and continuous improvement to maintain and increase competitiveness in O&M across renewable technologies.

Development of large-scale renewable assets

Statkraft's industrial competence has been built through a history of successful development of large-scale renewable assets, particularly hydropower, but also by significant growth in wind and solar power. The key differentiating factor for Statkraft within these technologies, beyond being cost competitive, is Statkraft's ability to develop projects in a sustainable way and to secure the projects' future revenue streams.

Market insight and energy management

Through the company's asset ownership Statkraft has built a deep market understanding. This has created leading energy management capabilities with analytical expertise across markets. Statkraft creates value by bringing together complex systems of own and third-party renewable assets and managing the risk. Statkraft provides market access services for third parties by managing the generation of assets for customers. Statkraft is the market leader for this service in Germany, Europe's largest electricity market, and is one of the largest providers in Europe with growing portfolios across several other European markets. In addition, Statkraft has used its deep market understanding to develop a highly competitive trading business. An analytical approach that leverages on Statkraft's internal fundamental market analysis has made trading a competitive advantage.

Market and customer relationships

For decades, Statkraft has had a close relationship with Norwegian power-intensive industries that has enabled the company to develop competence, particularly in dealing with large customers. This has been further developed in the origination business, in district heating and towards smaller power producers in the market access business. These capabilities have established Statkraft as a leading provider of renewable energy and related services in Europe. Statkraft has strong product and service innovation capabilities to develop new, often complex, products to meet and create customer demand.

Statkraft's strategic approach

During 2022, Statkraft updated the strategy and extended the strategic horizon from 2025 to 2030. The updated strategy is a continuation of the strategic direction, but with significantly

strengthened growth ambitions across activities and geographies. Statkraft aims to create value by enabling a net-zero emission future through its four strategic pillars:

- Provide clean flexibility – leveraging hydropower
- Accelerate solar, onshore wind, offshore wind and battery storage
- Deliver green market solutions to customers
- Scale new green energy technologies

To pursue this strategy, Statkraft utilises a market-centric approach within its defined geographical footprint, meaning that the company will use its market insight to find and develop the most profitable opportunities across renewable technologies in each specific Statkraft market. The company will develop, acquire, own and operate renewable assets, and provide its customers with the best energy solutions to reach a net-zero emission future.

Going forward, Statkraft will seek profitable growth and build scale in its current geographical footprint. In Norway, Statkraft will drive the energy transition through developing and delivering renewable power generation and flexible supply, scaling new green energy technologies, and facilitating sustainable businesses. In Europe, Statkraft will take a leading role in supporting the energy markets and the transition ahead, based on its position as Europe's largest producer of renewable energy and its significant market operations. In South America and India, Statkraft will enable more sustainable energy systems, pursuing opportunities from the growing energy demand.

Strategic priorities

Provide clean flexibility – leveraging hydropower

The need for flexibility in the energy market is rising, providing a unique advantage for Statkraft as a flexible hydropower generator with strong market expertise. Statkraft will continue to provide clean flexibility – leveraging its strong hydropower portfolio.

Within hydropower, Statkraft will continue to optimise and expand the unique portfolio. The Nordic portfolio is an important source of flexible and reliable power generation. Given the age of the Nordic hydropower fleet, Statkraft will increase reinvestments in its existing plants to expand their lifetime and retain its competitiveness. Annual reinvestments of around NOK 3 billion are expected for Norwegian and Swedish hydropower in the coming years. In Norway, Statkraft is also planning to develop new hydropower capacity additions through redesign of existing plants and the company aims to have at least five large projects under licencing by 2030. Outside the Nordics, Statkraft will continue to maximise the long-term value of its existing assets, as well as selectively expand its portfolio. The two projects currently under construction, Los Lagos in Chile and Tidong in India, are examples of this strategy.

To expand its flexibility offering, Statkraft will also continue to develop and deliver grid stabilisation services. The current focus is on developing battery energy storage systems and rotating stabilisers (synchronous compensators), mainly in European markets.

In Europe, gas-fired power will continue to be important to provide the required flexibility. Statkraft will own and operate its existing gas-fired power fleet, while all further growth will be in renewable energy. Statkraft will therefore seek to further develop the gas-fired sites to facilitate new renewable energy technologies.

Accelerate solar, wind and battery storage

Solar and onshore wind power have become the technologies with the lowest cost of energy and large growth is expected within these technologies in all countries in which Statkraft operates. Statkraft has a strong starting point with a good track record within development of onshore wind, dating back to the early 2000s, and lately also within solar and battery storage. The company has built strong capabilities throughout the entire life cycle of both onshore wind and solar assets, combined with strong competence in securing different types of revenue streams. Since 2018, Statkraft has scaled a business development organisation across its markets to build a solid pipeline and mature projects. This has been enabled by both organic growth, selective project acquisitions and two successful platform acquisitions and integrations of Element Power and Solarcentury.

Statkraft will continue to accelerate as a solar, onshore wind and battery storage developer, targeting an annual delivery of 2.5-3 GW new capacity by 2025 and 4 GW by 2030. Going forward, the company will expand its value chain through positioning in solar and onshore wind from being mainly focused on development and divestments to also include more long-term asset ownership. Statkraft will develop, acquire, own and operate renewable assets.

Towards 2030, Statkraft will increase its ownership share in solar and onshore wind in the UK, Ireland and additional countries. Leveraging on its unique market operation capabilities, Statkraft will seek to provide additional value by securing revenues through auctions and power sales agreements.

Statkraft also pursues a role as an industrial offshore wind player in the North Sea and Ireland, both as a developer, equity owner and lead operator in the operational phase of offshore wind assets. In Norway, Statkraft is currently part of the bidding process in Sørlige Nordsjø II (together with Aker and bp) and Utsira Nord (together with Aker and Ocean Winds) and the expanded national ambition within offshore wind represents a significant opportunity for Statkraft. While in Ireland, Statkraft is currently building on its positions in North Irish Sea Array (NISA) and Bore Array together with Copenhagen Infrastructure Partners.

Deliver green market solutions to customers

Energy markets are becoming increasingly complex and uncertain. At the same time, customers are demanding more green power supply and tailored energy solutions. Statkraft's market operations are founded on market-leading energy management and hedging of revenues from its own assets. Statkraft supplies industrial and commercial consumers with power from own and third-party assets, matching their individual

needs, managing their risk profiles and helping them become carbon neutral. Statkraft's ambition is to be a top-tier provider of market solutions in Europe with a significant global reach – which is also a competitive advantage for its asset-based business.

Going forward, Statkraft will continue to grow and strengthen its market activities. The company will maximise the value of its own and customers' portfolios through energy and asset management. Statkraft aims for further growth in origination, increasing the volumes in upstream PPAs and structured green energy supplies. The company will also continue to grow in proprietary trading.

The largest part of Statkraft's market operations is related to Nordic hydropower, where a significant share of the generation is hedged with long-term power purchase agreements (PPAs) with customers. In addition to bilateral physical contracts, Statkraft has a financial risk reduction portfolio that enters into financial contracts, normally forwards and futures, in order to hedge prices on a certain volume of future spot sales.

Scale new green energy technologies

New green energy technologies will play an important part in the net-zero emission future. Statkraft has the right capabilities and starting point to build positions in several of these technologies, hence taking part in this expected growth and building new value creating businesses over time. Currently, the main initiatives and ambitions are to:

- Become a leading green hydrogen player in Norway and Sweden and establish an industrial position in other selected Statkraft markets – developing 2 GW by 2030.
- Through the Mer EV-charging business, be a winning European full-service EV charging provider.
- Build a leading position in biofuel in Norway and Sweden, starting with biodiesel production from wood residue feedstock through a joint venture with Swedish Södra.
- Develop and scale opportunities to build new value-adding businesses over time.
- Further grow and develop the district heating business including realizing carbon capture and storage (CCS).

Moreover, Statkraft continuously screens new opportunities where the existing capabilities and portfolio can provide a competitive advantage.

Statkraft's ambition for 2030

With the updated strategy, Statkraft has extended the strategic horizon to 2030 and strengthened the growth ambitions across the company. Statkraft aspires to be a leading renewables company, with sustainable, ethical and safe operations. The aim is to be:

- The largest hydropower company in Europe and a significant player in South America and India.
- A major developer of solar, onshore wind and battery storage with an annual delivery rate of 2.5-3 GW by 2025 and 4 GW by 2030.
- An industrial offshore wind player in the North Sea and Ireland.
- A top-tier provider of market solutions in Europe with a significant global reach.
- A leading developer of green hydrogen, biofuel, EV charging and other green technologies - developing 2 GW production capacity for green hydrogen by 2030.
- One of the top three most profitable and customer-oriented district heating players in Norway and Sweden.

Investments

Statkraft has an ambitious growth strategy within renewable energy which requires significant investments in the coming years. Although Statkraft manages its exposure to the Nordic markets actively through several strategies, the available investment capacity will be impacted by major movements in the Nordic power prices. After a severe drop in power prices in 2020, temporarily reducing investment capacity, the prices were historically high in 2021 and 2022. This has restored and strengthened Statkraft's investment capacity. The recent regulatory changes in Norway with higher resource rent tax and a high-price contribution on power generation have a negative effect on project profitability and investment capacity. However, Statkraft still has a solid financial foundation for further growth.

The investment programme and project portfolio have a large degree of flexibility, and the pace and total amount of investments in the strategic period will depend on market opportunities and market development and will be adapted to Statkraft's financial capacity and rating target. About 40 per cent of the net investments up to 2025 are planned in the Nordics, 30 per cent in the rest of Europe and 30 per cent in markets outside Europe. Of the gross investments, the European share is even higher, as divesting developed wind and solar projects will recycle significant amounts of capital. Outside Europe, there will be growth in markets where Statkraft is already present, such as South America and India. The investment programme will be financed through retained earnings from existing and future operations, external financing and divestments of completed solar and wind projects.

STRATEGIC TARGETS

The Board of Directors has set financial and non-financial targets for the Group. The performance related to several of the targets will be assessed over a longer time horizon. The main targets and the status at the end of 2022 are listed in the table below.

AMBITION	TARGET	STATUS
HSS and sustainability		
Prevent incidents and committed to a workplace without injury or harm	Zero serious injuries	12
Prevent corruption and unethical practices in all activities	Zero serious compliance incidents	0
Deliver climate-friendly, renewable power and take responsible environmental measures	Zero serious environmental incidents	0
Financial performance		
Solid return on capital (ROACE) over time	>12%	42%
Value creation in ongoing business		
Efficient management of energy resources in the Nordic hydropower fleet	>3.5% higher realised prices than the average spot price in the market	5.6%
Growth		
Grow capacity in renewable energy (hydro-, wind- and solar power)	9 GW growth by 2025	3.6 GW
Organisational enablers		
Improve diversity in background, competence and gender across the company	At least 35% women in top management positions by 2025 and at least 40% by 2030	33%

HSS and sustainability

Caring for people is at the core of Statkraft's activities and Statkraft works continuously towards the goal of zero injuries. There was one accident with two fatalities in 2022 and ten serious injuries. The target is zero serious injuries, so Statkraft is not satisfied with this. Strengthening the safety culture and performance across the organisation and among contractors is our top priority and receives high attention throughout the organisation. See the "Health and safety" section in the sustainability chapter of the report for more information.

Statkraft has zero tolerance for corruption and unethical practices in all activities. There were no serious compliance incidents in 2022.

Assessing environmental risks is an important part of Statkraft's daily risk management procedures and practices. There were no serious environmental incidents in 2022.

Financial performance

Statkraft aims to deliver a solid return on capital employed. For 2022, the ROACE was 42 per cent. The reportable segments in the Group have different risk and business models and are at different stages of development. Therefore, some of the segments are expected to achieve a ROACE higher than 12 per cent and some will deliver below. See section "Return on investments" for more information.

Value creation in ongoing business

With Europe's largest portfolio of flexible hydropower plants and reservoir capacity, Statkraft is well-positioned to achieve a higher average price for generation from the Nordic hydropower fleet than the average Nordic spot price. In 2022, Statkraft's realised prices (measured over the last 60 months) were 5.6 per cent higher than the average spot price in the Nordics.

Growth

Statkraft has a growth target of 9 GW by 2025. At the end of 2022, 3.6 GW was either built or made investment decisions for, up 0.3 GW from the end of 2021. The increase relates primarily to smaller wind and solar farms. By 2025, the aim is to be a major wind and solar developer with an annual development rate of 2.5–3 GW and 4 GW per year from 2030.

Organisational enablers

Statkraft aims for a diverse workforce and has a long-term ambition of having at least 40 per cent women in top management positions. At the end of 2022, the share was 33 per cent, up from 30 per cent at the end of 2021. See the "Labour practices" subsection in the sustainability chapter of the report for more information.

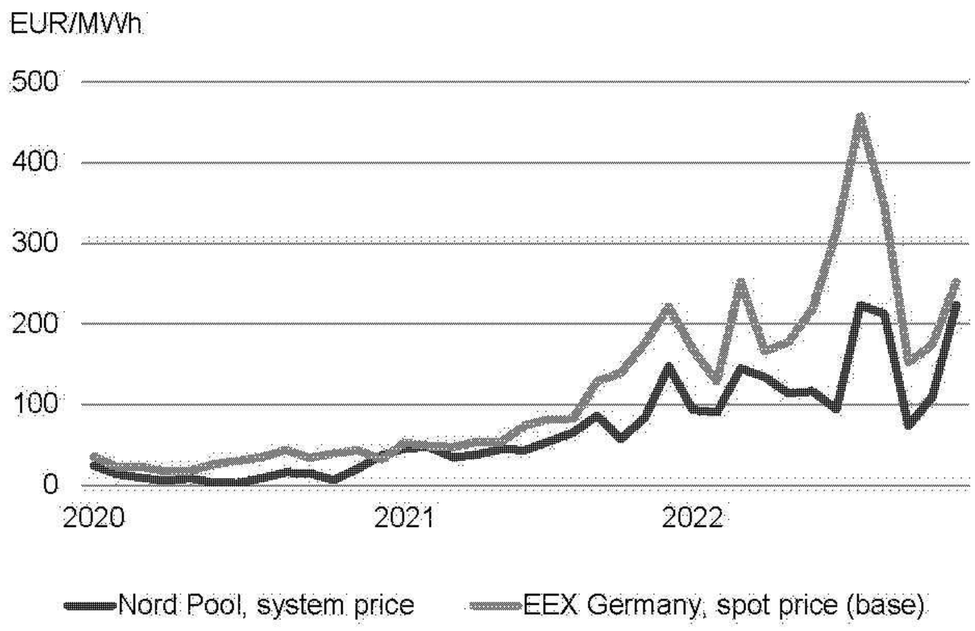
POWER PRICES AND GENERATION

Power prices and optimisation of power generation constitute the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors, commodity prices for thermal power generation, technology cost, grid restrictions and nuclear availability.

Power prices

2022 was a year with volatile and very high prices for power and other energy-related commodities. Power and fuels markets reached record-high price levels during the year.

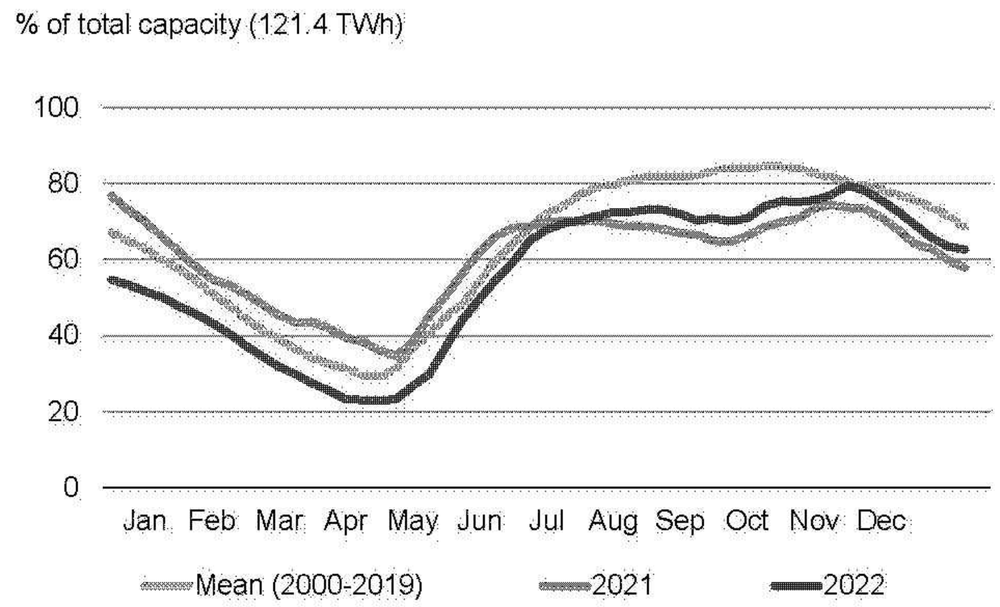
Market prices for power, monthly averages



The average system price in the Nordic region was 136 EUR/MWh in 2022 (62 EUR/MWh). The average German spot price (base) was 234 EUR/MWh (97 EUR/MWh).

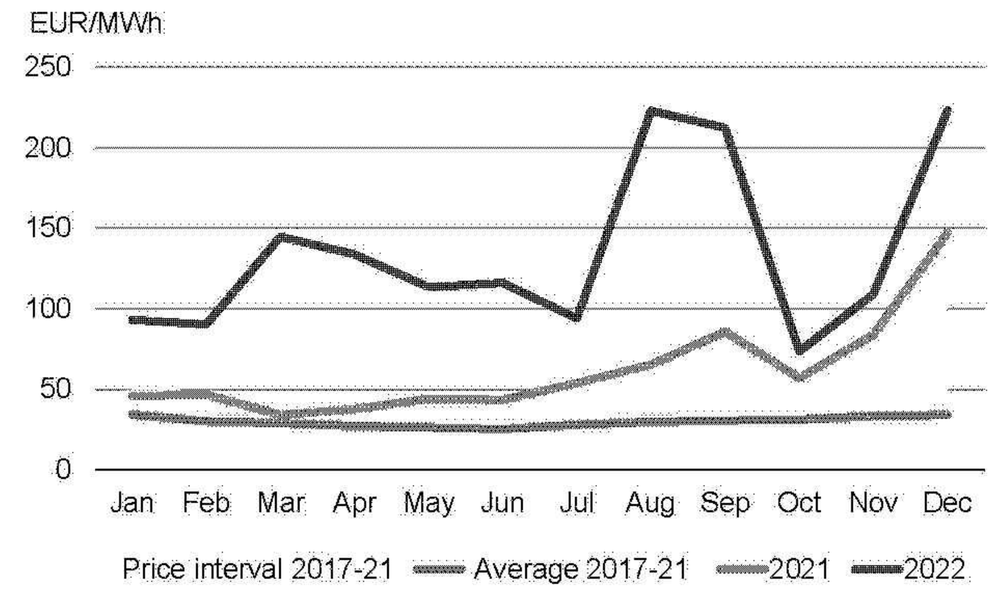
The Nordic market

Reservoir level



As the Nordic generation capacity is mainly hydropower, hydrology and reservoir levels are important price drivers. The reservoir level was below normal level throughout 2022, mainly as a result of dry weather.

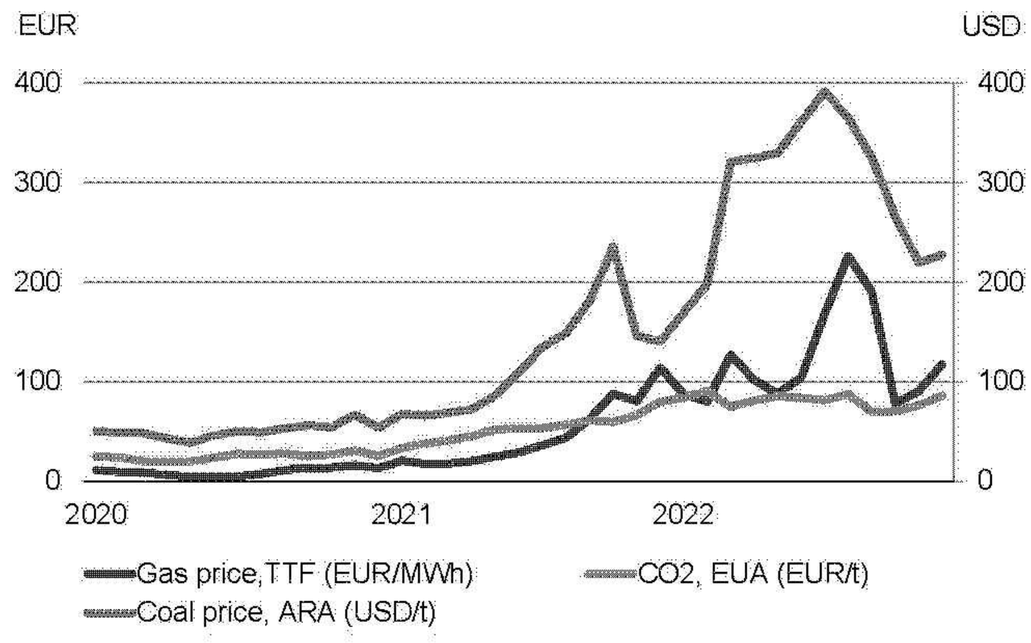
Nordic system price



The Nordic power prices were at record-high levels throughout the year and significantly up from the prices seen in 2021.

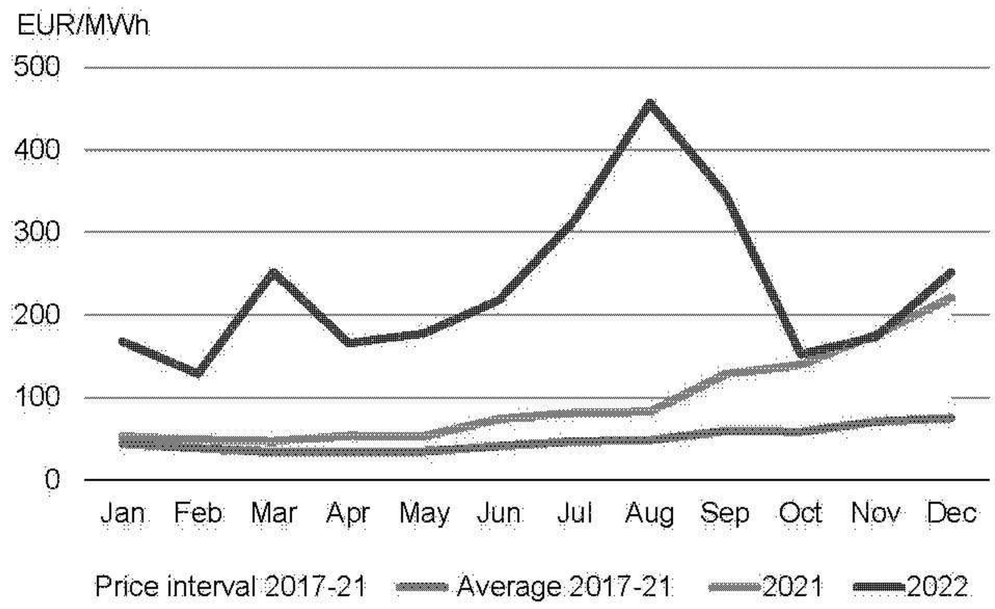
The German market

Price drivers



Coal, gas and CO_2 are important price drivers for the German power market. The prices for all these drivers were also significantly higher than in 2021.

German spot price (base)



The German power prices were very high throughout 2022 but came down to 2021 levels towards the end of the year.

Generation capacity



Statkraft has a consolidated installed power generation capacity of 19.1 GW, of which Norwegian hydropower is the largest portfolio with 11.5 GW. The Norwegian hydropower assets represent around a quarter of Europe's total reservoir capacity. This makes them well suited for a power system with a large share of intermittent power generation from wind and solar.

In addition, Statkraft has ownership in power generation capacity in partly owned companies that are not included in the consolidated capacity above. Statkraft also has a consolidated district heating capacity of 0.9 GW. For further details see the power plant overview in the "Key figures" section at the end of this report.

Power generation

Total power generation in 2022 was 60.2 TWh, a decrease of 14 per cent compared with 2021. The decrease was primarily related to Norwegian hydropower. In addition, Statkraft delivered 1.1 TWh district heating, a decrease of 7 per cent.

Generation by technology

TWh	2022	2021
Hydropower	53.9	63.0
Wind power	4.3	3.9
Gas-fired power	1.7	2.7
Other (biomass and solar power)	0.3	0.2
Total generation	60.2	69.9

Generation by geography

TWh	2022	2021
Norway	46.0	54.5
Sweden	6.5	7.1
Rest of Europe	3.4	4.3
Rest of the world	4.3	4.0
Total generation	60.2	69.9

Spot and contracted volume

TWh	2022	2021
Net physical spot sales	42.5	53.0
Concessionary sales at statutory prices	3.5	3.5
Other statutory bilateral contracts	1.0	0.9
Long-term commercial contracts	13.2	12.5
Total generation	60.2	69.9

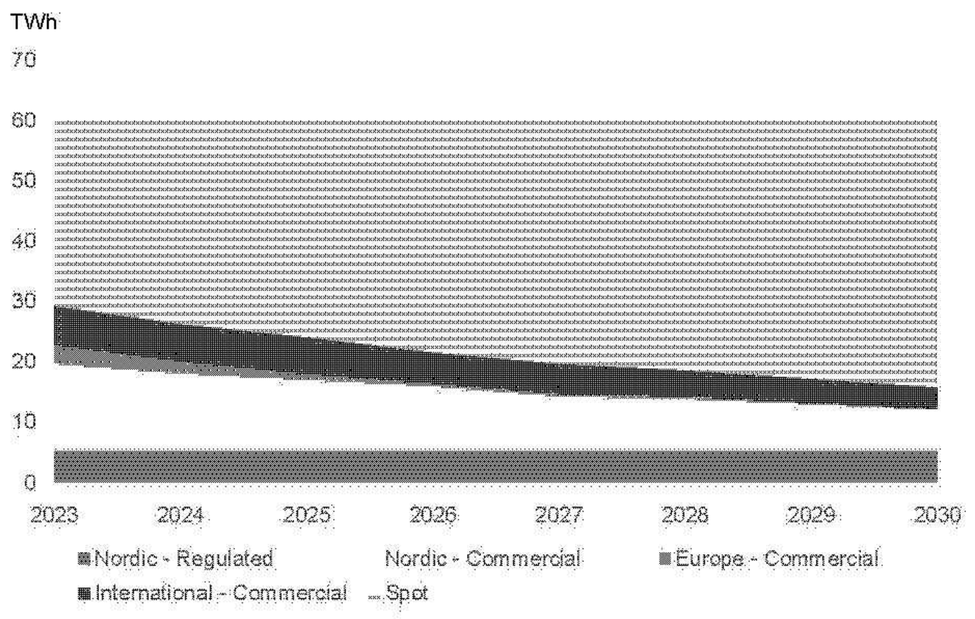
FINANCIAL RISK REDUCING ACTIVITIES

Power generation assets are exposed to energy risk through fluctuations in both price and volume. By entering into positions in the markets for power and related products, either financially or through bilateral contracts, Statkraft actively manages this risk at both company and asset level.

The main hedging activity is long-term contracts with power-intensive industry in Norway. This activity is supplemented with financial power contracts and other risk mitigating activities. The bilateral contracts and other hedging activities reduce the price risk for parts of the power generation and have a stabilising effect on the revenues over time.

A proportion of the generation is hedged through financial contracts. Such contracts are accounted for at fair value and the difference between the contracted fixed price and the forward market price for the total volume of the remaining contract period is recognised in the financial statements under the line item "Gains/losses from market activities" at each reporting period. Hedging contracts that are recognised at fair value may in periods with volatile power prices lead to significant effects in the financial statements.

Hedged volume 2023-2030

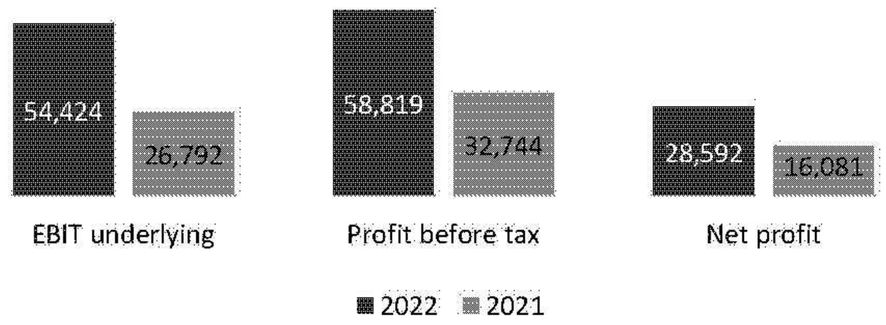


As seen in the graph above, around one third of the Group's total estimated generation for the next years is hedged.

Most of the hedged volume is related to Statkraft's largest segment, Nordics. The main hedges in the Nordics are long-term contracts with power-intensive industry but it also includes certain prepaid long-term contracts, fixed price contracts with small and medium size enterprises, financial contracts, concessionary power and other regulated contracts.

For the segment Europe a smaller part of the generation is hedged, while the segment International has secured most of the estimated generation through long-term contracts.

FINANCIAL PERFORMANCE



The Group's reported operating profit (EBIT) was NOK 52 178 million, while the underlying EBIT was NOK 54 424 million. This is the highest ever EBIT for Statkraft. The significant increase from 2021 was primarily due to very high Nordic power prices and extraordinary strong results from market activities.

Profit before tax was NOK 58 819 million and net profit ended at NOK 28 592 million. At the end of 2022, the Group's equity was NOK 131 691 million, corresponding to 39 per cent of total assets. Cash flow from operating activities was at a very solid NOK 40 242 million.

In the following, the emphasis is to present the results from the underlying operations for items up to and including the operating profit. All underlying items are alternative performance measures, see the chapter «Alternative Performance Measures» for purpose, definition and statement of all items. Elements from the statement of comprehensive income after the operating profit are analysed in accordance with the financial statements.

Net operating revenues and other income underlying

NOK mill.	2022	2021
Nordics	53,375	39,124
Europe	5,400	2,667
International	2,475	1,845
Markets	14,106	-2,345
District heating	749	716
New technologies	215	146
Other	1,870	1,578
Group items	-2,911	-1,979
Net operating revenues and other income underlying	75,280	41,752

Statkraft's revenues are generated through spot sales, contractual sales to the industry, market activities, grid activities and district heating. In addition, the Group delivers concessionary power. The fundamental basis for Statkraft's revenues comprises of power prices, energy optimisation and generation. The generation revenues are optimised through financial power trading, and the Group engages in energy-related trading activities. The Group's underlying net operating revenues and other income increased 80 per cent from 2021.

The largest segment, Nordics, and the Markets segment were the main contributors to the increase. For the Nordics segment, the increase was primarily due to the very high Nordic power prices, partly offset by hedging losses and lower hydropower generation. For the Markets segment, the increase was due to exceptionally strong results from trading and origination and a significant improvement for the dynamic asset management portfolios.

The net operating revenues and other income for segment Europe more than doubled year-on-year, mainly related to gas-fired and hydropower assets in Germany and hydropower assets in Albania due to improved gas-to-power margin and higher power prices. The increase was partly offset by lower generation.

The International segment had an increase in net operating revenues and other income, primarily due to higher power prices in Peru and Chile, as well as higher generation in Brazil, Chile and Türkiye due to improved hydrology.

For the other segments there were smaller changes in net operating revenues and other income.

Operating expenses underlying

NOK mill.	2022	2021
Nordics	-10,333	-8,109
Europe	-3,568	-2,456
International	-1,839	-1,463
Markets	-3,732	-1,999
District heating	-561	-508
New technologies	-871	-638
Other	-2,277	-1,845
Group items	2,327	2,061
Operating expenses underlying	-20,855	-14,957

In total, the Group's underlying operating expenses increased by 39 per cent year-on-year. The increase was primarily related to the introduction of a high-price contribution on power generation in Norway and higher number of full-time equivalents and business development activity level in line with the growth strategy. Performance-related remuneration increased due to the exceptionally strong results in Markets, while changes in the pension scheme caused higher pension costs in Norway.

Items excluded from the underlying operating profit

NOK mill.	2022	2021
Unrealised value changes from embedded EUR derivatives	-1,338	-1,285
Gains/losses from divestments of business activities	-1	817
Impairments/reversal of impairments	-907	3,403
Total adjustments	-2,247	2,934

The negative unrealised effects from derivatives excluded from the underlying operating profit was driven by a strengthening of forward NOK against EUR.

Impairments and reversal of previous years' impairments excluded from the underlying operating profit had a net negative effect of NOK 907 million. This was primarily related to impairments on wind power assets in Norway caused by the introduction of resource rent tax and a hydropower project in Chile due to delays and lower expected prices, partly offset by reversals of impairments on hydropower assets in Albania and Germany. See

note 15 to the consolidated financial statements for more information.

Financial items

NOK mill.	2022	2021
Interest income	1,155	289
Interest expenses	-786	-523
Net currency effects	233	1,089
Other financial items	5,508	477
Net financial items	6,111	1,331

Interest income increased, mainly due to higher liquidity. Interest expenses was also higher, primarily due to new debt and higher interest rates.

Other financial items include a non-cash gain of NOK 4.2 billion from the Å Energi merger in 2022. See note 5 to the consolidated financial statements for more information. In addition, value change in venture capital investments had a positive effect.

Net currency effects

NOK mill.	2022	2021
Currency hedging contracts and short term currency positions	2,129	-27
Debt in foreign currency	-1,733	1,089
Internal loans, joint ventures and associates	-162	27
Net currency effects	233	1,089

The net positive currency effects in 2022 were driven by a weakening of NOK against EUR and were primarily related to external debt and bank deposits in EUR, with negative effects on debt and positive effects on deposits.

Tax expense

NOK mill.	2022	2021
Profit before tax	58,819	32,744
Nominal tax rate in Norway	22 %	22 %
Tax calculated at nominal Norwegian tax rate	12,940	7,204
Tax on share of profit/loss in equity accounted investments	-117	-371
Resource rent tax	16,838	10,074
Other differences from the nominal Norwegian tax rate	567	-244
Tax expense	30,228	16,663
Effective tax rate	51 %	51 %

The recorded tax expense increased significantly compared with 2021. This was mainly due to the higher profit before tax subject to income tax and an increase in resource rent tax rate from 37 per cent to 45 per cent. The majority of Statkraft's tax expense was related to Norway. See note 22 to the consolidated financial statements for more information.

Cash flow

NOK mill.	2022	2021
Operating activities	40,242	26,242
Investing activities	-7,015	-5,618
Financing activities	-13,184	5,418
Net change in cash and cash equivalents	20,043	26,042
Currency exchange rate effects	1,696	-34
Cash and cash equivalents (incl. restricted cash) at year-end	58,902	37,162

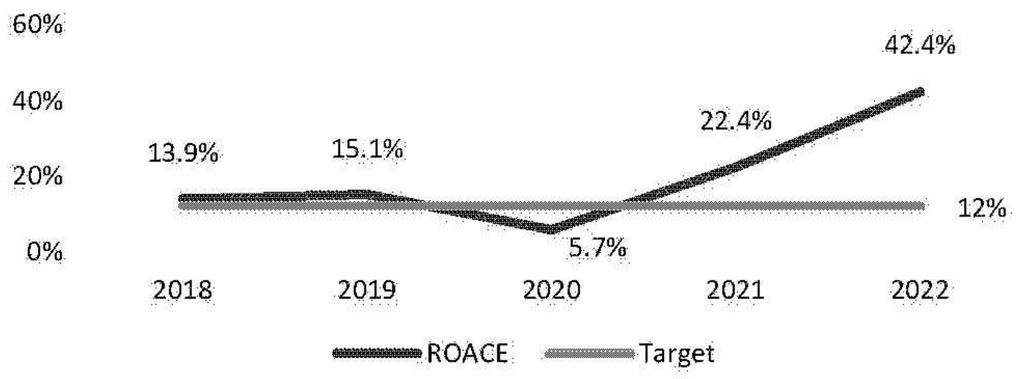
The high operating profit was reflected in cash flow from operating activities, which increased significantly. The difference between operating profit and cash flow from operating activities was mainly related to taxes paid of NOK 14.5 billion.

Cash flow from investing activities was mainly related to investments in property, plant and equipment of NOK 8.0 billion, partly offset by cash inflow of NOK 1.5 billion from the divestments of several wind and solar parks within the Develop-Sell / Develop-Build-Sell business model. See note 5 to the consolidated financial statements for more information.

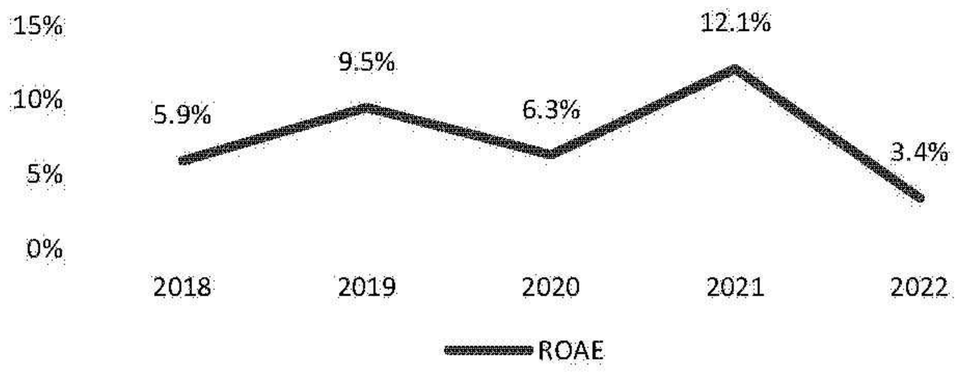
Cash flow from financing activities was primarily related to repayment of interest-bearing debt of NOK 28.3 billion and dividend paid to the owner of NOK 10.2 billion. This was partly offset by new debt of NOK 25.9 billion.

The cash position was very high at the end of the year as significant cash outflow is expected in 2023, particularly related to tax payments, dividends and repayment of interest-bearing debt.

Return on investments



The increase in underlying EBIT following the significant increase in power prices and extraordinary strong results from market activities impacted the return on average capital employed (ROACE), which increased substantially year-on-year and ended well above Statkraft's target of minimum 12 per cent. The average capital employed was 8 per cent higher than for 2021.

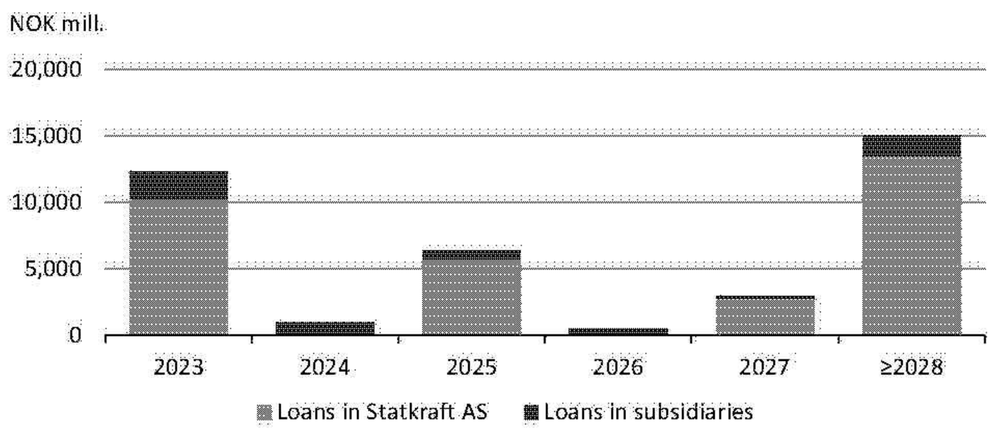


The return on average equity accounted investments (ROAE) decreased compared with 2021. This was due to a lower share of

profit in equity accounted investments, which decreased NOK 1155 million to NOK 531 million. The decrease was mainly related to the Norwegian regional companies Eviny and Å Energi, partly offset by improved results from equity accounted investments in Chile, India and the UK.

Net interest-bearing debt repayment plan

Debt redemption profile[1]



The main objectives of the Group's capital structure management are to maintain a reasonable balance between solidity, the ability to invest and to maintain a strong credit rating. When new external financing is considered, Statkraft seeks to ensure an evenly distributed repayment profile.

The most important target for the Group's management of capital structure is the long-term credit rating.

At the end of 2022, cash and cash equivalents exceeded the interesting-bearing debt of NOK 43 135 million, resulting in a negative net interest-bearing debt-equity ratio of -13.9 per cent (11.8 per cent).

At the end of the year, Statkraft's equity totalled NOK 131 691 million, compared with NOK 107 775 million at the start of the year. This corresponds to 39 per cent of total assets (35 per cent).

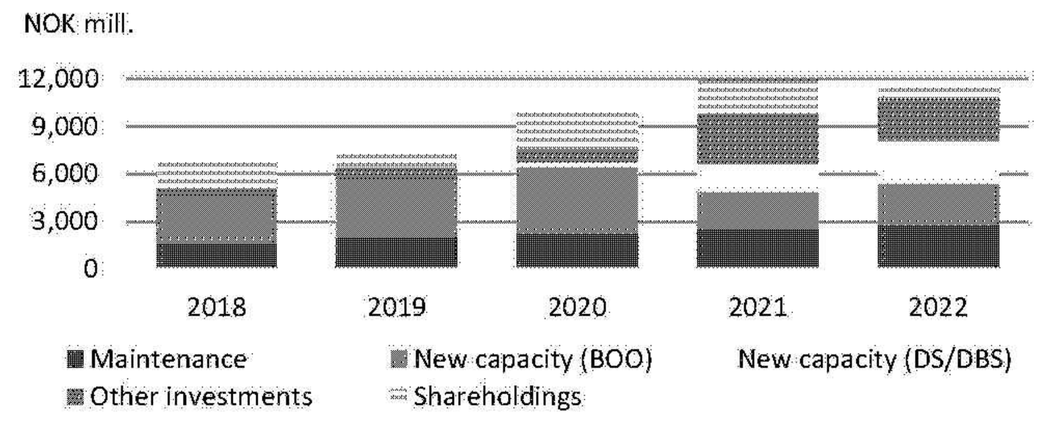
Total assets increased from the end of 2021 to the end of 2022. The largest share of the increase was related to cash and cash equivalents, which is explained in the cash flow section above. Receivables, which is mainly related to trading activities, also increased significantly, of which cash collateral and margin calls represented the largest increase. Furthermore, property plant and equipment increased following investments, while the increase for inventories was mainly related to environmental certificates and wind and solar projects under development or construction. The value of derivates increased due to higher prices on both power and underlying commodities.

Financial strength and rating

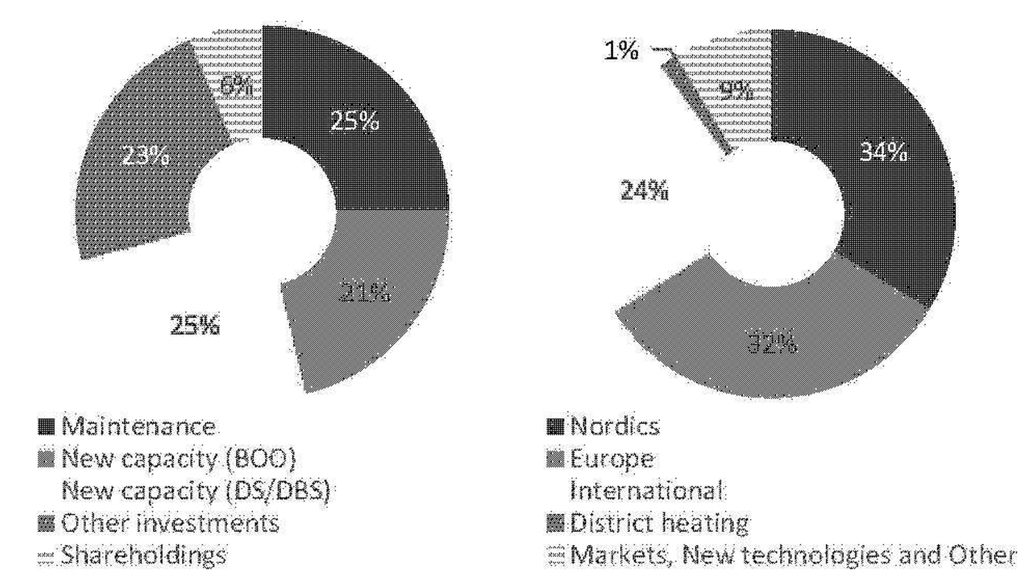
Statkraft is rated by Standard & Poor's and Fitch. Both agencies upgraded their rating in 2022, and Statkraft AS current credit rating is A (stable outlook) from Standard & Poor's and A- (stable outlook) from Fitch Ratings. The rating upgrades are a consequence of the high power prices and higher profit forecast. Statkraft appreciate the positive rating actions but stay committed to the rating target of A- from Standard & Poor's and BBB+ from Fitch. See note 6 to the consolidated financial statements for further information.

[1] Includes commercial papers, bonds and bank debt.

Investments



2022 investments



Statkraft invested NOK 11 451 million in 2022 (NOK 11 868 million), of which approximately one quarter were maintenance investments, primarily in Nordic hydropower assets.

Almost half of the invested amount were in new capacity, either through the business model Develop-Sell (DS) / Develop-Build-Sell (DBS), where the aim is to develop and construct onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion or through the business model Build-Own-Operate (BOO).The DS/DBS investments were primarily related to the development and construction of wind and solar projects, primarily in Ireland. The largest BOO investments were related to the hydropower plants Tidong in India and Los Lagos in Chile, as well as the wind farms Ventos de Santa Eugenia in Brazil and Torsa in Chile.

Other investments of NOK 2 600 million were mainly related to EV charging businesses, district heating and grid activities in Norway, as well as grid service projects in Ireland and the UK.

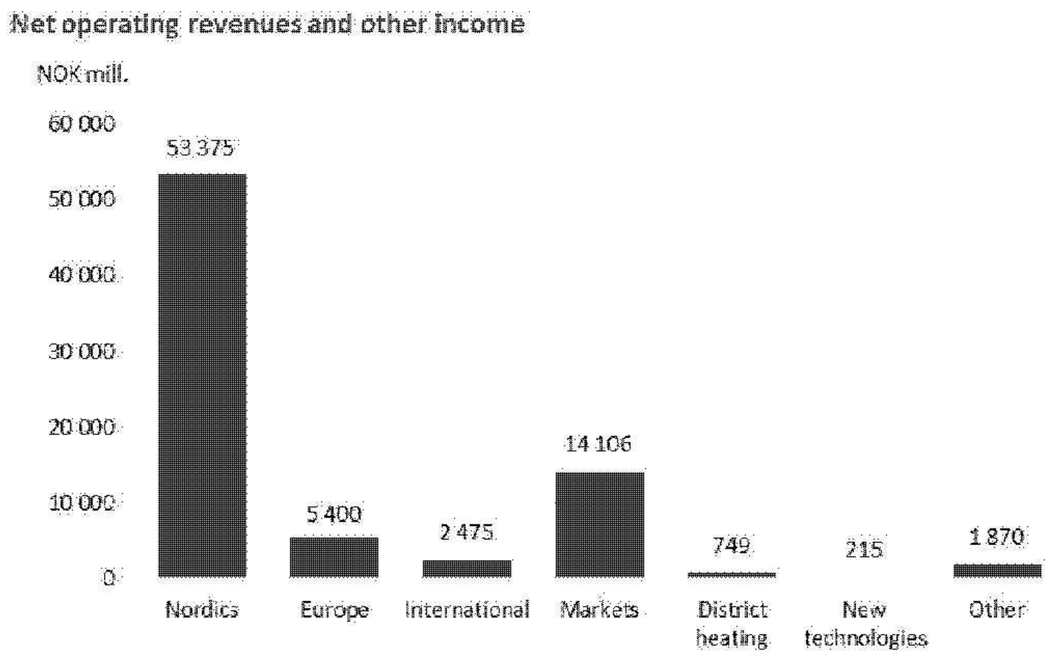
Investments in shareholdings of NOK 725 million were mainly related to the acquisition of Elmtronics, a supplier and installer of EV charging infrastructure in the UK, and investments made by Statkraft Ventures.

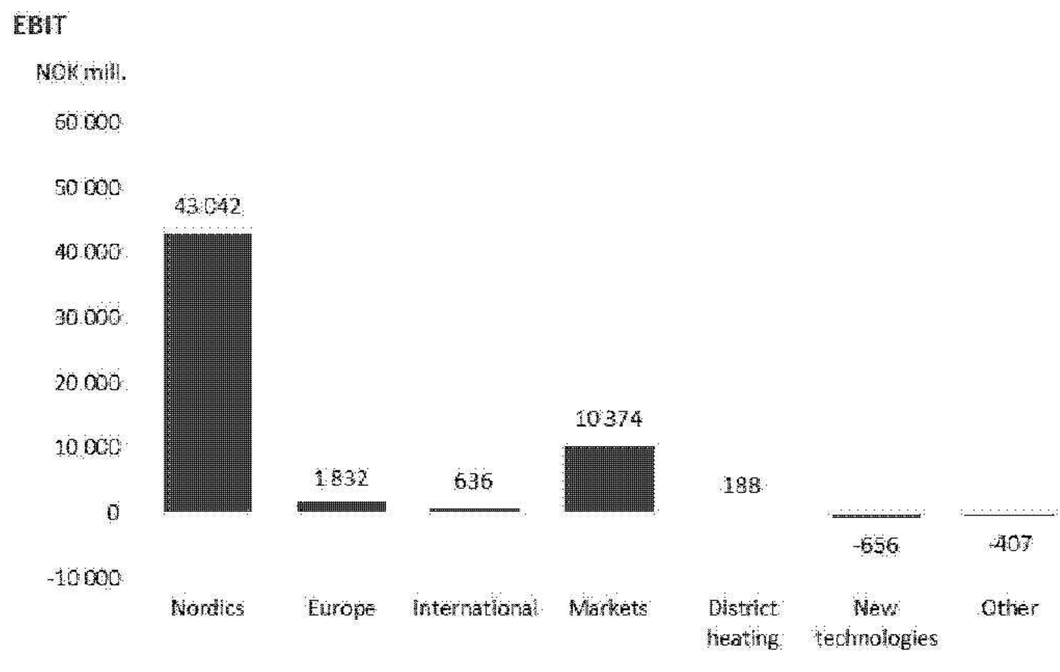
SEGMENTS

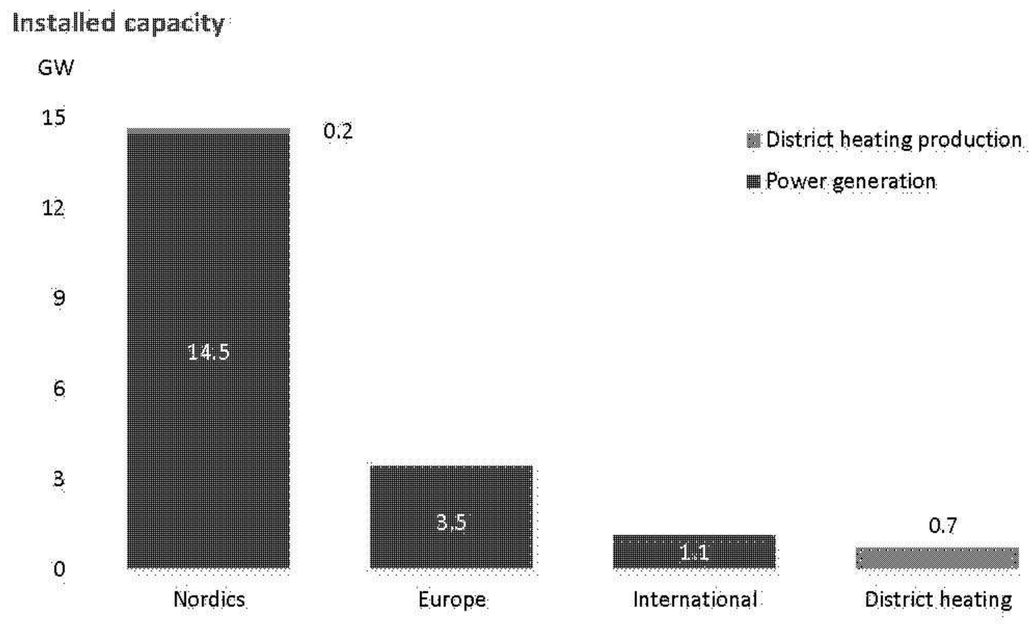
Statkraft is organised in five business areas and two corporate staff areas. The business areas are Nordics, Europe, International, Markets and New Energy Solutions. The staff areas are: Corporate staff and CFO & IT. All business areas and staff areas are headed by an Executive Vice President. The Chief Executive Officer and the Executive Vice Presidents form the Corporate Management. See note 4 to the consolidated financial statements for further description of the business areas and staff units.

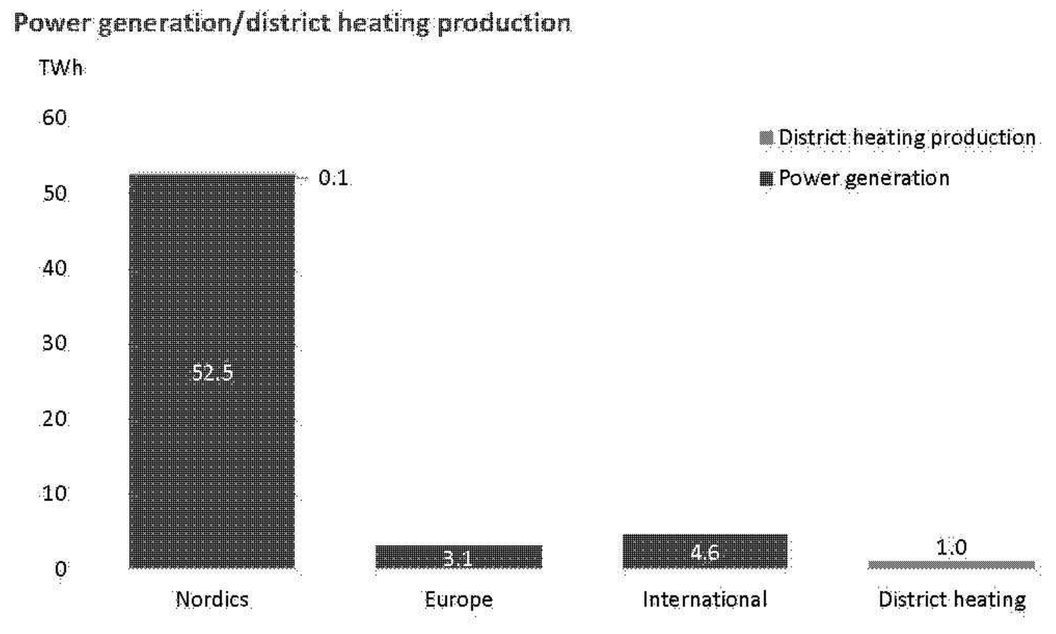
The Group's reportable segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified based on internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

In 2022 Statkraft adopted a new segment structure, following the updated strategy and changes in the corporate management. The reportable segments are defined as Nordics, Europe, International, Markets, District heating and New technologies. In addition, the group reports Other and Group items. Other includes costs related to governance of the Group and other group services as well as unallocated assets. Group items include elimination of transactions between segments. Comparable figures have been restated according to the new segment structure. See note 4 to the consolidated financial statements for further description of the new segments.









Nordics

Nordics includes asset ownership and operation of the Group's hydro- and wind power business in Norway and Sweden, as well as a subsea interconnector between Sweden and Germany (Baltic Cable). The segment also includes all offshore wind power development in Statkraft. In addition, it includes management and development of Norwegian shareholdings within the Group's core business, which is the shareholdings in Skagerak Energi, Eviny and Å Energi. Skagerak Energi is included in the consolidated financial statements, while Eviny and Å Energi are reported as equity accounted investments.

Nordics is the largest segment in the Statkraft Group, measured in terms of installed capacity, fixed assets, net operating revenues and results. The assets are mainly flexible with the main part of the capacity related to hydropower in Norway and Sweden.

Most of the segment's revenues stems from sales in the spot market and from long-term contracts. The segment also delivers concessionary power. The long-term contracts have a stabilising effect on the revenues and profit over time.

Business model

The segment owns and operates the portfolio of hydro- and wind power in the Nordics. Multi-year reservoirs in Norway and the flexibility of the hydropower plants enable optimisation of the power generation based on the hydrological situation and the power prices. In addition, the optimisation balances availability, reinvestments and maintenance costs for the assets.

Key risks

Key risks for the segment are risks related to market, HSSE, commodity prices, economic, political and regulatory aspects and compliance.

Inflow and market prices are important external factors affecting the results. Statkraft hedges generation revenues through physical bilateral contracts and financial power trading. The hedged percentage of generation varies with market development expectations and generation volumes.

Changes in the regulatory framework on concessions, grid tariffs, and energy related taxes are the main additional financial risks for the segment.

Important events in 2022

- Signed eight long-term power contracts with power-intensive industry with a total volume of 25 TWh. Some of the contracts are subject to conditions precedent.
- Introduced fixed-price contracts in the Norwegian market. The contracts are sold to businesses via retailers, and the volume was approximately 600 GWh at the end of 2022.
- Sent license application to the Norwegian Water Resources and Energy Directorate (NVE) for a major modernisation of the Folgefonn hydropower scheme requesting the installed capacity to increase from 250 MW to 880 MW.
- Opened two new small-scale hydropower plants, Vesle Kjela and Storlia, each with an expected annual generation of 40 GWh.
- Agder Energi merged with Glitre Energi to form the new company Å Energi. Statkraft's ownership share in the merged company is 33.3 per cent.
- Entered a partnership with Copenhagen Infrastructure Partners (CIP) in January 2023 where a CIP fund acquired a 50 per cent stake in Statkraft's offshore wind portfolio in Ireland.

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	59,223	42,862
Net operating revenues and other income	53,375	39,124
Operating expenses	-10,333	-8,109
Operating profit (EBIT) underlying	43,042	31,015
- of which unrealised effects	-597	*2,201*
Unrealised value changes from embedded EUR derivatives	-1,338	-1,285
Gains/losses from divestments of business activities	-	85
Impairments/reversal of impairments	-692	2,466
Operating profit (EBIT) IFRS	41,011	32,281
Share of profit/loss in equity accounted investments	-685	1,227
ROACE (%)	53.9	39.4
ROAE (%)	-6.3	11.6
Maintenance investments	2,320	2,162
Investments in new capacity	41	162
Other investments	1,398	829
Investments in shareholdings	97	93
Generation (TWh)	52.5	61.6

The increase in net operating revenues and other income was mainly due to significantly higher Nordic power prices. In addition, the contribution from the subsea interconnector between Sweden and Germany increased because of a higher spread between the power prices in Germany and Southern Sweden. The increase was partly offset by lower hydropower generation, negative contribution from hedging activities and the newly introduced Norwegian high-price contribution.

An impairment was recognised on Norwegian wind power assets reflecting the impact from the introduction of resource rent tax that is expected to be effective from 1 January 2023. See note 15 to the consolidated financial statements for more information.

The decrease in share of profit/loss in equity accounted investments was primarily related to the increase in resource rent tax.

The strong increase in underlying EBIT was reflected in the return on average capital employed (ROACE). The average capital employed was at the same level as in 2021.

The decrease in the share of profit/loss in equity accounted investments caused the decrease in return on average equity accounted investments (ROAE).

The investments were primarily related to maintenance of Nordic hydropower assets and grid activities in Skagerak Energi.

Europe

Europe is responsible for development and ownership of onshore wind, solar, hydropower, gas-fired, biomass and grid/storage assets in Europe outside of the Nordic countries.

The revenues come from power sales, support schemes and gains from divestments.

Business model

Europe has two main business models. One of the models is to develop and construct onshore wind and solar projects with the intention to divest the assets either before, at the time of, or shortly after completion. This business model is known as Develop-Sell (DS) or Develop-Build-Sell (DBS). The segment has development and construction activities in several countries in Europe. The segment also has asset ownership and operation of wind farms in Ireland, Germany and France, hydropower in Germany, UK and Albania, gas-fired and biomass power plants in Germany as well as grid/storage assets in the UK and Ireland. This business model is known as Build-Own-Operate (BOO).

Key risks

Key risks for the segment are risks related to market, commodity prices, execution, HSSE, economic, political and regulatory aspects and compliance.

The fluctuation of power prices leads to significant market risk with financial impact for the assets in development and operation. There is also significant commodity risk and foreign exchange risk which can affect the construction costs and accordingly profitability of development projects. An upward movement in interest rate may affect potential investors financing ability which could also lead to risk related to sales profit from the projects.

For some projects where Statkraft will construct a power plant, there is a risk of contractual liabilities emerging during the warranty period, subsequent to divestment to a third party.

Statkraft hedges generation revenues through financial power trading. The hedged percentage of generation varies with market development expectations and generation volumes.

Changes in the regulatory framework on concessions, grid tariffs, and energy-related taxes are the main additional financial risks for the segment.

Important events in 2022

- Within the DS/DBS business model the current pipeline consists of 12 500 MW, with 265 MW being fully developed during 2022.
- Secured route to market for six solar parks and four wind farms in Ireland and five grid parks in the UK with a total capacity of 2110 MW. The projects are currently under development or construction with expected completion during 2023-2025.
- Divested 159 MW of wind and solar assets in the UK, Ireland, the Netherlands and Spain.

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	12,453	5,893
Net operating revenues and other income	5,400	2,667
Operating expenses	-3,568	-2,456
Operating profit (EBIT) underlying	1,832	210
- of which unrealised effects	*-628*	*-1,096*
Gains/losses from divestments of business activities	-	735
Impairments/reversal of impairments	1,542	1,020
Operating profit (EBIT) IFRS	3,375	1,965
Share of profit/loss in equity accounted investments	281	3
ROACE (%)	8.8	1.2
ROAE (%)	32.2	0.4
Maintenance investments	359	213
Investments in new capacity	2,858	2,081
Other investments	475	1,225
Investments in shareholdings	16	1,762
Generation (TWh)	3.1	4.1

The significant increase in net operating revenues and other income was primarily related to gas-fired and hydropower assets in Germany and hydropower assets in Albania due to higher power prices and improved spark spread. The increase was partly offset by lower generation.

Operating expenses increased, mainly due to full-year effect of wind farms in Germany and France which were acquired in the fourth quarter of 2021 and higher business development activity in line with the growth strategy.

Reversals of impairments on hydropower assets in Albania and Germany were recognised due to higher expected future power prices. See note 15 to the consolidated financial statements for more information.

The increase in share of profit/loss in equity accounted investments was related to Wind UK Invest and was due to higher UK power prices.

The increase in return on average capital employed (ROACE) was due to the improvement in underlying EBIT. Average capital employed increased by 20 per cent. The capital employed is relatively high due to newly built and acquired assets leading to high carrying values.

The return on average equity accounted investments (ROAE) increased as a result of the higher share of profit in equity accounted investments.

Investments were mainly related to development and construction of wind and solar projects within the DS/DBS business model, primarily in Ireland.

International

International includes development, asset ownership and operation of onshore wind, solar and hydropower assets outside western Europe. The focus is on selected markets where Statkraft can add value in a clear industrial role. Some of the investments are made in collaboration with local partners or international investors. The segment operates in, Brazil, Chile, Peru, India, Türkiye and Nepal.

The revenue stems from power sales, mainly on long-term contracts.

Business model

The segment's business model is to develop, acquire, own and operate renewable generation assets in selected emerging markets, requiring activities and capabilities across the value chain. The target is to develop the best opportunities in each market and provide customers with the best products. This will be achieved through strong operations and maintenance as well as market competence, excellence in execution and a common understanding of the markets and regulatory developments.

Key risks

Key risks for the segment are risks related to HSSE and compliance, project execution and long-term development of the energy markets, climate, commodity prices, as well as political and regulatory matters.

Inflow and market prices are important external market factors affecting the financial results and valuation. The market risk is partly reduced through hedging which for 2022 was more than 85 per cent of the power generation.

All relevant risks are reflected in the valuation of investments and assets on a continuous basis. Proactive mitigation and handling of other risks is covered in the risk and performance management process.

Important events in 2022

- Completed Statkraft's first large-scale solar park in India. The Nellai solar park has an installed capacity of 76 MWp.
- Reached commercial operation for the firsts wind turbines for the Ventos de Santa Eugenia wind complex in Brazil.
- Acquired 100 per cent of the shares in two renewable projects in Peru with a total installed wind and solar power capacity of 630 MW.

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	3,993	2,775
Net operating revenues and other income	2,475	1,845
Operating expenses	-1,839	-1,463
Operating profit (EBIT) underlying	636	382
Gains/losses from divestments of business activities	-1	-4
Impairments/reversal of impairments	-1,753	-79
Operating profit (EBIT) IFRS	-1,117	299
Share of profit/loss in equity accounted investments	988	553
ROACE (%)	2.9	2.1
ROAE (%)	27.2	22.1
Maintenance investments	168	149
Investments in new capacity	2,376	1,921
Other investments	45	233
Investments in shareholdings	143	-
Generation (TWh)	4.6	4.2

The net operating revenues and other income increased, primarily due to higher power prices in Peru and Chile, as well as higher generation in Brazil, Chile and Türkiye due to improved hydrological situation.

Operating expenses increased, primarily due to a higher number of full-time equivalents and higher business development activity in line with the growth strategy.

An impairment related to a consolidated hydropower project in Chile was recognised due to expected lower power prices in the long-term horizon and delays, while there were reversals of impairments on equity accounted hydropower assets in Chile and India. See note 15 to the consolidated financial statements for more information.

The increase in share of profit/loss in equity accounted investments was mainly due to improved hydrology in Chile and higher power prices and the reversal of impairments in Chile and India.

The increase in the return on average capital employed (ROACE) was due to the higher underlying EBIT. The average capital employed, which was 23 per cent higher year-on-year, is relatively high due to newly built and acquired assets leading to high carrying values.

The high return on average equity accounted investments (ROAE) in 2022 was mainly driven by the reversal of impairments in Chile and India.

The investments in new capacity were mainly related to the construction of the wind parks Ventos de Santa Eugenia in Brazil and Torsa in Chile, as well as the hydropower plants Tidong in India and Los Lagos in Chile.

Markets

Markets includes proprietary trading, origination, market access for generators of renewable energy, as well as dynamic asset management. The segment has activities in several countries in Europe, and is also active in USA, Brazil and India. Markets generates profit from changes in the market value of energy and energy-related products, and from buying and selling both standard and structured products, typically environmental certificates and power contracts.

Dynamic asset management: Statkraft incorporates market analysis, portfolio analysis and financial operations in a dynamic hedging approach for Statkraft's European flexible power generation assets in the Nordics and Europe segments. Positions are taken based on fundamental analysis and aim at reducing risk and optimising revenues for the assets. Mandates to enter into financial contracts are based on volume thresholds related to available generation. Statkraft has two dynamic asset management portfolios, one for the Nordic flexible assets and one for the Continental flexible assets. Following the changes in strategy and a new organisational setup in 2022, it was decided that the current dynamic asset management portfolio should be discontinued. At the end of 2022, all positions were closed.

Statkraft has trading and origination business activities in several countries in Europe and is also active in Brazil, India and USA. Trading and origination generates profit from changes in the market value of energy and energy-related products. Statkraft buys and sells both standard and structured products. Statkraft further provides market access services for third parties. For all these activities, Statkraft takes on different risks, and all activities are followed up through separate risk mandates. The main activities are:

- Proprietary trading of standard energy and energy-related products, mainly via exchanges
- Origination and hedging services for generators (upstream PPAs) and power supply for consumers (downstream PPAs) as well as sourcing and supply of environmental certificates
- Provide market access to external generators of renewable energy with the aim to optimize revenues for intermittent and flexible assets owned by third parties

Key risks

Key risks for the segment are risks related to market, economic, political and regulatory aspects and compliance.

The main focus is the management of market, credit and liquidity risks. These risks are managed through a mandate framework and daily risk reporting by the risk department, which has strict segregation of duties from the Front Office.

Important events in 2022

- Signed a 10-year power supply agreement with German Telekom subsidiary Power & Air Solutions, with an estimated total volume of 920 GWh.
- Signed a 10-year power purchase agreement with Sonnedix starting in 2023, with total deliveries of 360 GWh from solar parks in Italy. The deal represents an important milestone for Statkraft in Italy as it positions the company as a key player in the local PPA market.
- Signed Poland's first subsidy-free utility-based solar PPA with Better Energy. The new solar park will bring subsidy-free solar power to Poland from 2023 and has a production capacity of 36 MW.

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	93,312	32,381
Net operating revenues and other income	14,106	-2,345
Operating expenses	-3,732	-1,999
Operating profit (EBIT) underlying	10,374	-4,344
- of which unrealised effects	*4,917*	*2,868*
Operating profit (EBIT) IFRS	10,374	-4,344
Maintenance investments	-	1
Other investments	42	22

The increase in EBIT was driven by high price volatility for power and power-related commodities. Dynamic asset management ended with an EBIT of NOK 332 million compared with a negative EBIT of NOK 5485 million in 2021. Trading and origination activities had an EBIT of NOK 10 042 million compared with NOK 1137 million in 2021. The record-high result for 2022 was mainly driven by power positions gaining on high volatility in the European power markets, such as providing short-term flexibility in the UK, trading spread positions between Continental and UK power markets, entering successful positions on Nordic portfolios, and growing the market integrator model, in which Statkraft manage risks between producers and consumers of green power in Germany, Poland, Italy, France and Iberia.

In line with the growth strategy, 2022 was characterized by significantly higher business activity leading to an increase in operating expenses due to higher number of full-time equivalents and increased IT expenses. In addition, the strong results led to a substantial increase in performance related remuneration.

District heating

Statkraft owns and operates 13 facilities and concessions divided in two sub-areas, Trondheim and Bio Norden. Trondheim is centred around a waste-to-energy plant at Heimdal in Trondheim with mainly electricity and gas to cover peak load. Bio Norden consists of 12 plants in different locations in Norway and Sweden, all based on biomass with some bio-oil and electricity for peak load.

District heating has a grid of approximately 500 km, 40 000 end-users and the segment delivers 1 TWh of heating and cooling.

Business model

Statkraft's district heating activities include the full value chain, from sourcing and production to end-user sales of heating and cooling.

Key risks

Key risks for the segment are risks related to market, HSSE, economic, political and regulatory aspects and compliance.

The segment is exposed to financial risk through Norwegian power prices and grid tariffs, price on waste handling and other energy sources. Production volume is affected by temperatures during the heating season.

Important events in 2022

- Completed and put into production an accumulator at Gardermoen heat plant (10 MW) and a new bio-oil based peak load heat plant in Borgås (2 x 10 MW).

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	1,088	1,045
Net operating revenues and other income	749	716
Operating expenses	-561	-508
Operating profit (EBIT) underlying	188	208
Impairments/reversal of impairments	-3	-4
Operating profit (EBIT) IFRS	184	204
ROACE (%)	5.4	5.9
Maintenance investments	4	10
Other investments	164	180
Delivered volume (GWh)	1,002	1,065

Net operating revenues and other income increased year-on-year due to higher heating prices. The increase in achieved heating prices was mainly a result of the high power prices in Norway. The revenues from waste handling were also higher than in 2021, primarily due to higher achieved prices.

The increase in operating expenses was mainly related to a plan amendment in the Norwegian public pension scheme and higher business development activity.

The lower EBIT was reflected in the return on average capital employed (ROACE), which decreased slightly year-on-year. The average capital employed was stable compared with 2021.

The investments were primarily related to pipelines as well as maintenance and other reinvestments in existing assets, mainly in Norway.

New technologies

New technologies responsibility is to identify, develop and scale opportunities within the renewable energy space, and to create value through tailored ownership and business models for selected mature businesses.

New technologies is the asset owner for activities within electric vehicle (EV) charging, hydrogen, and biofuel. The segment also includes venture capital investments, as well as research and development.

Key risks

Key risks are related to HSSE, market maturity, project execution, economic, political and regulatory aspects and compliance.

All relevant risks have mitigating actions in place which are monitored on a continuous basis. These risks are also reflected in the valuation of investments.

Important events in 2022

- Acquired Elmtronics, a supplier and installer of EV charging infrastructure in the UK.

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	685	396
Net operating revenues and other income	215	146
Operating expenses	-871	-638
Operating profit (EBIT) underlying	-656	-492
Gains/losses from divestments of business activities	-	-1
Impairments/reversal of impairments	-1	-
Operating profit (EBIT) IFRS	-657	-492
Share of profit/loss in equity accounted investments	-54	-97
Other investments	425	403
Investments in shareholdings	469	258

Net operating revenues and other income increased, primarily due to higher volumes and prices for EV charging and higher volumes and prices for biomass trading.

Operating expenses increased due to expansion of EV charging activities, ramp up of hydrogen business and increased biomass activities.

The investments were primarily related to the acquisition of Elmtronics, purchase of EV charging equipment and investments made by Statkraft Ventures.

Other

Other include cost related to governance of the Group and other group services. Unallocated assets are also reported as Other.

Financial performance

Key figures

NOK mill.	2022	2021
Gross operating revenues and other income	1,906	1,578
Net operating revenues and other income	1,870	1,578
Operating expenses	-2,277	-1,845
Operating profit (EBIT) underlying	-407	-267
Gains/losses from divestments of business activities	-	1
Operating profit (EBIT) IFRS	-407	-266
Other investments	50	136
Investments in shareholdings	-	29

The decrease in EBIT was primarily due to a higher number of full-time equivalents, changes in the Norwegian public pension scheme and higher IT costs.

PROFIT ALLOCATION

The parent company Statkraft AS had a net profit of NOK 10 963 million in 2022.

Statkraft AS is fully owned by Statkraft SF. The Board of Directors of Statkraft SF proposes a dividend of NOK 17 213 million to its owner. The Board of Directors of Statkraft AS proposes the following allocation of the annual profit in Statkraft AS:

NOK mill.	
Total comprehensive income in Statkraft AS' company accounts	11,195
Appropriation of profit for the year and equity transfers:	
Allocated dividend from Statkraft AS to Statkraft SF	17,213
Allocated to (+)/from (-) other equity	-6,018

The proposed dividend is deemed to be prudent based on Statkraft AS' equity and liquidity.

GOING CONCERN

In accordance with the Norwegian Accounting Act, the Board of Directors confirms that the annual financial statements have been prepared on the assumption that the company is a going concern, and that it is appropriate to assume this.

RESEARCH AND DEVELOPMENT (R&D)

Investments in R&D are made to strengthen Statkraft's competitive advantages and support the ambitious growth plans. R&D within hydropower and energy management remains a priority, at the same time the R&D portfolio has been broadened to support Statkraft's growth within other technologies and geographies. The portfolio consists of a mix of internal development, contract R&D as well as joint industry projects. Statkraft participates in valuable research projects to keep updated on the latest knowledge and to contribute to securing a sustainable future for the renewable energy sector.

The R&D activities provide knowledge and solutions for ongoing operations as well as for new business development. Statkraft's Corporate R&D portfolio currently consists of around 80 projects within hydropower, wind power, solar energy, market operations, customer business and new business initiatives. In 2022 approximately 65 per cent of the spend for this portfolio was related to hydropower generation and market operations, 20 per cent to wind and solar, and 15 per cent to new business initiatives. In addition, comes significant investments in pilot projects and technology demonstration across the company, such as the 2 MW floating PV demo plant at Banja reservoir in Albania and the biofuel demo plant at Tofte in Norway.

Both in the Norwegian and European research arenas, Statkraft seeks to actively contribute with problem definitions, direction and content. Statkraft is contributing in several research centres' boards. Furthermore Statkraft actively participates in regulatory processes and hearings through research policy developments and prioritisations.

In hydropower, R&D activities support optimised operation and increased flexibility, also contributing with fact-based knowledge within the regulatory and framework environments. In addition, Statkraft explores step change market models, adapting to a future marked by developing more robust, flexible and scalable models. The research centre HydroCen continues to be Statkraft's main research partner within hydropower related research. Over the last years, several projects with high value for the hydropower assets have been completed, and the R&D teams have focused on dissemination and implementation of relevant results. At the same time, Statkraft has continued with a high research activity level in all prioritised areas. This includes solutions for making hydropower even better at delivering flexibility, increased knowledge about the costs of more flexible operation, effective and efficient operations and maintenance, including digitalising condition monitoring, and securing knowledge-based regulatory processes and decisions.

For Statkraft to remain a competitive developer within wind and solar, R&D is needed to steadily decrease the cost of energy. Statkraft is developing an increasingly diverse wind portfolio internationally and the R&D focus has shifted from mainly supporting the operational phase to also include areas such as sustainable development, site selection and decommissioning. The solar energy R&D portfolio is increasing in line with a growing project pipeline. Reduced investment uncertainties regarding technology choice, plant design and production estimates are in focus, in addition to operations and maintenance related R&D and sustainability challenges.

R&D is an important contributor to identify and develop new business opportunities. Experimental development is an important factor in de-risking new technologies and helping Statkraft build competitive advantages in new fields. R&D activities in this area are currently focused on supporting the development and growth of Statkraft's ambitions in hydrogen. Taking a holistic view of the growth area, R&D is currently supporting projects on whole system integration, climate and environmental impacts, production and storage and energy system transition.

The energy sector in the Nordics and Europe is in the midst of the green transition, and R&D plays a vital role in understanding the future energy sector. This includes how climate effects will impact operations and markets across all technologies. Statkraft also seeks new knowledge on customer and society's behaviour to improve the understanding of challenges in the interface between the society and the industry.

Statkraft is actively optimising the returns from its R&D activities by seeking research partnerships, co-funding and public funding when appropriate. The mode of operation is to pursue clear business cases owned by the business line, often through joint industry projects and in collaboration with research institutions and suppliers. Statkraft encourages open discussions and cooperation and pursues competitive advantages through optimal use of knowledge and technologies. Through participation in R&D projects both on the Norwegian, European and international arena, Statkraft strengthens its position as a leading player within renewable energy.

RISK MANAGEMENT

The most important risks are related to market prices, financial risk, HSSE, operating activities including construction projects, business development and framework conditions. Growth and increased international presence as well as fundamental changes in the energy sector and climate change emphasise the importance of risk management.

Risk management is an integrated part of Statkraft's governance model. The Group has a risk-based approach to target setting, prioritisations and follow-up of the business and staff areas. The day-to-day risk management is a line responsibility. The Group's key risks are reviewed and followed up by the Corporate Management and are reported to the Board of Directors. Statkraft performs a detailed quality assessment prior to investments, sales and acquisitions.

Operational risk

All processes throughout the value chain are exposed to operational risk. The operational risk is highest within execution of investment projects, operation and maintenance activities and market operations. This may result in:

- Injury to employees, contractors or third parties
- Social and environmental impact
- Compliance breaches
- Damage and losses related to own and third-party production plants and other assets
- Weakened reputation
- Financial loss

Statkraft's commitment to safety, sustainability and responsible business practices is the foundation for all activities. Statkraft has high attention on executing development activities and operations in a responsible manner and to prevent financial losses. A solid business culture is the foundation of continuously improving a robust system of prevention and control. Ensuring that business development activities are in accordance with international standards has high priority.

Operational risk is managed through procedures and controls of activities and processes, by design of technical solutions, competence development and in various types of contingency plans. Furthermore, Statkraft has a comprehensive system for recording and reporting risks, hazardous conditions, undesirable incidents, damages and injuries. Such cases are continuously analysed to prevent and limit any negative consequences, and to ensure that causes are followed up and necessary measures are implemented.

Statkraft's infrastructure and applications are exposed to cybercrime and other external threats and the company's procedures, competencies and systems are continuously improved to strengthen the resilience against such incidents.

All construction projects in Statkraft carry out systematic risk assessments. Larger investments have a risk-based project contingency and reserve. Major attention is devoted to HSSE, ensuring compliance, avoiding delays, cost overruns and undesirable incidents during project delivery.

Large and complex construction projects in emerging markets have a higher inherent safety, compliance and human rights risk. Statkraft has experienced serious safety accidents in connection with execution of activities with high risk potential. Systematic work to continually improve HSSE and ethical culture, capabilities and performance based on care, clear requirements and effective systems and tools is fundamental.

The possible financial consequences of the total operational risk, as well as significant individual risks, are key drivers to the Group's overall risk profile. Statkraft has insurance coverage for all significant cases of operational damages or injuries, partly through the Group's own captive insurance company Statkraft Forsikring AS.

Additional information about operational risk is presented in the sustainability chapter later in the report.

Energy market risk

Statkraft is exposed to significant market risk from its power generation and market operations activities:

- Both power prices and generation volumes are impacted by weather conditions, consumption and transmission conditions in the energy markets.
- Power prices are also affected by fuel prices such as gas, coal and oil, in addition to the price of carbon emission quotas, support schemes, demand growth as well as the introduction and development of new technologies.

The uncertainty and outlook in energy markets and power price volatility is continuously monitored and analysed to ensure optimal energy management, market operations and profitable investments.

Statkraft manages market risk in the energy markets by entering into positions in the markets for power and related products, either financially or through bilateral contracts. The increased integration of the energy markets has a significant impact on business models and risk management. Consequently, Statkraft places significant emphasis on identifying the relationships between the various markets. The Group's hedging strategies are regulated by defined limits on the positions' volume and value, and by criteria for evaluating new contracts against expected revenues and downside risk. The portfolio is constantly adjusted according to updated expectations of future prices and the company's own generation capacity.

Statkraft's activities in energy trading and services consist of both trading with standard products on energy exchanges and sale of services or products adapted to the individual customer. Risk is handled through mandates covering energy products, geographical areas and duration. A risk management function ensures objectivity in the assessment and handling of risk.

See notes 7 and 8 to the consolidated financial statements for further information about market risk.

Financial risk

Financial risk associated with foreign currencies, interest rates, liquidity and funding are coordinated and managed centrally at Group level.

Currency and interest rate risk are regulated by means of mandates and managed by using hedging instruments such as forward contracts, swaps and debt in foreign currency.

The objective of Statkraft's currency hedging is to secure the Norwegian kroner value of future cash flows exposed to foreign exchange risk. Hedging of foreign currency risk is primarily done by allocating appropriate volumes of foreign currency debt and derivatives to the relevant cash flows. The foreign exchange risk is subject to continuous assessment and treated in accordance with the Group Treasury strategy. The Group is exposed to currency risk through operational cash flow in foreign currency and investments, capital expenditures and divestments in foreign currencies.

Statkraft's interest rate exposure is related to its debt portfolio and managed based on a balance between keeping interest cost low over time and contributing to stabilise the Group's cash flows.

The liquidity risk in Statkraft is related to having insufficient funds to meet the Group's financial commitments in a timely manner. The liquidity risk is managed through cash flow forecasting, committed credit facilities, access to several funding sources/markets, ensuring evenly distributed debt maturity profile and maintaining a sufficient liquidity buffer.

Statkraft is exposed to credit and counterparty risk through energy trading, long-term contracts and investment of surplus liquidity. The credit quality of all counterparties is evaluated before contracts are signed, and exposure vis-à-vis individual counterparties are limited by mandates based on their credit quality. Credit and counterparty risk in the energy markets and exposure in connection with the issued mandates, are followed up by independent middle-office functions and regularly reported to management in the business area. A summary is reported annually to the Corporate Management and the Board of Directors.

See notes 7 and 9 to the consolidated financial statements for further information about credit and liquidity risk.

Regulatory and country risk

Statkraft's activities are influenced by framework conditions such as taxes, fees, terms for concession, energy market regulations and grid regulations.

There are ongoing discussions on the security of supply and affordability of energy in many countries which could lead to changes in market design impacting Statkraft revenues and value of assets.

Statkraft puts substantial efforts into the understanding of environmental regulations and climate change. The risk of flexibility loss due to stricter regulations stipulated by the Norwegian Water Resources and Energy Directorate (NVE) for hydropower generation, the cumulative effect for the Norwegian society and value of flood-damping capabilities are being analysed. In addition, there are general terms and conditions stipulated for the energy industry that must be adhered to. These framework conditions may affect Statkraft's generation, costs and revenues. The framework conditions in EU and the individual countries in Europe are the result of international processes that will be important for Norwegian and other European power plants. With its international presence, Statkraft is also directly exposed to different national framework conditions, tax levels, licence terms and public regulations. Statkraft therefore emphasises the uncertainty in the future development of these factors at investment decision. Possible changes in the political landscape are considered and maintaining an open dialogue with decision-makers in relevant arenas is of a high priority.

Statkraft is exposed to significant country risk, especially in emerging markets. A common risk assessment process has been implemented across the business areas to ensure a comprehensive and proactive management of business risk in these countries. The risk assessment of the activity in each country covers political and regulatory aspects, social development, security, compliance, tax regime and corporate legislation. The exposure to corruption risk is high in several of these countries. Statkraft has developed standards and implemented a system to ensure compliance in all activities and has zero tolerance for corruption.

Climate change risk

The transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with the potential to have a significant impact on Statkraft's revenues. Even if Statkraft's portfolio and strategy are well adapted to a low-carbon future, the company still has significant exposure to various climate-driven transition risks.

Statkraft is impacted by climate change directly, as the average output of renewable power plants can change and the probability of extreme weather events that challenge the physical integrity of the plants will increase. Statkraft is also exposed to market changes that are driven by political measures to reduce emissions from the power sector and other industrial sectors. This exposure comes primarily from measures that impact the power price and thus Statkraft's income. Subsidies for renewable capacity may lead to overcapacity and lower prices, while increased cost of emissions will lead to higher power prices. Direct measures to phase out fossil fuels will also have a price impact, as the market balance will be changed. There is also risk associated with Statkraft's own emissions, as regulations may increase the cost of these emissions. Changed customer preferences driven by increased public awareness of the climate challenge can also impact Statkraft.

Climate change is assessed as an integrated part of Statkraft's risk management activities as a driver to the relevant risk factors such as in power price forecasts, operating activities and investment decision. See the section "Climate change" in the sustainability chapter of the report and note 7 for more information.

CORPORATE GOVERNANCE

Statkraft adheres to the Norwegian Code of Practice for Corporate Governance (NUES) within the framework established by the company's organisation and ownership. Statkraft follows the Norwegian state's principles for sound corporate governance, described in the White Paper, Meld. St. 6 (2022-2023) «Et grønnere og mer aktivt statlig eierskap — Statens direkte eierskap i selskaper» ("Greener and more active state ownership — The State's direct ownership of companies") and is subject to reporting requirements relating to corporate governance according to Section 3-3b of the Accounting Act.

See separate chapter later in the report for more information about corporate governance, including corporate audit, internal control over financial reporting and the work of the Board of Directors.

OUTLOOK

The power prices have continued at high levels with significant volatility. There is still an extraordinary situation in the energy markets and the volatility is expected to continue in the short and medium term. The prices are also expected to be relatively high compared to the levels seen in the years before 2021.

The need for flexibility in the energy market is accelerating. Statkraft has Europe's largest portfolio of flexible hydropower plants and reservoir capacity, and these assets are an important source of dispatchable power generation. The operations of the assets are continuously optimised according to the hydrological situation and expected power prices. To further strengthen this competitiveness, Statkraft wants to make significant reinvestments in the Nordic hydropower portfolio and has plans for a record-high activity level towards 2030.

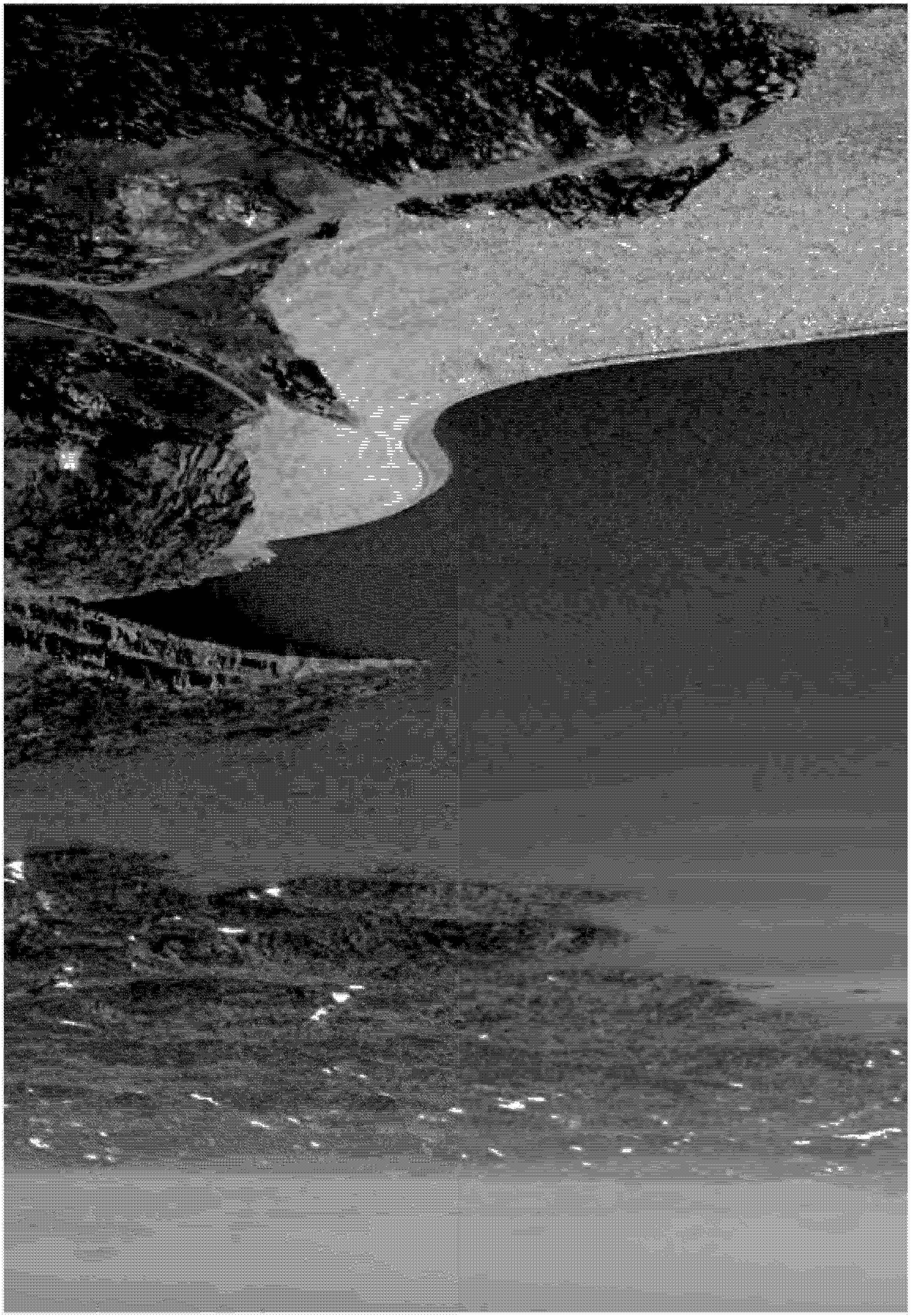
In the recently updated strategy Statkraft set significantly higher growth ambitions across geographies and technologies. Specifically, accelerating the growth rate in renewable energy, pursuing an industrial role in offshore wind in the North Sea and Ireland, aiming to become a leading developer of green hydrogen in Norway and Sweden and raise the business development level across technologies in Norway. The aim is to be a major solar, onshore wind and battery storage developer with an annual delivery rate of 2.5–3 GW per year by 2025 and 4 GW per year by 2030. In total, Statkraft aims to develop 30 GW new renewable capacity within 2030, which will be partly kept and partly divested. That could increase Statkraft's annual power generation by up to 50 percent from today, to around 100 TWh per year by the end of the decade.

The high Nordic power prices seen over the last couple of years have had a positive effect on Statkraft's investment capacity. The recently introduced higher Norwegian resource rent tax and the high-price contribution on power generation in Norway have a negative effect on the project profitability and investment capacity. However, Statkraft still has a solid financial foundation for further growth. The investment programme has a large degree of flexibility, and the pace and total amount of investments will depend on market development and opportunities.

Statkraft has a substantial volume of long-term power contracts. These contracts are supplemented with financial power contracts and other risk mitigating activities. This reduces the price risk for significant parts of Statkraft's generation and, in sum, have a stabilising effect on cash flow over time. Statkraft will continue to offer new contracts to maintain the position as a competitive supplier to the industry in Norway. Statkraft is also taking a leading role in offering fixed price contracts to businesses in Norway.

Statkraft's ambition is to maintain the position as the largest generator of renewable energy in Europe and to be a significant player in South America and India through investments in renewable energy. This will contribute to lowering carbon emissions and fight climate change.

Statkraft's commitment to safety, sustainability and responsible business practices continues to be a foundation for all activities.





STATKRAFT'S SUSTAINABILITY GOALS

Statkraft is committed to mitigating our impact on biodiversity in a responsible way, to continuously improving the understanding of our impact and reporting this transparently.

Sustainable Finance

GREEN FINANCE IMPACT REPORT

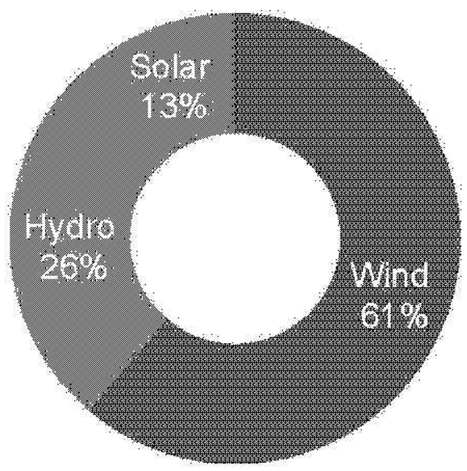
Statkraft has updated its growth strategy within renewable energy with new, more ambitious targets towards 2030. This includes an increase in the annual growth rate for onshore wind, solar and battery storage from 2.5-3 GW in 2025 to 4 GW in 2030. Additionally, growth ambitions for hydropower, offshore wind and green hydrogen are increased. In total, Statkraft aspires to have developed 30 GW new renewable capacity by 2030.

At our core we are a responsible company with respect for people, the environment, and society. Sustainability is embedded in everything we do, and safeguarding people is always our first priority.

Statkraft started its green financing of activities in 2022, by issuing its first green bond in June. By end-of-year, Statkraft had a total of NOK 10.8 billion in green financing, following our Green Finance Framework. This framework covers two eligible categories, renewable energy and clean transportation, with a lookback period of three years. Projects are considered new financing if they are not older than 3 years, while projects are refinanced if they are older. CICERO Shades of Green has rated our framework CICERO Dark Green, and the framework's governance procedures to be Excellent.

All the proceeds from the green financing instruments issued in 2022 have been allocated to Eligible Projects following procedures described in our Green Finance Framework.

Allocation of proceeds by technology (percentage)



Overview of green financing issued in 2022

Issuer	Instrument	Issue date	Tenor (Years)	Maturity date	Coupon/ reference rate	ISIN	Currency of issue	Amount	Amount (NOK million[2])
Statkraft AS	Bond	14.06.2022	10	14.06.2032	3.93%	NO0012541897	NOK	3 000 000 000	**3 000**
Statkraft AS	Bond	14.06.2022	5	14.06.2027	3M NIBOR + 0.9%	NO0012541442	NOK	1 500 000 000	**1 500**
Statkraft AS	Bond	14.06.2022	5	14.06.2027	3.625%	NO00012541871	NOK	1 000 000 000	**1 000**
Statkraft AS	Bond	16.09.2022	7	13.09.2029	2.875%	XS2532312548	EUR	500 000 000	**5 257**
Total									**10 757**

[2] Converted to NOK using year-end exchange rate as per 31 December 2022.

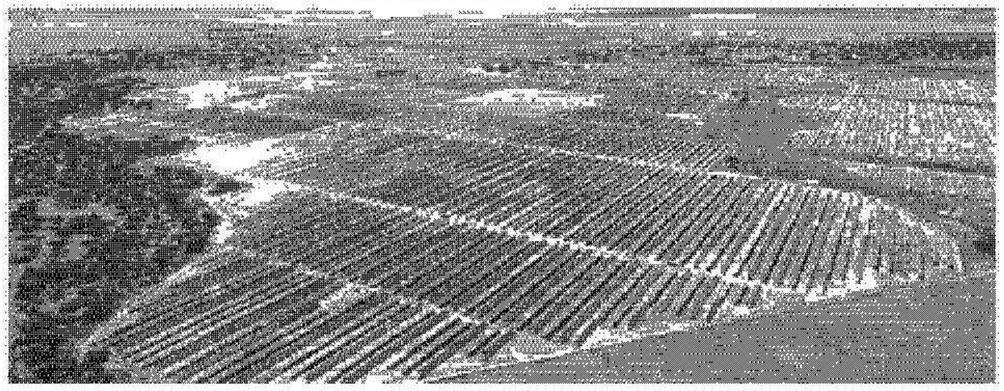
Impact and allocation of green financing proceeds per Eligible Project

Project	Green Finance Framework category	Statkraft's share	Status	Geography	Start & compl.	Capacity (MW)	Annual energy generation (GWh)	Est. GHG emission avoided[3] (CO_2 thousand tonnes)	Taxonomy alignment	Proceeds allocated 2022 (NOK million)
Aiolos[4]	Renewable energy	100%	In operation / reinvestment	Germany, France	2021 – 2021	346	450[5]	128.3	Yes	1 740
Geitfjellet	Renewable energy	52%	In operation / reinvestment	Norway	2016 – 2020	181	583	3.8	Yes	1 062
Hitra 2	Renewable energy	52%	In operation / reinvestment	Norway	2016 – 2020	94	290	1.9	Yes	562
Jostedal	Renewable energy	100%	In operation / reinvestment	Norway	2015 – 2020	290	956	6.2	Yes	55
Järnvegsforsen	Renewable energy	100%	In operation / reinvestment	Sweden	2018 – 2020	100	450	4.6	Yes	130
Los Lagos	Renewable energy	100%	Under construction / new	Chile	2019 – ongoing	52	229	95.7	Yes	1 617
Nea/Tya	Renewable energy	100%	In operation / new	Norway	2019 – 2022	219	931	6.1	Yes	123
Rana	Renewable energy	100%	In operation / new	Norway	2019 – 2022	500	2 150	14.0	Yes	210
Solarcentury[6]	Renewable energy	100%	In operation / reinvestment	Global	2020 – 2020	4 691	2 250	749.3	Yes	1 390
Torsa	Renewable energy	100%	Under construction / new	Chile	2021 – ongoing	108	228	95.3	Yes	1 242
Ventos de Santa Eugênia	Renewable energy	81%	Under construction / new	Brazil	2020 – ongoing	519	2 346	218.2	Yes	1 984
Vesle Kjela	Renewable energy	100%	In operation / reinvestment	Norway	2019 – 2021	8.5	31	0.2	Yes	266
Øvre Røssåga	Renewable energy	100%	In operation / reinvestment	Norway	2012 – 2020	170	963	6.3	Yes	377
Total										**10 757**

Project examples

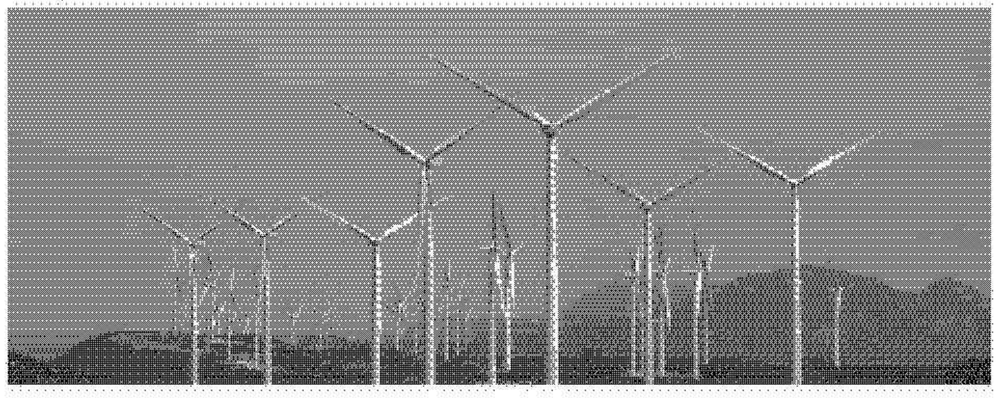
Solarcentury

In 2020, Statkraft acquired Solarcentury, a global solar developer headquartered in London. With the completion of the transaction, Statkraft became the owner of 100 per cent of the shares in Solar Century Holdings Ltd and its subsidiaries. Solarcentury's mission is to make a meaningful difference in the global fight against climate change by making solar power the dominant energy source worldwide. Established in 1998, Solarcentury is a leading global solar power company that develops, constructs, owns and operates utility-scale solar and smart technology. During Solarcentury's 22-year history, the company's projects have generated 6 TWh of clean electricity, saving over 1.7 million tons of CO_2 emissions.



Ventos de Santa Eugênia

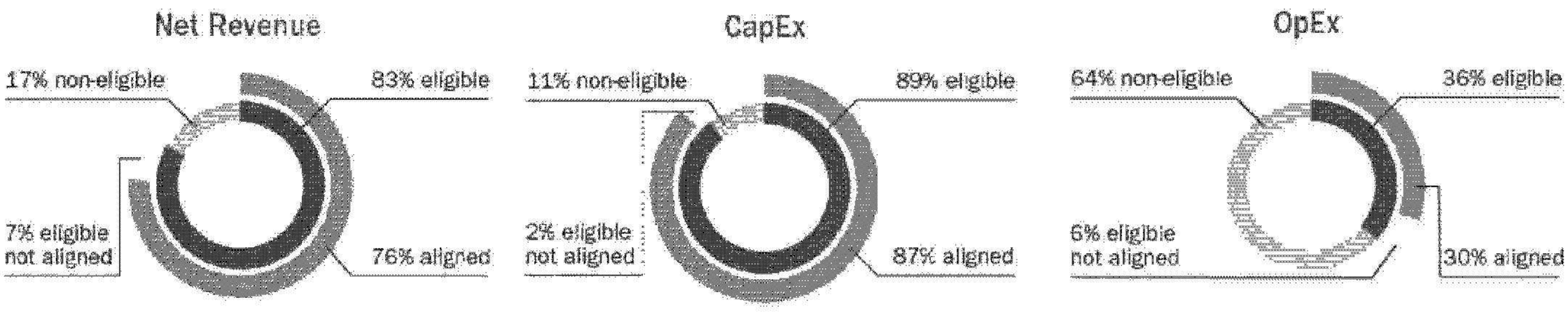
Statkraft's Ventos de Santa Eugênia Project is our largest wind project in South America, and it will more than double our renewable energy capacity in Brazil. The 519 MW wind project entails 14 wind farms with a total of 91 turbines in the state of Bahia. Given the excellent wind conditions in the area, the project will generate almost 2.3 TWh of renewable energy per year, enough to supply 1.17 million Brazilian homes. The projects are being implemented in accordance with Brazil's strict environmental and social permitting and monitoring systems. The projects have limited land acquisition, no resettlement, low environmental impacts, and no impacts on red-listed species. In addition, Statkraft will carry out education and infrastructure activities for nearby communities.



[3] The calculations are based on actual annual production for the selected projects (solar, wind and hydro) in the asset portfolio and using relevant country-specific CO_2 emission factors from electricity generation. Data source is International Energy Agency (IEA), IEA's Emissions Factors database from September 2022.
[4] Acquisition of SK Wind Gmbh & Co.KG and Energie Eolienne Derval SNC, consisting of 39 operating wind farms in Germany and four in France.
[5] Ten-year average.
[6] Acquisition of 100 per cent of the shares in the global solar developer Solarcentury Holdings Limited and its subsidiaries.

EU TAXONOMY

Economic activities (figures in NOK mill.)[7]	Category	Net revenue	CapEx	OpEx
4.1 Electricity generation using solar photovoltaic technology	Own performance	1 146	2 302	221
4.3 Electricity generation from wind power	Own performance	2 448	3 865	592
4.5 Electricity generation from hydropower	Own performance	50 808	2 354	4 744
4.9 Transmission and distribution of electricity	Enabling	1 358	976	356
4.15 District heating/cooling distribution	Own performance	212	40	77
4.16 Installation and operation of electric heat pumps	Own performance	7	1	3
4.24 Production of heat/cool from bioenergy	Own performance	189	39	70
4.25 Production of heat/cool using waste heat	Own performance	16	-	4
6.15 Infrastructure enabling low-carbon road transport and public transport	Enabling	184	382	524
A1 - Total of taxonomy-aligned activities		**56 368**	**9 960**	**6 591**
3.10 Manufacture of hydrogen	Own performance	-	-	89
4.5 Electricity generation from hydropower	Own performance	3 451	147	722
4.20 Cogeneration of heat/cool and power from bioenergy	Own performance	429	11	125
4.29 Electricity generation from fossil gaseous fuels	Own performance	1 089	72	335
7.7 Acquisition and ownership of buildings	Own performance	48	22	59
A2 - Total of eligible not taxonomy-aligned activities		**5 017**	**251**	**1 330**
A - Total of eligible activities (A1 + A2)		**61 385**	**10 212**	**7 920**
Markets		14 106	42	2 808
Waste incineration		454	82	153
Group administration and other activities incl. all operational OPEX		-2 005	1 115	10 882
B - Total of taxonomy non-eligible activities		**12 555**	**1 239**	**13 843**
Total of A + B		**73 940**	**11 451**	**21 763**



General principles

The EU Taxonomy for sustainable activities is part of the EU Sustainable Finance Action Plan, presented in 2019. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities, with the purpose of redirecting private capital towards sustainable projects and investments to meet the objectives of the EU Green Deal.

Statkraft reported on financial KPIs related to the group's eligible economic activities in its 2021 Annual Report. In this year's report, the proportion of Taxonomy-aligned and Taxonomy non-aligned economic activities of the net revenue, capital expenditure (CapEx) and operational expenditure (OpEx) are included.

Approach to EU Taxonomy reporting

Statkraft has worked throughout 2022 to assess EU Taxonomy alignment for all our economic activities. The process has also included a dialogue with peers in the Nordics to discuss the interpretation of the EU Taxonomy requirements and approach.

The EU Taxonomy is a new reporting framework where limited or no industry standard has been established yet. The EU has published guidelines which we have applied in our assessments, but there are still uncertainties as to how the different parts of the requirements should be interpreted. Statkraft will follow the continued development of the EU Taxonomy framework and adapt to any specifications and clarifications. This may affect our assessment of alignment and reported KPIs in the coming years.

[7] See the "Sustainable Finance Statement" for full disclosure tables according to required format in Annex II of Commission Delegated Regulation (EU) 2021/2178.

Statkraft welcomes the EU Taxonomy. Its implementation will be an important accelerator and enabler for sourcing the required funds into green and sustainable investments, and ultimately contribute to meet the ambitious goals of the EU Green Deal.

Selection of environmental objective

Climate change mitigation is the environmental objective where Statkraft will contribute the most. Statkraft's reporting on alignment with the EU Taxonomy is therefore based on this environmental objective.

However, parts of our business could also qualify under the climate change adaptation objective. Especially our hydropower plants as they play an important role in measures to reduce the risk of flooding.

Meeting the environmental criteria

Eligible activities

Statkraft has identified 13 of our economic activities that fall under the EU Taxonomy definition as eligible for the climate change mitigation objective. These 13 activities are the basis for Statkraft's reporting on aligned activities in the table above. In general, our electric vehicle (EV) charging business includes installation and operation of electric charging points. For this reason, we have considered only the economic activity "6.15 Infrastructure enabling low-carbon road transport and public transport", and not "7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" as we believe this better covers the wider definition of our activities. The Do No Significant Harm criteria for the economic activity "6.15 Infrastructure enabling low-carbon road transport and public transport" are stricter than for the economic activity "7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)".

The activities that are classified as non-eligible in the table mainly relates to the Markets segment. Furthermore, the activities related to district heating production from waste incineration are also classified as non-eligible.

Only assets in consolidated companies, see Note 40 to the financial statements, were considered for eligibility. When describing Statkrafts activities, this includes Statkraft's subsidiary Skagerak Energi where Statkraft has 66.62 per cent ownership.

Assessment of substantial contribution

The predominant economic activity in Statkraft's portfolio is electricity generation from hydropower. One of the three substantial contribution criteria in the EU Taxonomy for hydropower production is life-cycle GHG emissions lower than 100 g CO_2e/kWh. In general, most hydropower assets globally, and nearly all European hydropower assets, rank low in life-cycle carbon footprint, with a global median of 18.5 g CO_2e/kWh[8]. In Norway, hydropower benchmarks are even lower, with life cycle emissions of about 3 g CO_2e/kWh[9].

As extensive work is required to document life cycle emissions for each hydropower plant, we have assessed hydropower production against the run-of-river criteria and the power density screening criteria. The assessment demonstrates that 99.45 per cent of our installed capacity is aligned with these criteria.

Statkraft operates several plants for production of heat/cool from biomass (economy activity 4.24 in the table above) in Norway and Sweden. The biomass plants are fuelled by locally produced solid biomass, forest and industry wood residues and bio-oil, with a small fraction of fossil liquids used as peak loads. Only the heat/cool generated from biomass is reported as eligible and aligned.

Statkraft also operates the heat/cool distribution grids connected to the power plants. Since the plants use more than 50 per cent renewable energy, the assets meet the criteria.

In our financial reporting we do not differentiate between district heating production and district heating distribution since both parts of this value chain are owned and operated together by Statkraft. For the sake of simplicity, we have therefore split the net revenue, CapEx and OpEx 50/50 for the eligible and/or aligned economic activities related to district heating production and distribution.

Regarding installation and operation of electric heat pumps, Statkraft's operations meets the substantial contribution criteria.

Statkraft operates three combined heat and power plants in Germany fuelled by waste wood and small volumes of other types of biomass. The power plants are currently running under the EEG regime (subsidies from the renewable energy law). The prerequisite for these subsidies is the exclusive use of "biomass" according to the German biomass ordinance that was applicable at the time of commissioning. For waste wood, there are no standard values for greenhouse gas savings in the Renewable Energy Directive (RED II). Since the values are complex to determine in individual cases, we have not assessed our combined heat and power plants against the substantial contribution criteria. Therefore, this activity is currently reported as not aligned.

Statkraft's electricity grids are connected to the main Norwegian electricity grid which in turn is connected to the European distribution grid. Therefore, the activity meets the criteria for significant contribution under the activity transmission and distribution of electricity.

Regarding our powerplants producing electricity from gaseous fuels, the substantial contribution criteria for this economic activity are very strict and our plants do not meet these criteria.

Statkraft rents out a limited number of offices. An assessment of alignment has not been performed due to low materiality.

Statkraft is engaged in development of green hydrogen production facilities based on electrolysis. As our hydrogen projects are in an

[8] International hydropower association. 2018. *Hydropower status report*

[9] Norwegian Institute for Sustainability Research. 2020. *The inventory and life cycle data for Norwegian hydroelectricity*.

early stage, they are considered to be below our materiality level, and assessment of alignment has therefore not been performed.

By definition, the remainders of Statkraft's eligible activities related to electricity generation from onshore wind, solar photo voltaic technology, production of heat from waste heat, as well as EV charging stations make substantial contribution to climate change mitigation by own performance.

Do no significant harm (DNSH)

Statkraft's economic activities are to a large extent concentrated in the Nordics and Europe (EU and EEA), but we also have activities in South America as well as India, Nepal, Türkiye and Albania. For activities within the EU/EEA, the Do No Significant Harm (DNSH) criteria for eligible economic activities are assessed against the EU directives and amended EEA directives.

For activities in third countries (outside EU or EEA), Statkraft applies the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (2012). If local or national environmental requirements differ from the IFC performance standards, the most stringent requirement will prevail to ensure compliance with both IFC and national regulations.

DNSH Climate Adaptation
Climate conditions, weather patterns and predictions are core elements of Statkraft's project developments and production planning. As part of our management system, we have processes in place for identifying, assessing, and monitoring physical climate risk as well as implementing mitigation measures, both in our projects under development and our plant operations. We also address physical climate risk as part of the annual Group Risk process. See our "TCFD index" for further details.

DNSH Water and Marine Resources
The DNSH criteria related to "sustainable use and protection of water and marine resources" refer to the Water Framework Directive[10] with some specific DNSH criteria for hydropower.

Our hydropower operations in the EU comply with the Water Framework Directive. This Directive is binding for member states, and implementation can be adapted to national legislation. In Norway, the implementation of this Directive is done through the water regulations. The regulation is authorized in a number of sectoral laws, i.e. Water Resources Act and Nature Diversity Act. These sectoral laws provide the means to follow up the specific environmental objectives, which are set by the competent authorities in accordance with the Water Framework Directive.

Statkraft has an environmental management system in place to implement the measures deemed necessary to attain the relevant objectives. We follow the deadlines set by the competent authorities. Furthermore, as part of our environmental management system, we also monitor the effectiveness of the measures we implement. Since we operate in line with concessions, and implement the measures aimed at achieving relevant environmental objectives in affected water bodies, we consider that our hydropower operations in the EU and Norway are in line with the DNSH criteria for water and marine resources.

Our hydropower operations in third countries follow the IFC performance standards on Environmental and Social Sustainability in addition to any national regulations and requirements. The IFC performance standards state that all environmental impacts must be mitigated. Our environmental management system ensures the implementation of mitigation measures, and monitors the effectiveness of those measures on the water bodies. Some of our old operations in third countries do not fulfil all the requirements under the DNSH criteria related to "sustainable use and protection of water and marine resources". Therefore, those operations are not Taxonomy-aligned.

For our district heating activities, we identify and manage risks related to water as part of our management system. We monitor water consumption, emissions to water and potential leakage in our distribution net. All our district heating plants, and distribution nets are reported as compliant with the DNSH criteria for water and marine resources.

DNSH Circular Economy
The DNSH criteria related to the environmental objective "transition to a circular economy" are quite broad. In general, Statkraft's assets and key equipment are designed for long durability. Statkraft also requires waste management plans including recycling requirements on projects and for "end of life". We recognise that recycling of wind turbine blades and solar panels is a challenge for the renewable energy sector, therefore we are involved in various initiatives aimed at finding better solutions to "end of life". Based on this, we consider our operations in line with this DNSH criteria. See the "Circular economy" section in the Sustainability chapter for more information.

DNSH Pollution Prevention and Control
The criteria related to DNSH to "pollution prevention and control" are in particular relevant for our district heating-, transmission and distribution of electricity-, and EV charging station activities. These activities are located within the EU/EEA, and Statkraft adheres to the EU directives referenced in the DNSH criteria.

Statkraft's biomass combustion plants have a thermal input of more than 1 MW, but are below the Best Available Techniques conclusions for large combustion plants. We have conducted an assessment which shows that all our plants either are below the requirements or will meet the 2025 and 2030 requirements stated in the EU Directive 2015/2193 with some upgrades.

As for the requirements for using equipment covered by Directive 2009/125/EC, that are in accordance with top-class energy label requirements, we follow our energy efficiency plans which are in line with the above-mentioned EU directive when it comes to replacing equipment.

It's worth noting that Statkraft believes that replacing well-functioning and reliable equipment to the best performing solutions prior to "end of life" of said equipment has a negative effect on the DNSH criteria related to circular economy.

[10] Directive 2000/60/EC

For our electricity distribution activities, we follow the Norwegian Water Resources and Energy Directorate's standards on HSE, we respect applicable norms and regulations to limit impact of electromagnetic radiation on human health and we do not use PCBs polychlorinated biphenyls. We therefore report our electricity distribution activities as aligned to the DNSH criteria related to pollution prevention and control.

For all our activities, measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance.

DNSH Biodiversity Conservation

The criteria related to "protection and restoration of biodiversity and ecosystems" include completing an Environmental Impact Assessment (EIA) in accordance with Directive 2011/92/EU and implementing mitigating measures before starting operations. In the EU/EEA meeting the requirements is a prerequisite for obtaining the concession or permit. For activities located in third countries, Statkraft considers being compliant with the IFC performance standards, in addition to national regulations and requirements, to be sufficient for meeting the criteria.

For existing assets located in biodiversity sensitive areas, we consider the same requirements to apply, meaning that the operations of the assets must comply with national requirements in the EU, or IFC performance standards in third countries, with no overdue mitigation measures.

In our assessment, we have determined that all our assets follow national legislation in addition to IFC performance standards in third countries, and that we implement mitigation measures within reasonable time constraints.

Minimum safeguards

Statkraft supports and respects human rights, including labour rights. We conduct our business in a way that respects human rights by preventing, minimising and mitigating negative impacts; and by driving continuous improvements. A description of how this commitment is integrated into our business can be found in the "Human rights" section in the Sustainability chapter.

Statkraft has not been convicted of a human rights or serious labour rights violation in this reporting period. Details on the decision of the Norwegian Supreme Court in October 2021 in relation to the Fosen wind farm development can be found in the 2021 Annual Report. A description of how Fosen Vind DA has worked to map, assess and address actual and potential negative impact of the wind farm development on the indigenous communities on Fosen peninsula, can be found on the company's website: www.fosenvind.no.

Statkraft also works according to high ethical standards and has policies and procedures in place that mitigate the risk of fraud and corruption, unfair competition and aggressive tax planning. There have not been any confirmed cases of significant breaches related to corruption or bribery, competition laws, or violation of tax laws in the reporting period. Please, see the "Business ethics" and "Statkraft's contribution" sections in the Sustainability chapter.

KPI disclosure requirements

The three performance indicators, net revenue, CapEx and OpEx, are determined in accordance with the standards applied in the financial statements. For each KPI the financial figures are determined at the lowest level for which separate cash flows can be identified for assets or groups of assets (cash-generating unit), considering them on a standalone basis. The figures presented are totals for each activity after elimination of intracompany transactions.

Net revenue

The EU Taxonomy KPI on net revenue has the same definition as net operating revenues and other income in Statkraft's statement of comprehensive income. In 2022 the Group's total net operating revenues and other income was NOK 73 940 million, of which 83 per cent derived from taxonomy eligible activities. 76 per cent of the revenue met the Taxonomy screening criteria and are therefore classified as aligned.

CapEx

The EU Taxonomy KPI on CapEx includes all investments included in Note 4 (Segment information) to the financial statements. Statkraft has business models (Develop-Sell and Develop-Build-Sell) within solar and wind power, where the investments are classified as inventories according to IAS 2. That standard is not included in the list from the European Commission's delegated act, but as these investments are related to the Taxonomy-eligible economic activities wind or solar power. Statkraft has decided to include such investments as Taxonomy-eligible investments in the figures above. In 2022, the Group's total CapEx was NOK 11 451 million, of which 89 per cent derived from Taxonomy-eligible activities. Investments related to the Develop-Sell and Develop-Build-Sell business models represent 17 per cent of the total investments. 87 per cent of the CapEx met the Taxonomy screening criteria and are therefore classified as aligned.

CapEx plans

The EU Taxonomy Regulation also requires outlining CapEx plans specifying the major elements of the CapEx to be disclosed as part of the taxonomy reporting. A significant part of the CapEx is related to maintenance and development of already operational assets, this accounts for approximately 25 per cent of the group's CapEx. But Statkraft is also working on establishing new, green energy increasing estimated annual production by more than 30 TWh by 2030. 70 per cent of these investments will be within solar and wind power. In 2022 there were significant investments in solar power in both India, Spain, Ireland and the Netherlands. The Nellai project in India already went into production in 2022. The same goes for Cadiz in Spain. Together the two projects are delivering an installed capacity of 310 MW. The other solar projects are planned to go live in 2023 and 2024 with an installed capacity of more than 500 MW. In Chile, Brazil and Ireland there are also several projects ongoing for construction of wind power with planned capacity of almost 800 MW. The Taghart windfarm in Ireland already went into operations end of 2022 and the others are expected to start up in 2023 and 2024. Tidong is another

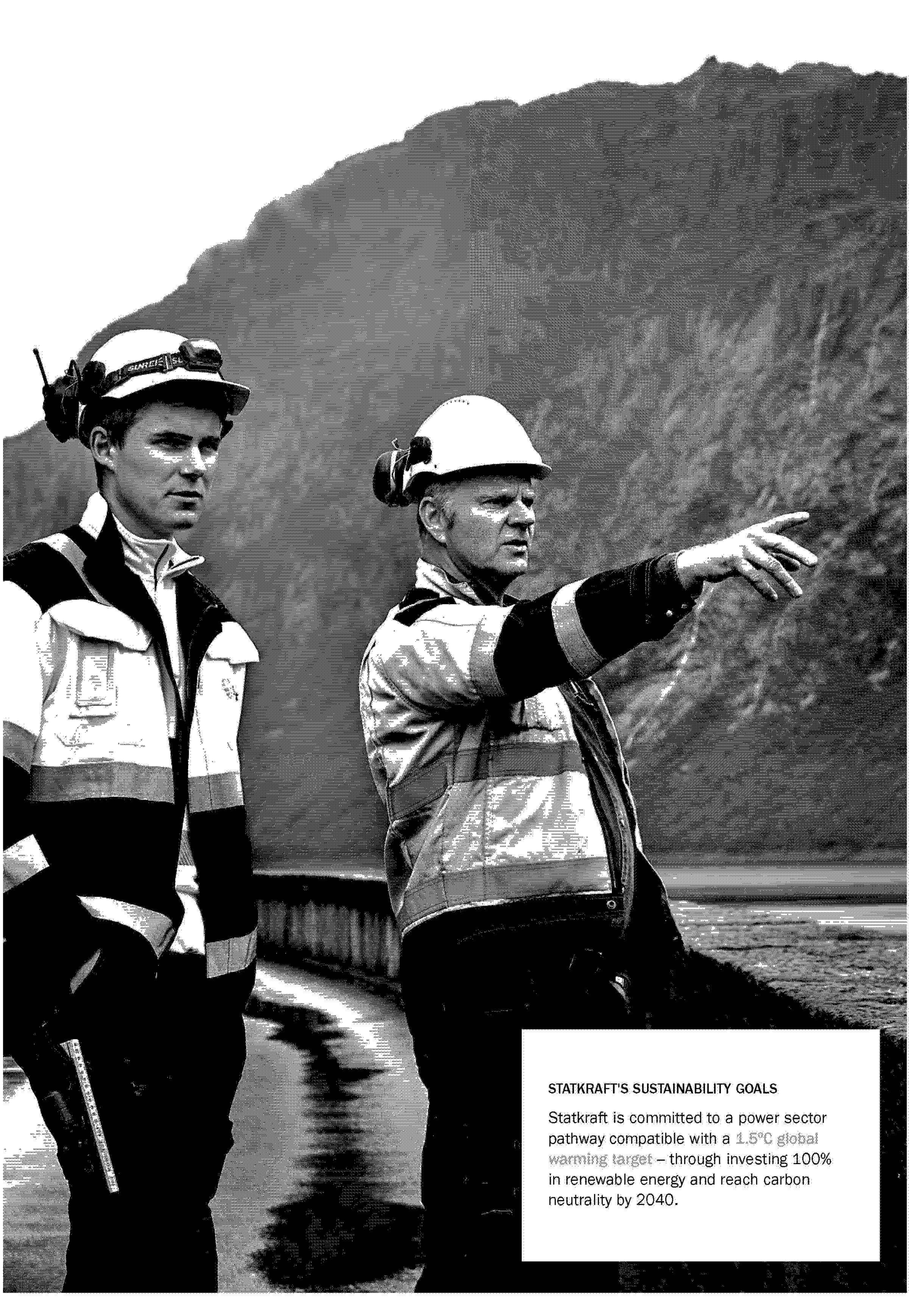
significant investment in India - in hydropower. This will add another 150 MW and is expected to be operational from 2025. In Chile there is also an ongoing construction of a new hydropower plant in Los Lagos. This is expected to commence operations in 2025 with a capacity of 50 MW. Significant investments will also be channelled towards hydrogen and offshore wind. Finally, there will be additional investments within hydropower, mainly related to upgrade of existing operations.

OpEx

The EU Taxonomy KPI on OpEx has the same definition as OpEx in the statement of comprehensive income. Only costs related to maintenance and development of the assets have the potential of being defined as Taxonomy-aligned. In 2022 the Group's total OpEx amounted to NOK 21 763 million, of which 36 per cent derived from Taxonomy-eligible activities. 30 per cent of the OpEx met the Taxonomy screening criteria and are therefore classified as aligned.







STATKRAFT'S SUSTAINABILITY GOALS

Statkraft is committed to a power sector pathway compatible with a 1.5°C global warming target – through investing 100% in renewable energy and reach carbon neutrality by 2040.

Sustainability

HOW WE MANAGE SUSTAINABILITY

Renew the way the world is powered

Statkraft's 2030 aspiration is to be a leading international energy company – creating value by enabling a net-zero future. This underlines Statkraft's strong commitment to sustainability. Through our activities, Statkraft aims to create value for society, the environment, and the business. Our newly updated vision is to 'renew the way the world is powered'.

Statkraft's corporate strategy was updated in 2022, with a significantly strengthened growth agenda towards 2030. This includes providing clean flexibility, accelerate solar, onshore and offshore wind and battery storage, green market solutions to customers and scale new green energy technologies.

The way we do business is important to achieve this ambitious growth strategy. Statkraft embeds sustainability in everything we do. Our sustainability strategy encompasses our overall approach to the Sustainable Development Goals, and the material topics climate change, biodiversity and human rights.

The 2020s have been named the Decade of Action, and the United Nations calls for accelerating sustainable solutions to solve the world's biggest challenges. At Statkraft, we recognise the importance of businesses in realising the UN Sustainable Development Goals (SDGs) by 2030. Statkraft focuses on seven SDGs, which we are well-positioned to contribute to and which we believe are particularly important to address.

Statkraft is committed to combatting climate change (SDG 13) and has a significant positive contribution through providing renewable energy from hydro-, wind and solar power, as well as through exploration of new energy solutions. We are committed to a power sector pathway compatible with a 1.5˚C global warming target and works towards being carbon neutral by 2040.

Statkraft is equally committed to ensuring a just transition. That means that we, in the transition towards a green society, take into account the impact on the planet and the people who live there. The way we do business is essential in this regard, including a strong health and safety culture, a focus on diversity and inclusion, high ethical standards, fair labour conditions and zero tolerance for corruption. Statkraft also works to continuously increase the understanding of our impacts, both positive and negative, on people, the environment, and the societies where we operate.

As Statkraft has developed renewable energy for more than a century, our commitment to sustainability is at the core of our business. We draw on our long experience as we continue to develop our sustainability management and strategy to enable a net-zero future, whilst adhering to new laws and take into account increasing stakeholder expectations.

Key drivers for sustainability in 2022

The current energy crisis has put the global energy system to the test. Russia's invasion of Ukraine has resulted in major disruptions to the global energy systems and trade, underlining the world's dependence on volatile fossil energy markets. The risk of an energy deficit has caused soaring and rapidly changing European gas prices, which have subsequently led to a dramatic rise in power prices. This has pushed some consumers into energy poverty and reduced industrial activity. Given the global nature of fossil energy markets, the ramifications of these developments have been felt all over the world.

Russia's invasion of Ukraine has impacted the world beyond the war itself. Three urgent areas of concern are emerging: global food security and the hunger crisis, risks to progress on the clean energy transition, and humanitarian crisis. In the short term, the war might complicate the transition's path to a net-zero economy. In the longer term, however, the logic of energy security and economics could converge to kick net-zero transition efforts into higher gear. Bold moves would be needed at unprecedented speed to boost energy-efficiency measures and adopt renewable-energy alternatives to fossil fuels.

At the same time, climate change mitigation is more urgent than ever. The global temperature has already risen 1.1°C above pre-industrial times, and we are feeling the effects in the form of increased temperatures, hurricanes, wildfires and violent flooding. At current emissions levels, the remaining emissions budget (to stay within 2°C of warming, and as close as possible to 1.5°C) is diminishing at a rapid pace, increasing risks of damage to our climate and environment.

The energy systems of the future must deliver affordable energy without compromising on security of supply or sustainability. Our future depends on it. The main solution to obtaining energy security and independence is to develop clean and efficient energy at a higher pace than before. Statkraft plays a key role in this extraordinary situation by:

- increasing renewable energy capacity, and thereby decreasing reliance on fossil fuels
- increasing focus on "home-grown" energy supply options in countries such as Norway, to reduce import dependencies
- reduce the negative effects market volatility has on consumers

Expectations from stakeholders on sustainability is gaining momentum. Additionally, both the number of sustainability related regulations and the complexity of requirements to be met by organisations are increasing.

In October 2022, the Minister of Trade and Fisheries presented the new white paper on state ownership, detailing the Norwegian

state's role and purpose in the companies where they have ownership interests. These are in line with the upcoming sustainability requirements in Europe, and Statkraft works systematically to meet the expectations.

Governance

To act responsibly is one of our core values. The fundamental principles for responsible behaviour are outlined in our Code of Conduct, approved by the Board of Directors (BoD). These principles cover our key activities, including acquisition and construction projects. The Code of Conduct applies to our employees and all companies in the Statkraft Group. We expect our business partners and suppliers to adhere to our Supplier Code of Conduct.

The principles are further described in the governing documents in our management system, "The Statkraft Way". This system sets the direction for our work and is regularly reviewed and updated as regulations and expectations evolve. Through this system we embed our sustainability approach into our activities.

Our work is guided by relevant international frameworks and guidelines, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We comply with sustainability related EU Directives for our European activities and the IFC Performance Standards in our international investments.

Statkraft regularly conducts corporate-wide impact assessments related to sustainability topics, including environment and human rights. We conduct regular materiality analyses, assessing Statkraft's impacts on the economy, environment and people. Results are discussed with Corporate Management and the Board of Directors (BoD).

Statkraft's sustainability strategy is regularly updated based on impact assessments, material topics, market development and evolving requirements and expectations.

The BoD receives regular updates on Statkraft's sustainability performance, key activities and strategy. This includes material topics, updates to our strategy, targets and KPIs and improvement measures.

The annual report, including Statkraft's Sustainability Report with our material topics, is approved by the BoD.

Statkraft's management scorecards include strategic objectives, key risks and key performance indicators as well as sustainability topics, for example health, safety and the environment. The group scorecard is reviewed by Corporate Management and the BoD quarterly, through the corporate performance review process.

In 2022, Statkraft has provided both the BoD and the BoD's Audit Committee with deep-dives on sustainability, including key trends, upcoming sustainability regulations and further steps related to our sustainability reporting. The Audit Committee follows up on the further development of Statkraft's sustainability reporting

Sustainability is included in Corporate Audit's annual plan. The audit findings and recommendations are presented to the BoD twice a year. Non-compliance is systematically registered and followed up in line with external and internal requirements. It facilitates handling of cases, analysis of incidents, identification of improvements, and subsequent learning across the group.

Sustainability reporting

Statkraft reports on sustainability topics in accordance with the GRI Standards. We are conscious of the fact that risks and opportunities can be material from both financial and non-financial perspectives, recognising the concept of double materiality.

We are continuously working to align with new and emerging regulations, standards and frameworks, such as the EU taxonomy, the Norwegian Transparency Act, and the Corporate Sustainability Reporting Directive (CSRD).

In the sustainability reporting process, sustainability figures are collected from activities where Statkraft is the majority owner, and 100 per cent of the figures are included in the Sustainability Statement. References to relevant GRI Standards are included in Statkraft's GRI index that appears in the Sustainability Statement.

Statkraft has engaged an independent third party, Deloitte AS, to provide a limited level of assurance of the sustainability information in the Annual Report. The Audit Committee evaluates the external auditor's independence. The Auditor's statement is presented to the Corporate Management and the BoD.

In 2022, Statkraft continued the annual reporting of our climate-related status, actions and ambitions to the Carbon Disclosure Project (CDP). Our reporting related to climate topics is aligned with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations and a reference table is included as part of the Sustainability Statement.

About the materiality assessment

In 2022, we have completed a double materiality analysis identifying topics that have impact on the business value, as well as topics that might have material impact on society and the environment. The longlist of material topics consisted of 30 topics within the categories environment (7), social (13) and governance (10). The criteria for assessing impact on society and the environment were set by global standards (e.g. GRI, CSRD), while criteria for assessing impact on business leverage were based on Statkraft's Enterprise Risk Management (ERM) framework.

Statkraft's updated materiality matrix was developed based on desktop research, interviews and a validation workshop. We will use the insight from the materiality analysis in our further work to develop Statkraft's sustainability strategy and reporting, adopting a strategic approach on the most material topics.

Information related to strategy and performance for our most material topics can be found in the following sections:

Material topic	Section in Sustainability chapter
ENVIRONMENTAL (E)	
Responsible water management	Water management
Nature and biodiversity	Biodiversity
Climate mitigation	Climate action
Waste & circularity	Circular economy
SOCIAL (S)	
Occupational health and safety	Health and safety
Local community impact	Human rights, Biodiversity, Water management
Forced labour	Human rights, Supply chain management
Land rights	Human rights
Indigenous rights	Human rights
Cyber- & asset security	Security and emergency response
Access to energy	How we manage sustainability
Security of people	Health and Safety, Security and emergency response
Talent acquisition & development	Labour practices
Living wage & compensation	Human rights
Non-discrimination & equality	Labour practices
GOVERNANCE (G)	
Public policy and regulation	How we manage sustainability
Responsible procurement	Supply chain management
Anti-corruption	Business ethics
Competitive behaviour	Business ethics

Stakeholder dialogue

In order to provide more people with renewable energy, Statkraft works with a variety of stakeholders. This includes employees, local communities, local, regional and national authorities, government officials, customers, suppliers, our owner, financial institutions, research institutions, non-governmental organisations, civil society organisations, networks and the media. We work to create an open dialogue around sustainability issues with all who are part of, or potentially impacted by, our activities.

In early phases of developing a new project, Statkraft conducts stakeholder analysis and planning, to identify key stakeholders of the project and plan for consultation, information sharing and grievance mechanisms. The scope of the stakeholder engagement may vary with the project's risks and impacts, and throughout the different project phases. An important target of any project development is to ensure that any loss of land, production or access to resources is compensated in a sustainable way.

Stakeholder dialogue is an integrated part of daily operations, ranging from regular interaction at project sites, to memberships in sustainability forums and platforms, alliances, and partnerships. We engage to share information, better understand stakeholders' needs and find solutions to common challenges. This dialogue provides us with valuable input in our daily activities and helps us to continuously improve and strengthen our business practices and relationships. Activities include:

- Conducting consultations with stakeholders affected directly or indirectly by our project activities
- Organising open public consultation meetings
- Establishing an efficient and transparent grievance mechanism for projects under construction and in operation
- Promoting sustainable improvements through active participation in industry associations and initiatives

Further examples of stakeholder dialogue related to material issues are included in the relevant sections of this report.

Our work is guided by relevant international frameworks and guidelines, including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and IFC performance standards on Environmental and Social Sustainability. The Norwegian Transparency Act, which entered into force in 2022, also includes requirements on stakeholder dialogue.

Handling reported concerns

Statkraft actively promotes a culture of openness and encourages employees to seek advice on all matters, including matters related to responsible business conduct. Employees can reach out to their managers, as well as to support functions such as Compliance, Sustainability, Human Resources, Health, Safety and Security (HSS) and Corporate Audit.

Statkraft acknowledges that the reporting and prevention of violations of laws, regulations and of the Code of Conduct depend on the willingness of employees and external parties to raise concerns. Accordingly, employees have the right and the responsibility to report concerns. Externals are encouraged to raise concerns.

The decision on how to follow up a reported concern received is made by the Head of Corporate Audit. The unit is independent from line organisations, and its head reports functionally to the BoD. All reported concerns are taken seriously, and their handling is based on the principles of fair and objective treatment, protection of the reporter, protection of the individuals who are the subject of the report, confidentiality in the administrative process, protection of personal data and data security, and proportionality in the administrative process.

Employees and externals can report their concerns through the whistleblowing channel, through line management, via email, mail, or by phone. The whistleblowing channel offers reporters the possibility of reporting and communicating anonymously with Corporate Audit. They are responsible for managing Statkraft's independent reporting channel.

Reported concerns sent to Corporate Audit are acknowledged within 72 hours. The unit starts by conducting a quality assurance and initial review of the information received. Then, they assess the nature of the concerns and determine the steps required to establish relevant facts. They are responsible for performing all internal investigations.

The Head of Corporate Audit reports on the handling of reported concerns annually to the Board of Directors and biannually to the Audit Committee, and when investigations are concluded. In addition, the head of the unit provides regular updates on reported concerns to the Audit Committee.

In 2022, 84 cases were reported to Corporate Audit. Of these cases, one led to an investigation that is still ongoing, and four inquiries that are completed. Nine cases were concluded to be outside Corporate Audit's mandate to handle and were accordingly sent to the correct department for further handling, e.g. issues related to human resources. The remaining low risk cases were either handled by Corporate Audit or by the line, or closed as part of an initial evaluation and quality assurance.

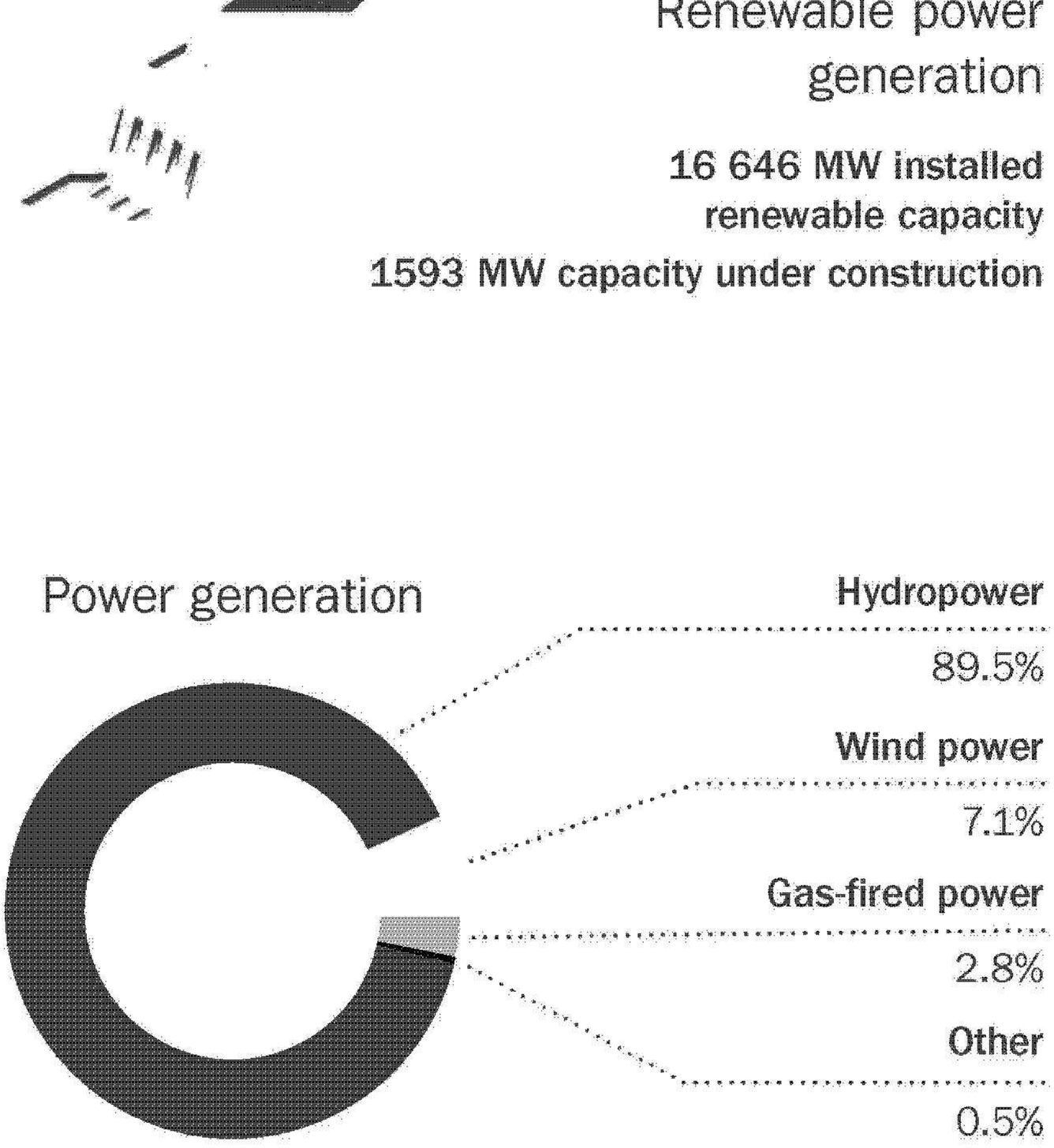
Sustainability at a glance

Renewable power generation

16 646 MW installed renewable capacity

1593 MW capacity under construction

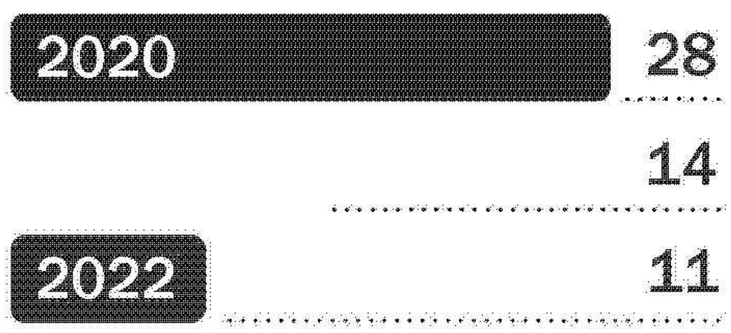
Power generation



EU Taxonomy alignment

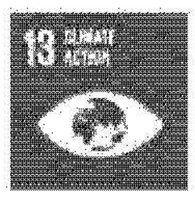


Carbon intensity (g CO_2e/kWh)

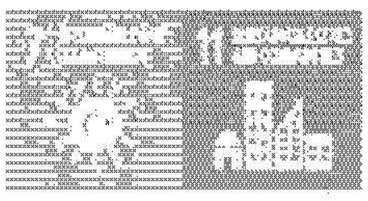


Strategic SDGs

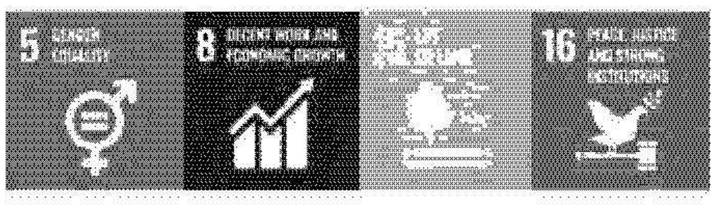
Our commitment



Our core business



The way we work



SUSTAINALYTICS

ESG

TOP RATED

Statkraft ranked 39 in Utilities (Low risk: 16.3)

As of August 2022

CDP
DISCLOSURE INSIGHT ACTION

Score B on CDP Climate Change

Last update: December 2022

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Target | On track | Target not reached

HEALTH AND SAFETY

We aim to prevent incidents and commit to being a workplace without injury or harm.

Serious injures	7 2021	12 2022	0 2022
TRI rate	3.6 2021	4.1 2022	<3.5 2022

Comments on serious injuries and tri rate:

Regrettably there was one fatal accident (in India) where two contractor employees lost their lives. In addition, seven contractors and three Statkraft employees suffered serious work-related injuries. The TRI rate was 4.1 which is above our target (3.5).

HUMAN RIGHTS

We aim to respect human rights by having zero confirmed instances where we are causing, contributing, or are directly linked to breaches of human rights as per the UN Guiding Principles.

New confirmed instances in the fiscal year	9 2022	0 2022

Comments on 2022 performance:

In 2022 we have updated our definitions to more closely align with international frameworks and recognised standards. There were nine confirmed instances related to human rights during 2022. These were mainly linked to wages and working hours breaches caused by our contractors or sub-contractors at Statkraft sites.

LABOUR PRACTICES

We aim to be a diverse and inclusive workplace where everyone has equal opportunities to contribute and realise their potential.

Women in top management positions	30% 2021	35% 2025	40% 2030
Inclusion index	80% 2021	85% 2025	

Comments on 2022 performance:

The share of women in top management positions increased, and there was a significant improvement of the Inclusion Index. A number of Diversity and Inclusion initiatives were implemented.

BUSINESS ETHICS

We aim to prevent corruption and unethical practices in all activities.

Serious compliance incidents	0 2021	0 2022	

Comments on 2022 performance:

There was no serious compliance incidents during 2022. The implementation of our compliance programme is on schedule, and the level of compliance prevention activity continues to be high. A strong digitalisation agenda is leading way for further compliance management improvements.

ENVIRONMENT

We aim to deliver climate-friendly, renewable power while implementing responsible environmental measures.

Serious environmental incidents	0 2021	0 2022	
Less serious environmental incidents	274 2021	357 2022	

Comments on 2022 performance:

There were no serious environmental incidents in 2022. Most of the less serious environmental incidents were minor breaches of emission regulations for biomass plants, short breaches of minimum flow and minor hydraulic oil leaks. Any incidents with serious consequences, or potential serious consequences, are investigated.

CLIMATE ACTION

We commit to a 1.5°C global warming target pathway for the power sector and climate neutrality by 2040.

GHG emissions intensity (g CO_2e/kWh)	14 2021	<50 2025	<35 2030
Growth (GW) in renewable energy capacity	3.3 2021	9 2025	

Comments on 2022 performance:

The GHG intensity (scope 1 and 2) is among the lowest in the global energy sector. We are on track to reach our growth capacity target, and we are aiming at being a major wind and solar power developer by 2025. We are also improving our understanding on how to reduce our scope 3 emissions.

STATKRAFT'S CONTRIBUTION

Since 1895, Statkraft has provided renewable energy to communities, industries, businesses and homes around the world. This is at the core of the green transition. Towards 2030 we aspire to be a leading international renewable energy company – creating value by enabling a net-zero future.

Environmental shared value

Statkraft operates a large fleet of power plants, and in 2022 we generated 58 TWh of renewable energy. Statkraft also develops new plants, and by the end of 2022 1593 MW renewable energy production capacity was under construction. Statkraft supports the electrification of society, by developing charging infrastructure for electric vehicles. We also develop new green business activities, such as hydrogen and, biofuel generation.

Social shared value

Statkraft's activities create jobs across 20 countries. By the end of 2022, Statkraft had 5312 employees. New construction projects create jobs at the respective sites, as well as in the supply chain.

In addition to local jobs, our projects can provide local infrastructure and services, such as irrigation systems, roads, electrification, community buildings and health centres, and also support health and education improvement projects. We also help increase the knowledge of the wider society through activities such as research and development projects.

The development and operation of hydropower plants also facilitate multiple uses of watercourses and infrastructure such as drinking water supply, transportation, flood prevention, irrigation, and recreation.

Economic shared value

In 2022, Statkraft had gross operating revenues and other income of NOK 166 174 million globally. This was distributed to salaries and benefits of our employees (10 per cent), returns to lenders and owners (75 per cent) and equity (15 per cent).

Through taxes and tariffs, we generate revenue for the governments where we operate. We also create value for our shareholder through the generation and distribution of dividends.

In order to deliver on our strategy, Statkraft is also dependent on buying a large range of equipment and services.

STATKRAFT'S LOW EMISSIONS SCENARIO

Statkraft's Low Emissions Scenario provides a technology-optimistic, but realistic scenario of the global energy system towards 2050.

The energy crisis has shown that a rapid transition to renewable-dominated energy systems is imperative to improve resilience and energy security.

Some key messages:

- Power demand is expected to more than double by 2050, and all of this growth will be met by renewables.
- Solar PV is the fastest way to make Europe independent from Russian gas. Towards 2030, we see an accelerated build-out of solar and wind power and higher share of electricity use in industry, buildings and transport.
- Going from being dependent on fossil fuels to renewables, increases the reliance on metals and countries controlling the clean technology value chain. Even though there are abundant known reserves, the mining, processing and refining capacity for key metals are concentrated in a few countries often associated with human rights and sustainability issues. This underlines the need for diversification going forward.
- Statkraft's Low Emission Scenario is in line with a 2°C emission pathway. This is ambitious, but not ambitious enough. Getting closer to a 1.5°C pathway would require a substantial change in speed in all sectors.
- Hydropower will have an increasingly important role as flexibility provider in the energy transition, ending as the fourth largest electricity-producing technology in 2050.
- The energy transition requires that policies and market forces work in tandem and that collaboration across sectors and countries is enhanced.

Our tax policy

The Statkraft Group pursues a tax strategy that is principled, transparent and sustainable. It is approved by the Board of Directors and published on our external website. The tax strategy is regularly evaluated by Statkraft's Group Tax Department, and any amendments to the tax strategy are presented to the BoD for review and approval.

Our tax strategy is based on the fundamental principles that taxes should be paid where economic value is generated, that company tax arrangements are a board responsibility and that public country-by-country reporting is a core element of transparent corporate tax disclosure. Statkraft believes that appropriate, prudent and transparent tax behaviour is a key component of responsible business practices. Therefore, we expect our business partners to implement similar standards around tax and transparency within their organisations whilst recognising that Statkraft engages with different business partners. For some of these full alignment with these standards may not be possible due to the scope and size of their business operations.

We comply with tax law and practices in all the countries we operate. Tax is a core part of our governance and our responsibility as a corporation and is overseen by the BoD. The day-to-day management of Statkraft's tax affairs is handled by Group Tax, which is involved in all significant business developments to assess any potential tax consequences of our decisions in advance. Statkraft has a clear responsibility to comply with legislation in our operating countries. For tax legislation, we choose to do this by aiming not only to comply with the letter of the law, but also with the underlying intent of the policy.

Statkraft has a centralised and uniform approach to interpretation of tax rules, which is handled at the Group level. We employ

appropriately qualified and trained tax professionals with the necessary levels of expertise and knowledge. We constantly monitor updates and changes to tax legislation to assess their impact on the Statkraft Group. Tax disclosures are subject to internal reviews as part of the statutory reporting process and as part of the Group reporting process. In addition to internal reviews, tax disclosures are subject to ordinary external audit requirements in accordance with local statutes and regulations.

Statkraft approaches tax in a way that is aligned with our business strategy and aims to reduce business complexity and cost. We do not engage in artificial tax arrangements and actively consider all implications of tax planning. Furthermore, all tax planning must comply with the Group's Tax Optimisation and Structuring framework, which governs our approach to tax planning and is subject to robust review and approval processes. We do not use low tax jurisdictions to avoid tax and only establish an entity in a nil or low-rate jurisdiction for substantive and commercial reasons. This means that we pay tax according to where value is created within the normal course of our commercial activities.

Statkraft is committed to ensure full compliance with all statutory obligations and full disclosure to tax authorities. We engage with tax authorities with honesty and integrity and seek to establish a relationship based on mutual respect, transparency and trust. We work collaboratively with tax authorities wherever possible to resolve disputes and achieve clarity, but we are prepared to litigate where we disagree with a ruling or decision. Statkraft engages constructively and with integrity with governments on the development of tax systems, legislation and administration, either directly or through industry associations as appropriate. We believe that more informed and sustainable outcomes are achieved where governments openly consult with industry and other affected stakeholders.

Statkraft has an established quarterly procedure in place for tax risk management that facilitates appropriate identification, measurement, management and reporting of tax risks. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought in accordance with our internal framework. We proactively manage tax issues and risks in a way that maximises shareholder value after tax while operating in accordance with applicable legislation and Statkraft's Code of Conduct.

Statkraft continuously evaluates our tax processes and controls to ensure we are compliant with local and international standards relevant to our business. Complying with tax rules can be complex, as the interpretation of legislation and case law may not always be clear-cut and may change over time. We seek to manage this inherent tax risk by taking strong, well-documented technical positions to prevent unnecessary disputes.

Tax is part of the general process for reporting concerns about unethical or unlawful behaviour. Statkraft has systems in place for independent reporting of concerns, and Corporate Audit is the first recipient of all concerns reported (e.g. the whistleblower channel). Should a risk of tax evasion be identified through a business relationship, Statkraft shall always report the matter through appropriate channels, including to authorities.

Statkraft will seek business partners' collaboration in good faith when it comes to the avoidance of aggressive tax behaviour. When Statkraft acquires a company or group of companies, their tax policies and procedures are reviewed as part of the due diligence process and post-acquisition Statkraft will implement our own standards through the integration process. When Statkraft enters into a joint venture arrangement, we require the joint venture company to apply equivalent standards to Statkraft's own around tax and transparency.

OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

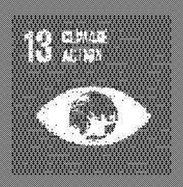
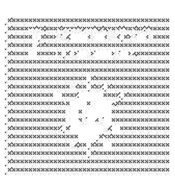
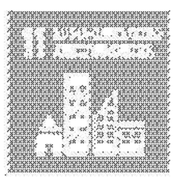
Statkraft is committed to playing a key role in the green transition towards a more decarbonised, and thus more sustainable future.

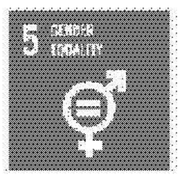
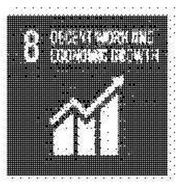
The UN Sustainable Development Goals (SDGs) enable the global community to navigate towards a more sustainable future. For Statkraft, the SDGs therefore serve as inspiration and a guide for evaluating and improving our own business activities.

As a provider of renewable energy, Statkraft is strongly committed to SDG 13 (Climate Action) and minimising the negative societal and environmental impacts of climate change. In addition, we also recognise that the SDGs are highly interconnected, which means that a direct impact on one goal at the same time can help accelerate the achievement of one or several of the other SDGs.

At Statkraft, we address the SDGs on three levels: our overarching commitment, our core business, and in the way we work together. We make an impact focusing on what matters and delivering smart solutions that drive positive change.

We have decided to focus on seven of the SDGs, including developing ambitions and targets. These ambitions and targets, and the actions we will take to reach these targets, will contribute to our long-term ambition of being carbon neutral by 2040.

SDG	MATERIAL TOPIC	AMBITION	SECTION IN SUSTAINABILITY CHAPTER
Our commitment			
SDG 13: Climate Action 	• Climate mitigation	We commit to a power sector pathway compatible with a 1.5°C global warming target. We aim to be carbon neutral (scope 1 and 2) by 2040.	• Climate action
Our core business			
SDG 7: Affordable and Clean Energy 	• Climate mitigation • Access to energy	We deliver climate-friendly, renewable power and take responsible environmental measures. We grow the capacity in renewable energy (hydropower, wind power and solar power).	• How we manage sustainability • Climate action
SDG 11: Sustainable Cities and Communities 	• Climate mitigation • Nature and biodiversity • Waste & circularity • Access to energy	We will develop a clear ambition and corporate wide-targets for circular economy in 2023.	• Climate action • Biodiversity • Circular economy • How we manage sustainability

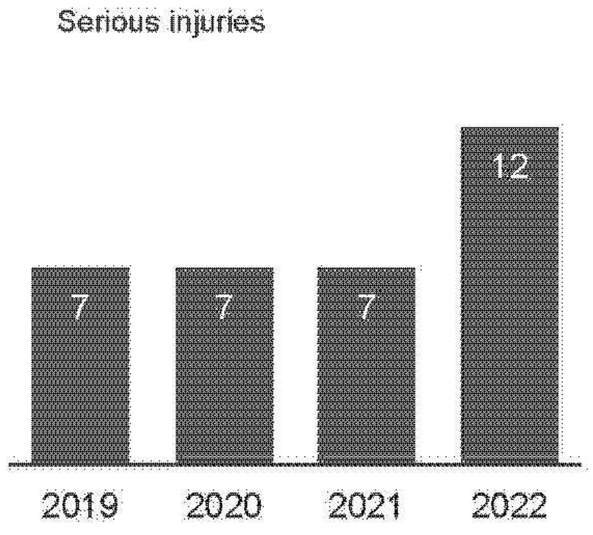
SDG	MATERIAL TOPIC	AMBITION	SECTION IN SUSTAINABILITY CHAPTER
The way we work			
SDG 5: Gender Equality 	• Talent acquisition & development • Non-discrimination & equality	We aim to be a diverse and inclusive workplace where everyone has equal opportunities to contribute and realise their potential.	• Labour practices
SDG 8: Decent Work and Economic Growth 	• Occupational health and safety • Forced labour • Indigenous rights • Living wage & compensation • Security of people	We prevent incidents and commit to being a workplace without injury or harm. We respect human rights and continuously work to embed this in the way we do business.	• Health and safety • Human rights • Supply chain management • Labour practices • Security and emergency response
SDG 15: Life on Land 	• Nature and biodiversity • Land rights • Local community impact	We deliver climate-friendly, renewable power and take responsible environmental measures. We commit to mitigate our impact on biodiversity in a responsible way, to continuously improve the understanding of our impact and to report this transparently. We respect human rights and continuously work to embed this in the way we do business.	• Biodiversity • Human rights • Water management
SDG 16: Peace, Justice and Strong Institutions 	• Public policy and regulation • Responsible water management • Anti-corruption • Responsible procurement	We prevent corruption and unethical practices in all activities.	• How we manage sustainability • Water management • Business ethics • Supply chain management

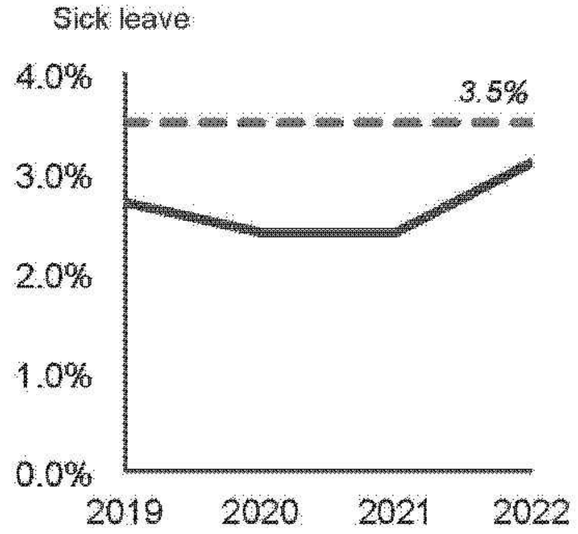
HOW WE PROMOTE RESPONSIBLE BUSINESS PRACTICES

Health and Safety

We aim to prevent incidents and commit to being a workplace without injury or harm, by:

- having zero serious injuries associated with our activities
- keep a rate of less than 3.5 per cent sick leave amongst employees





Comments on performance

There was one fatal accident in Statkraft resulting in two fatalities in 2022, and Statkraft did not reach our target of zero serious injuries. In addition, seven contractor employees and three Statkraft employees suffered serious injuries in work-related accidents, this is a substantial increase in serious injuries since 2021. The Powered by Care programme and efforts to continuously improve our health and safety performance and culture will remain high priorities going forward.

Improvement measures in 2022

1. Provided leadership and drove cultural change at all levels, and encouraged and measured management and employee engagement
2. Strengthened the focus on high-risk activities and preventative measures
3. Rolled out a stop unsafe work card giving everyone working for Statkraft a mandate from the CEO to stop any unsafe work activity
4. Provided training to build required competencies
5. Ensured knowledge-sharing from high-risk scenarios

Our approach

Caring for people is at the core of our culture and we work continuously towards our goal of zero injuries.

The policy and management system for health, safety and security applies to everyone working at or for Statkraft. We have a programme to implement improvements within health and safety across the organisation called 'Powered by Care'. Statkraft's Corporate Management clearly demonstrates our commitment to a workplace without injury and harm through our Powered by Care commitment statement.

Statkraft uses international and national standards and best practice as reference for the management system framework, for example International Organization for Standardization (ISO) 45001 Occupational Health and Safety.

Key risks

Health and safety risks arise from Statkraft's activities in construction projects, operation and maintenance of power plants and other facilities, from our presence in various geographical locations, and from travel and other business activities. The predominant high-risk areas are related to personal injuries from workplace accidents. Activities related to driving, working at heights, lifting operations, energised systems, heavy mobile equipment, ground works and working in confined spaces are considered to represent the highest risk.

Status 2022

Fatal accidents

Regrettably there was one fatal accident in Statkraft in 2022, where two contractor employees lost their lives. The accident occurred in May at the Tidong Hydropower project in India.

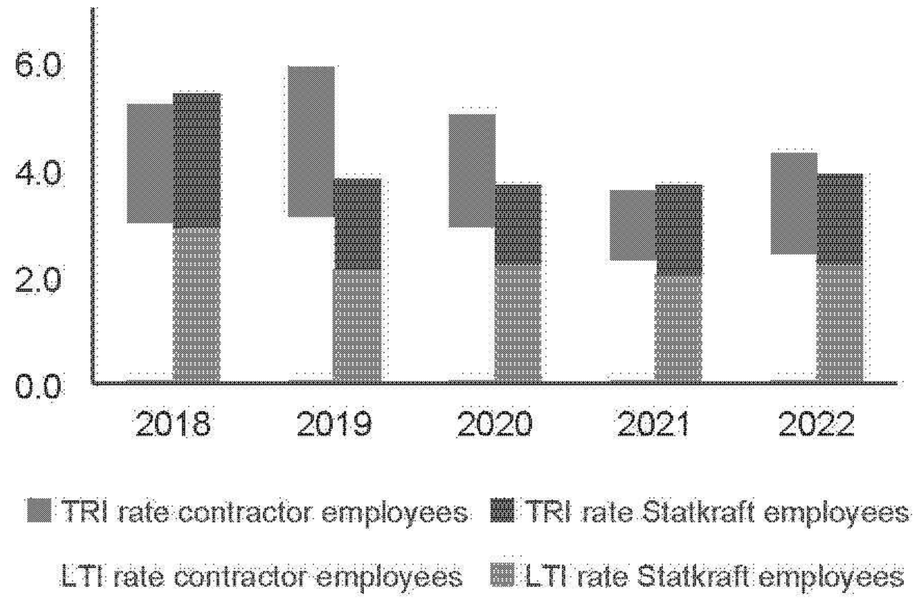
Accidents

In addition to the fatalities, seven contractor employees and three Statkraft employees suffered serious injuries in 2022. This is a substantial increase in the serious injuries indicator from 2021. In addition, 94 incidents and observations were classified with high-risk potential. Serious injuries and high-potential incidents are defined as incidents causing, or potentially causing, serious health consequences. Such accidents and incidents are investigated, and mitigating actions are implemented locally and across the Group to ensure learning and prevent future accidents. In 2023

Statkraft will focus on improving learning from incidents and daily work by strengthening our learning processes and investigation methods.

The total recordable injuries (TRI) for Statkraft employees increased to 55 in 2022, of which 31 were lost-time injuries (LTI). The TRI for contractors was 71, of which 41 were LTI. TRI rates and LTI rates for the last five years are presented below.

Total recordable injuries per million hours worked (TRI rate) with contribution of lost-time injuries per million hours worked (LTI rate)



Sick leave

Sick leave in Statkraft has increased to 3.1 per cent in 2022, after a stable low level. Despite this increase, sick leave is still below the target of 3.5 per cent.

Health and Safety Improvement Programme

In 2022, the Powered by Care programme focused on:

Leadership and commitment
In 2022, management throughout Statkraft was actively engaged and participated in local activities in the Powered by Care programme. Workshops have been held to address health and safety leadership and culture at various levels of the organisation. A dedicated "stop unsafe work" card signed by the CEO has been rolled out, giving everyone working for Statkraft the authority to stop work activities they deem unsafe.

Serious injury mitigation
Serious incidents (those with, or with potential for, serious consequences) are analysed to identify measures to prevent recurrence, and lessons learned are shared across the organisation. Use of the Life-Saving Rules aimed at preventing serious and fatal injuries remains a focus area, in addition to further improving the quality of investigations and lessons learned.

Training
Modular e-learning and training is available to effectively reach out and provide fit-for-purpose training to various target groups. This includes a Powered by Care module providing basic training for all and modules to support the Life-Saving Rules.

Engagement Key Performance Indicators (KPIs)
Indicators are in place to encourage and measure employee and management engagement through e.g. risk observations, improvement proposals, positive observations and safe job dialogues. These KPIs have seen a positive development since their introduction in 2016.

CEO's HSSE Award
An award scheme is in place to encourage activities that contribute to improved health, safety, security and environmental awareness, results and engagement across the organisation. The CEO's HSSE Award for 2022 was presented to Region South in Business Area Nordics, for their initiative Leading by Safety. This is an initiative building an improved safety culture by every employee being a leader and has covered 44 power plants and more than 200 employees.

Continuous improvement
An annual management review of Statkraft's performance and activities related to HSSE has been performed, and the recommendations have been integrated in HSSE plans. Collaboration takes place within and across business areas to share and learn from incidents, health and safety programmes and best practices.

Health
We have dedicated initiatives that focus on health and well-being, which address the challenges arising from the Covid-19 pandemic. These include flexible work arrangements and pulse surveys to check status on wellbeing in the organisation.

In 2022, Statkraft implemented a mental health campaign to create awareness about wellbeing and mental health. The campaign promoted tools related to mental health, such as safety moment for mental health and 'Team Energy Check'. In addition, various webinars focusing on mental and physical health was held in the organisation.

Public safety

Statkraft's activities involve significant interaction with the public and the environment, and our focus is on ensuring the safety of both. Measures are carried out in accordance with legal and regulatory requirements, as well as Statkraft's detailed procedures and plans to protect life, the environment and property. This applies to the entire life cycle of our assets during design, construction works, operation, and demolition.

To ensure our assets do not pose a threat to the public, risk assessments are used with appropriate mitigating protection measures, verification of effectiveness of such measures, reassessment of risk and follow up. Dam and watercourse safety together with our electrical assets are key focus areas.

Priorities 2023

- Continue to develop our health and safety culture through systematic improvement and culture development programs with focus on behaviour
- Improve the health and safety management system and its implementation
- Improve learning from incidents and daily work by strengthening our learning processes and investigation methods
- Implement new and improved digital support for health and safety processes and activities across the organisation
- Strengthen processes, tools and practices for contractor management and engagement
- Maintain and utilise the existing Powered by Care programme across the organisation

Security and emergency response

We aim to actively prevent harm to people and assets through the implementation of a systematic approach, by:

- implementing identified supporting initiatives
- improving information security culture and IT security operational practice based on the CIS framework and the Norwegian National Security Authority's ICT security principles
- operationalise and implement sector wide security measures in conjunction with national authorities, following Russia's invasion of Ukraine

Improvement measures in 2022

1 Operationalising lessons learned from managing both Covid-19 and subsequent emergencies into the Emergency Response concept

2 A comprehensive effort launched to develop and harmonise a corporate framework for personnel security

3 Implementation of ISO 27001 certification

Comments on performance

While the response to Covid-19 was the main effort in 2021, Russia's invasion of Ukraine has been the main contributor to both the security and emergency response context for 2022. Within personnel security, the focus has been to further develop and harmonise a corporate framework. As business travel increased in 2022, the travel assistance solution implemented through 2021 greatly enhanced Statkraft's ability to effectively support our travelling employees. Statkraft IT Operations achieved ISO/IEC 27001 certification in 2022.

Our approach

Security refers to the ability to keep people, operations, information and systems secure from intentional harm or damage. Statkraft takes a comprehensive approach and follows international good practice for security management. Security matters are addressed through a risk-based approach aligned with standards such as ISO 31000, ISO 27001, NS-5814 and NS-5832. Statkraft IT Operations achieved ISO/IEC 27001 certification in May 2022. Work is planned for further certification in areas and geographies where such certification is being required by local authorities.

Statkraft has well-established relationships with local and global security companies and participates in national and international networks to ensure an up-to-date understanding of security and risk management. Examples include ASIS International, the Norwegian Business and Industry Security Council, ISACA, KraftCERT and the Norwegian Cyber Security Centre.

Statkraft utilises an internal, formal network to enhance collaboration across security disciplines: physical, personnel, information and IT security. KraftCERT is part of this network.

Statkraft actively and systematically addresses cyber security and information security risks, utilising our own resources and contractors to handle attempted cyber-attacks.

We interact regularly with government entities to acquire up-to-date knowledge of incidents across sectors. Statkraft is conscious of the challenges posed by cyber security risks, and Corporate Management considers mitigation of such risks to be of high importance.

Information security is a high priority and Statkraft follows international good practice for information security management. Statkraft is continuing a focused effort to achieve the objective of a strong information security culture that ensures the confidentiality, integrity and availability of Statkraft's information.

Over the last three years, Statkraft has organised the October Cyber Security Month, as initiated by ENISA.

Key risks

Statkraft assesses security risks in accordance with recognised standards. The threat analyses are based on national threat reports, open-source information and risk analyses from external vendors. Conducting security risk assessments is a line responsibility, supported by the Corporate Security & Emergency Response department, Corporate Information Security Organisation and the Cyber Security Department.

Statkraft utilises a wide range of human, organisational and technical measures to proactively reduce security risks. Sudden changes in a security situation will trigger immediate measures.

Key risks evolved in 2022 around cyber security and personnel security. Although Statkraft is not present in either Ukraine or Russia, the war in Ukraine is a major contributor to the overall security context through its wider impact on the European energy sector and geopolitics. We have a system in place to regularly verify our cyber security and information security controls by performing security testing. With regard to personnel security, Statkraft conducts background checks on new hires. The extent of the background check depends on the risk and national regulations. Significant efforts were made in 2022 to strengthen and harmonise a corporate framework for personnel security.

This has included both internal and external legal review of personnel security measures as well as benchmarking and discussions with peers.

For selected countries with Statkraft operations, focus has also been on physical security, following from geopolitical as well as more local contexts.

Business travel increased in 2022 and the newly implemented travel assistance solution monitored and supported the more than 2,000 individual business travellers at Statkraft who in total conducted over 10,000 travels during 2022.

Emergency preparedness

> **Statkraft's ability to handle serious and unwanted emergency events is a constant priority.**

Statkraft's emergency response is based on the use of dedicated and temporary teams and is in accordance with best practice. This approach aims to enable Statkraft to simultaneously handle emergencies at the local, regional/national and strategic level.

Statkraft utilised our emergency response framework to manage both the emerging energy market turmoil preceding the Russian invasion of Ukraine and to focus the organisation of immediate tasks and responsibilities in the immediate aftermath of the invasion of Ukraine. This provided valuable learning for further development of the emergency response concept.

Statkraft works with other companies, non-governmental organisations, local law enforcement and fire departments to ensure the best possible preparedness for handling emergencies.

Status 2022

Security incidents

A total of 235 security incidents were reported in 2022. 170 of these were IT incidents. Included in the total are 11 incidents classified as serious/high potential incidents. However, early detection and handling prevented these from resulting in major consequences.

Priorities 2023

- Utilise added resources to facilitate, support and conduct ER training and exercises
- Implement best practice framework for personnel security
- Within cyber and information security, focus on training the organisation, joint operations, increasing geographical presence and compliance with current regulations
- Expand ISO/IEC 27001 certification

Human rights

We aim to respect human rights, by:

- having zero confirmed instances where we are causing, contributing, or directly linked to breaches of human rights as per the UN Guiding Principles on Business and Human Rights

New confirmed instances in the fiscal year

2022
9

Comments on performance

Throughout 2022 Statkraft has worked extensively with preparation for and implementation of the Norwegian Transparency Act, which entered into force 1 July. These efforts build on Statkraft's long standing approach to respect human rights, aligned with international standards, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

With respect to reported instances, we have aligned our method for counting more closely with the abovementioned frameworks. The term "directly linked to" is of the purposes of this indicator limited to instances connected to our construction sites, power plants, and operations. We have also increased monitoring of working conditions at our sites, particularly in Norway. As a result, the numbers from one year to the next are not comparable, and the historical indicator data are not shown above. Statkraft will continue to mature our methods for measuring our human rights impacts.

Improvement measures in 2022

1. Improved governing documents and tools, including a revised Supplier Code of Conduct and a toolkit to facilitate human rights impact assessments in capital projects
2. Increased awareness of human rights impacts and risks, including a new e-learning, and an internal information campaign prior to the Norwegian Transparency Act entering into force
3. Renewed corporate level human rights impact assessment, and high-level inherent country risks mapped for most Statkraft geographies
4. Extensive efforts to identify and implement living wage ambition

Our approach

Statkraft is committed to respect human rights in all aspects of our operations and in relationships with our business partners. This is clearly expressed in our Code of Conduct, approved by the Board of Directors, and through our Human Rights commitment statement endorsed by our Corporate Management. Human rights are also one of three key focus areas in the sustainability strategy, alongside climate and biodiversity.

As a signatory of the United Nations Global Compact, Statkraft is committed to the 10 principles on human rights, labour rights, environment and anti-corruption. Statkraft is also committed to implementing the UN Guiding Principles on Business and Human Rights (UNGP) and the principles contained in the OECD Guidelines for Multinational Enterprises (OECD Guidelines). The Norwegian Transparency Act, which entered into force on 1 July 2022, further codifies these commitments into legal requirements. Our duty and commitment to respect human rights requires that Statkraft undertakes and integrates human rights due diligence in our operations and for the full supply chain in order to:

- avoid causing or contributing to adverse human rights impacts through our own activities, and prevent or address such impacts when they occur
- seek to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products or services by our business relationships

Statkraft's approach to human rights is risk-based and aims to create shared value. Additionally, we strive to integrate human rights systematically into relevant business processes and activities.

The overall commitment and approach are embedded in an updated governing document on human rights and social management, which provides a description of the human rights due diligence process covering our own direct activities and our supply chain. It requires that the company shall assess human rights risks, impacts and contributions including, but not limited to, our greenfield and reinvestment projects, M&A transactions, new business / geographies, and regular business operations. We continuously develop further requirements and guidance for specific processes to support the business.

Further, requirements to provide for, or cooperate in, remediation through legitimate processes, where our activities can potentially cause or contribute to adverse human rights impacts, are covered in the updated governing document. Statkraft assesses the need to establish separate grievance mechanisms, in addition to existing whistleblowing channels, in all construction projects or operations which can potentially cause or contribute to adverse human rights impacts.

It is the responsibility of the business units to ensure implementation of relevant requirements on human rights and have sufficient competent resources to do so. A dedicated corporate function is responsible for developing relevant

requirements, tools, and templates to support the business units in their endeavours. This corporate function also provides mandatory advice to the business to ensure aligned practices and proper handling of specifically defined high-risk cases. Corporate Audit conducts independent audits, with human and labour rights being an integral part of the annual audit plan adopted by the Board of Directors (in addition to investigating reported concerns, see the "How we manage sustainability" section). Corporate Management and the Board of Directors provide steering and oversight. See the "How we manage sustainability" section for more information.

Key risks

Our corporate level human rights impact assessment was conducted in 2020, and identified four key areas of salient human rights, where we are focusing our efforts:

- Community relations and social licence, including indigenous/tribal peoples and other minorities' rights
- Health, safety and security, including privacy
- Labour conditions in the workplace (Statkraft internal)
- Decent work practices in our supply chain

The corporate level assessment was conducted using the methodology described in the UNGPs and OECD Guidelines, looking at the relevant factors such as scope, scale and irremediability. The process included internal and external input and included engagement with corporate management on salient issues and dilemma discussions.

While the salient issues have remained the same, we see development in various aspects of risks within these four areas. For example, the complexity of following up labour conditions for workers in the part of our supply chain that performs work at our sites have come to the fore in 2022. And the challenges as highlighted in last year's report related to forced labour in the solar supply chain and to indigenous rights in connection with our projects, continue to be important.

While we regularly revisit our salient issues, the company is currently undertaking a new corporate level impact assessment to be finalised in 2023. This is to calibrate our understanding and pick up if there are any significant changes to our salient issues. Simultaneously, the company is in the process of mapping high-level inherent country human rights risks in all our 20 geographies.

These inherent country level risks will be discussed in the management teams in all our countries. The expected output is an overview of key, prioritised risks in each country, which will be integrated into the regular risk management process, with an agreed action plan to reduce, mitigate or prevent the risks from materialising. This assessment will also be an important baseline for human rights impact assessments in our development and construction projects and as input to M&A risk assessments in the respective country.

The group enterprise risk management process includes human rights considerations and combines input from group and business areas. Further improvements to align with human rights risk processes will be a focus area going forward.

With the increase in monitoring activities, we have identified a higher risk associated with decent working conditions at our sites, specifically related to working time and wages for workers in our tier one and tier two supply chain. This has resulted in an increase in confirmed instances where we are causing, contributing, or directly linked to breaches of internationally recognised human rights. These are described in more detail in the "Decent working conditions in the supply chain" paragraph below.

Status 2022

Overarching improvement initiatives

Norwegian Transparency Act
In preparing for the entry into force of the Norwegian Transparency Act, Statkraft undertook numerous activities to ensure compliance.

Regarding the duty to undertake human rights due diligence, our internal requirements, processes and tools were updated as described under 'Our approach'.

In order to address the duty to disclose publicly Statkraft made numerous updates to our websites in order to provide the public with further details on the company's approach to human rights in our own activities and in the supply chain. In addition, information related to the Fosen Vind development and the Los Lagos hydro project in Chile were provided on their websites. This includes our approach, processes and key risks, as well as more detailed, historic information on how the two projects have assessed human rights impacts. Both these developments have an impact on indigenous groups, which Statkraft regards as high priority for the company to handle responsibly and with care.

The annual reporting on human rights impacts required under the Act is embedded in this annual report and made available on the company website. In addition, in case of significant changes to the company human rights risk level this will be disclosed on the company website throughout the year.

The third duty under the act is to respond to requests for information. Statkraft set up an internal procedure for handling such requests, which was communicated internally through a communication campaign, including providing information to the Board of Directors and Corporate Management. Statkraft did not receive any requests in 2022.

Extensive communication and training efforts accompanied the implementation of the Act, including a new e-learning on human rights. The company is currently working on further training and awareness- raising activities, as well as developing tools and templates, etc. to ensure implementation and continuous improvement in the organisation.

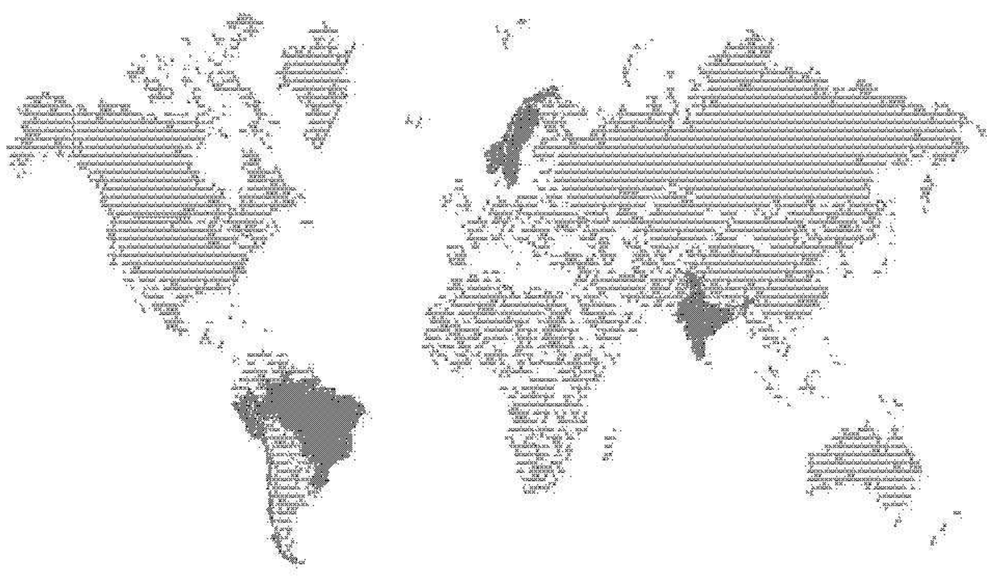
Finally, Statkraft engaged with the Norwegian Consumer Authority, who is tasked with monitoring compliance with the provisions of the Act, prior to its entry into force, together with other Norwegian state-owned companies. The focus was to better understand their expectations and inform about the work undertaken in the large Norwegian multinational companies, which have had an approach to human rights due diligence for years.

Living wage and working hours
There have been several initiatives taken throughout the year, particularly related to our commitment to guarantee a living wage for all our employees, require the same for all site-based workers, and promote a living wage in the rest of the supply chain. A new internal requirement document describing the Statkraft approach to living wage has been drafted, and the company is working to establish a Statkraft minimum wage level in all our markets.

Statkraft is working on updating our internal requirements related to decent working conditions at our sites, including working time restrictions. There are also efforts ongoing to ensure decent, reasonable working time in line with international standards for construction sites. Whilst working on this, one of the challenging questions we have encountered is how to establish shift work arrangements that provide for a healthy, safe and human rights-compatible work-life at construction sites. At such locations, some workers wish to work as much as possible when at site and then be able to take longer leaves of absence to be with family and friends.

Improvement initiatives connected with Statkraft's salient human rights issues

Community relations and social license
As part of the development, construction and operation of our hydropower plants, winds farms, solar parks and in our other activities, Statkraft engages extensively in consultation processes with local communities. As a salient issue it is important to understand the nature of our potential impacts on local communities. Below we will provide some examples of such engagement, primarily from countries where we have activities and operations impacting on indigenous, tribal, native or other minority groups, as this is a high priority for the company to handle responsibly and with care. These impacts could be for example related to livelihood or cultural practices. The map below indicates countries where Statkraft is present and has activities potentially impacting said groups:



Statkraft's approach is to avoid, reduce and compensate direct or indirect impacts. To successfully implement programs, Statkraft conducts consultations with affected parties, including individual households and landowners, local organizations, and different levels of government responsible bodies . Compensation usually consists of two parts: firstly, there is compensation for any losses of land, production and structures in the form of replacement or monetary compensation based on negotiations with owners, licensees and/or others owning rights on the land, and communities; secondly, there is support for sustainable development initiatives. The latter is obligatory in some countries, such as India, but in many countries, it is an arrangement negotiated with local stakeholders.

Norway

In October 2021, the Norwegian Supreme Court found that the licences awarded for the Roan and Storheia wind farms as part of the Fosen development were in violation of international human rights. The Supreme Court established that the wind power development, unless sufficient mitigation measures are undertaken, would have a significant adverse effect in the longer term on the reindeer herders' possibility to practice their culture on Fosen, which was deemed by the court to be the relevant threshold under Article 27 of the International Covenant on Civil and Political Rights (ICCPR). Following the Supreme Court decision, The Ministry of Petroleum and Energy (MPE) has outlined an administrative process with the aim to identify mitigation measures that safeguard the reindeer herders' right to cultural practice and maintain reindeer husbandry at Fosen in the long-term. MPE will consider relevant changes to the wind farm licenses to ensure the protection of Sami's indigenous rights. In light of our commitment to respect human rights, Fosen Vind and Statkraft will support this process and have proposed an impact assessment programme, as requested by MPE.

As Roan wind farm has been divested (see earlier annual reports), Fosen Vind has regular dialogue primarily with Sør-Fosen sijte with the aim of adopting appropriate mitigating measures that safeguard the reindeer herders' cultural rights in line with Article 27, both in the short and long term, and will continue to do so. Fosen Vind has also outlined a plan to help Sør-Fosen sijte in the event of a challenging grazing situation or other short-term needs the sijte may have.

Fosen Vind is working continuously to fulfil its legal obligations to undertake human rights due diligence, and continue the dialogue with the impacted sijte. Furthermore, Fosen Vind is keeping its website www.fosenvind.no updated as the case is progressing.

Chile

Statkraft has been present in Chile since 2014, operating two hydropower plants and developing hydropower and wind projects. Constructing hydropower in parts of southern Chile is challenging due to a history of underlying conflict and tensions in the region connected with land and indigenous rights. The ongoing construction of the Los Lagos hydropower project is carried out in line with Statkraft's requirements for human rights due diligence, and with a particular focus on, respecting indigenous peoples' rights. The project is in the area of influence in the Pilmaiquen river basin in the south of Chile, where 25 indigenous communities were identified as potentially impacted by the construction. These included risks/impacts related to water quality, airborne dust, road use, etc., and addressing these have been and continues to be a priority for the project.

To understand these potential impacts, the Los Lagos Project is focusing on dialogue and to answer all the claims entered by the neighbouring communities through the project grievance mechanism. In 2022, 15 claims were received typically related to restrictions to the access roads and pending payment from contractors (17 per cent of the complaints were not related to the project directly, but related to activities by groups opposing the project). Most of them were solved in a timely fashion and in accordance with the set procedure. This includes analysing the complaints by multiple teams and responding within internally set mandatory deadlines for proper and expedited case handling. Since the beginning of the construction in 2019, there have been 88 claims entered to the project, of which 80 are solved, meanwhile 103 claims have been received in the wider river basin area, of which 93 have been closed.

A Participatory Monitoring Programme has been set up, open to the communities to review and follow-up the environmental and social agreements that need to be implemented during the construction of the project. The Water Quality and Environment Monitoring Panel, together with the Archaeological Panel have 26 members from 17 organizations – seven of them being indigenous communities.

The experience has been positive, as it is possible to receive input from as well as share information to the community about the project and the way in which the environmental agreements are fulfilled, inviting people to the construction site to observe and visit, as well as reviewing the monitoring reports of the consultants. For this, new trainings and workshops have been carried out by experts to old and new members of the panels to share knowledge and facilitate the community monitoring, reaching a total of 11 people in 2021 and 23 people in 2022.

Additionally, we have always sought dialogue with all the stakeholders to inform, ask, and reach agreement and consensus to have a harmonious coexist in a shared territory. Since the beginning of the project, 395 meetings have been held, and 146 of these have been direct and formal interactions with indigenous communities and organizations. In 2022, there have been 55 formal meetings, in addition to the multiple informal interactions in the daily activities of the communities through regular visits of the local team.

The project also focuses on hiring local labour. On December 31st, 2022 there are 928 workers in the project, 262 of them from local communities, representing 28 per cent of the workforce. 685 workers are external to the territory. A total of 11 per cent of the total manpower in the project is indigenous, representing 20 per cent of the local labour force.

Although Statkraft has been successful in establishing trust and cooperation with most of the impacted communities in the vicinity of the Los Lagos projects, there are a few communities and groups that have opposed the project from on onset. On the basis of claims put forward by these opposition groups, the Supreme Court of Justice of Chile concluded in November 2021 that the Council of National Monuments shall carry out an Indigenous Consultation. Subsequently, the company has been following up the process and informing communities. First actions are expected in February 2023. Statkraft Chile waits for this process to be carried out as soon as possible, following national and international standards, respecting, and involving all the representative communities of the territory.

Finally, a decision is pending in the Court of Appeals related to the review of the project's environmental license due to claims by the groups opposing the project of potential gaps in the environmental impact assessments. The project has won the case in the lower courts.

More information on the Los Lagos project is available on the project's website.

Brazil

In the case of indigenous peoples and vulnerable groups in Brazil special efforts have been made to establish good relationships through culturally sensitive consultations and respect for traditional practices. There are two projects in Brazil that impact directly and indirectly on indigenous or vulnerable communities. In both cases, an Indigenous Basic Plan (IBP) has been formulated with authorities and in dialogue with communities to provide support and compensation of impacts and for improving local infrastructure and services. The Monjolinho Hydropower asset in southern Brazil inundated areas of traditional forest at the end of the reservoir. Initially, compensation was provided by protecting, enlarging and enhancing the remaining forest areas and surrounding areas. During operations, an IBP was agreed with authorities and the communities to improve livelihoods and local infrastructure and services, including providing schools with computers and other materials – an annual amount is allotted each year. There are traditional communities in the vicinity of the Santa Eugênia Windfarm in NE Brazil. These Quilombolas communities (descendants from former slaves) are not directly impacted but in the 'zone of influence', and in accordance with Brazilian law are intitled to social development benefits based on a needs assessment and dialogue with communities and authorities.

Peru

For a recent solar and wind acquisition from Grenergy Peru, an assessment of the consultation process and relationship with the indigenous Aymara, the traditional owners of the land, was carried out to ensure that the consultation process was open and inclusive and that the agreement for the rental of the land and arrangements would benefit the communities.

Health, safety and security

There is a clear link between health, safety and security and our commitment to respect human rights. See the "Health and Safety" and "Security and emergency response" sections for more information.

Labour conditions at the workplace

Fundamental human rights are closely linked to the management of human resources and ensuring adequate working conditions for our more than 5000 employees. See the "Labour practices" section for more information.

Decent working conditions in the supply chain

The follow-up of human rights in the supply chain, and in particular decent working conditions is a key focus area. As described above Statkraft has this year aligned our definition of "linkage" more closely with the international frameworks it is committed to. "Linkage" is defined by the relationship between the confirmed human rights breach and Statkraft's products, services or operations through another entity (i.e. business relationship). It does not refer only direct contractual relationships, but Statkraft has chosen to limit the indicator to human rights breaches confirmed in connection with site-based work on the Statkraft sites, including offices etc. This alignment in combination with increased audit and monitoring activities, have resulted in a higher number of confirmed instances.

Several controls of working conditions and how contractors follow-up requirements have been performed on Statkraft sites in Norway. Seven of eleven controls led to the observation of breaches of applicable labour laws and/or contractual conditions. An audit by Corporate Audit of a set of projects in Norway confirmed that the process to follow-up working conditions for supply chain workers at site is inadequate and needs to be addressed in a systematic way going forward.

An internal audit of working conditions for supply chain workers at the Tidong project site in Himachal Pradesh, India, has been conducted. Although the Tidong project team has made a lot of effort to manage risk related to working and living conditions for supply chain workers at the project site, some critical findings were made with respect to how suppliers and contractors were handing these issues, including instances of excessive working hours, delayed payment of wages and insufficient measures to ensure safe and hygienic living and working conditions at the camp site. Breaches of local law were also identified. Many of the findings have been or are in the process of being addressed, including improving induction training for supply chain workers, providing checklists and briefing documents to project staff interfacing with supply chain workers, and digitalization and monitoring of all grievances and follow up actions.

Furthermore, three monitoring activities on site in Ireland have been performed, with clear follow-up actions identified to address labour rights at site. The findings were not assessed to be breaches of human rights, but the project is working with the relevant suppliers to improve the situation.

Statkraft believes that not paying a minimum wage is a significant breach of law, contract, and our Supplier Code of Conduct. When we discover instances where this is the case, we instruct our suppliers to rectify and to submit documentation that the breach is remedied. However, as it is not possible to rectify breach of working time restrictions, we require our suppliers to compensate their workers for overtime in accordance with applicable law. Statkraft also works with suppliers to avoid repetition of such practices.

Findings from internal audits and control activities are taken very seriously by the asset owners, and Corporate Management. The findings and how the company will work to address the issues identified and remediate the negative impacts to individual workers, have been and will continue to be discussed and followed up at Corporate Management level and with the Board of Directors.

See the "Supply chain management" section for more information.

Other initiatives

Statkraft is a member of the Nordic Business Network on Human Rights, where we engage with peers to share information and knowledge on human rights topics. Statkraft is also engaging with other large, industrial Norwegian companies with state-ownership on topics within business and human rights. In 2022, we have discussed topics such as the draft EU directive on Corporate Sustainability Due Diligence, preparedness for the Norwegian Transparency Act entering into force, and reporting requirements. Statkraft resources has also presented in Norwegian and international forums.

Statkraft has also submitted a response in the formal hearing process related to the proposed EU Regulation on prohibiting products made with forced labour on the Union Market. Statkraft expressed a general support to the proposal along with comments to further improve the proposal.

Priorities 2023

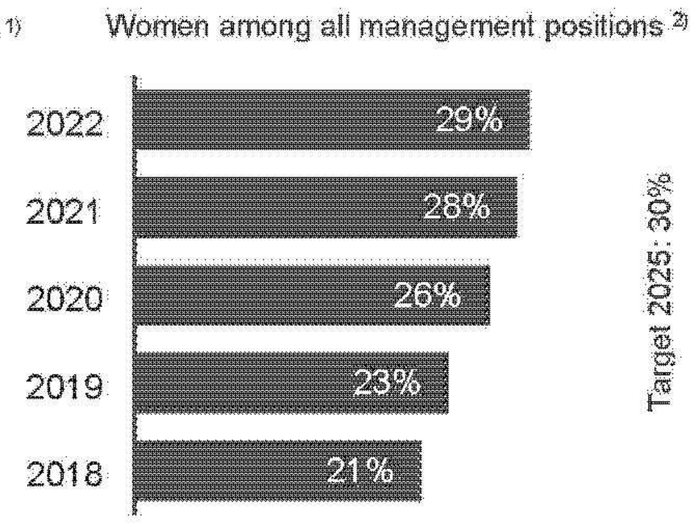
- Follow-up of audit findings related to labour conditions on Statkraft's sites, including improvements to the process to systematically handle this risk
- Finalise due diligence activities both at corporate and country level
- Roll-out human rights due diligence toolkit for capital projects and tools for human rights due diligence in M&A projects
- Continued follow up the Fosen Supreme Court ruling, including continued engagement and dialogue with the impacted Sami sijte and the authorities, as well as internal discussions and lessons learned
- Finalise work on defining a living wage in each market and roll out
- Continue to develop relevant targets and strategic objectives for the different levels of the organization, and disclosure initiatives
- Continued awareness raising and training activities

Labour practices

We aim to be a diverse and inclusive workplace where everyone has equal opportunities to contribute and realise their potential, by:

- having 35 per cent women among top management positions by 2025 [1], and 40 per cent by 2030
- having 30 per cent women among all management positions [2] by 2025
- having a favourability score of 85 per cent on employee inclusion index by 2023





Comments on performance

In 2022 there has been progress towards target for gender equality in leadership.

In 2022 the score on the inclusion index, tracking to what extent employees experience inclusion at work, increased from 80 per cent to 88 per cent favourability.

[1] Top management positions include CEO, EVPs, and SVPs in the mother company.
[2] Target and results for all management positions are set and measured for the mother company and wholly owned subsidiaries.

Improvement measures in 2022

1 Implementation of diversity and inclusion (D&I) awareness and competence building initiatives

2 Integrating D&I into new recruitment policy and process

3 Establishing a D&I governance structure for follow-up and reporting

Our approach

Statkraft is committed to a great and inclusive employee experience, where people can grow and are empowered to make a difference. We believe everyone working at Statkraft plays a key role in delivering our vision to "*Renew the way the world is powered*".

Statkraft's people and organisation strategy is part of our business strategy, and underlines our commitment to be a great place to work, and to develop both people and the organisation:

We continuously develop our organisation. Our vision and values give us a shared direction for culture development.

We develop people and competence. We develop the skills we need today and tomorrow, providing great learning and development opportunities, and a learning culture.

We attract and retain diverse talent. We ensure that we are an attractive employer for current and future employees.

We are committed to a great and inclusive employee experience. We want an inclusive work environment where everyone can contribute, grow, and thrive.

Key risks

A key risk for Statkraft related to labour practices in 2022 has been the high competition for talent in the renewables sector. A key focus in 2022 has therefore been to attract, develop, engage, and retain people to ensure Statkraft can deliver on the business strategy and lead the transition to renewable energy.

Statkraft has through increased monitoring activities of our suppliers on our project sites identified a clear risk of breaches of principles related to decent labour practices in this context. See the "Human rights" section for more information.

Status 2022

New vision and values

In 2022 a new vision for Statkraft was developed, setting the direction for our work. The new vision is to "Renew the way the world is powered".

Statkraft has further strengthened our values to set the direction for how we wish to develop the company culture to deliver on the vision. The values "We act responsibly", "We grow together" and "We make an impact" reflect cultural strengths Statkraft already have, such as responsibility and awareness of how our work impacts our colleagues, customers, society and the environment, while highlighting other cultural aspects that we wish to strengthen moving forward.

The activation of the values started with a launch on a leadership gathering for the top 250 leaders in November 2022, and we will continue with communication and engagement activities throughout 2023 for everyone in Statkraft.

Employee experience

Through Pulse surveys Statkraft employees provide feedback regularly and influence how Statkraft can deliver on the commitment to have a great and inclusive employee experience. Pulse surveys were conducted in Q2 and Q4 2022. The Q2 survey showed an overall engagement score of 8.6 which was 1.1 points above the sector benchmark. The Q4 score on engagement was again 8.6, which was 1.0 points above the sector benchmark.

People development

Attracting and developing people has remained a key focus in 2022 to ensure a workforce that is both engaged and highly qualified. In 2022, Statkraft continued efforts to strengthen processes for people development with the launch of a new global Goal and Development Process. This has resulted in more than 3600 employees formalising their development plan, 3400 employees have documented performance and behaviour goals for the year, and more than 950 documented check-ins to ensure continued focus on updating of goals and development plans.

Statkraft has continued to deliver leadership development for leaders at all levels in the organisation. In 2022 a leadership development programme with IMD for top management across Statkraft was finalised, and in addition development journeys of 4-6 months were conducted for more than 350 formal and informal leaders. The programmes generated high engagement and received positive feedback from participants. In 2022, Statkraft also delivered shorter "Skills courses" to more than 300 employees and offered access to all employees to Statkraft courses to learning offerings on our internal learning portal and in the external training portal LinkedIn Learning.

Workforce D&I (Diversity and Inclusion)

For Statkraft, diversity means differences in gender, age, expertise, cultural background, nationality, experience, sexual orientation, ethnicity, ability, and religious beliefs – everything that shapes who we are and our perspectives. To succeed with the transition to a world powered by renewable energy, we need different perspectives and voices at the table. Statkraft therefore work actively to create an inclusive work environment where everyone has an equal opportunity to contribute to business success and to realise their potential. This is a core part of our values and ethical fundament as a company. It has also been identified as a salient human rights issue for the company. Diverse and inclusive teams make Statkraft better.

The efforts to strengthen D&I in Statkraft were continued in 2022. Statkraft have set clear targets for both inclusion and gender equality in leadership roles. The focus this year has been on implementation of the D&I strategy and action plans approved by corporate management in 2021. To ensure a systematic and targeted approach, activities are identified based on insight from employee surveys and connected to three strategic pillars:

- Culture, competence and leadership - to include diversity
- Talent actions – to attract, recruit and retain diversity
- Governance – to embed D&I in goals, policies and structures to ensure equal rights and opportunities

Activities in 2022 have included D&I awareness and competence building initiatives in the organisation, like celebrating diversity days, internal D&I campaigns, and an introduction to D&I skills course. To ensure a diverse talent pipeline, D&I have been integrated in people processes and policies (e.g., recruitment, talent development). Examples of measures include: a target that all leadership positions on level 4 and up that is recruited for must have a shortlist of applicants with a minimum of 1/3 representation women to men, 50/50 interview panels, minimum 30 per cent women in talent/leadership programs and a requirement that all open positions must be posted internally. We have also established a D&I governance structure for follow-up, reporting and alignment across the company. Measures include establishing a D&I steering committee with members from group management as well as a D&I network with representatives from all Statkraft country organisations. The purpose of the network is to ensure alignment, share best practice and be a driving force for a more diverse and inclusive workplace across the organisation.

Inclusion is measured by a set of questions in the employee survey that tracks to what extent employees experience inclusion at work. Progress on the inclusion index was measured as part of the Pulse survey in Q4 2022. The results show a favourability score of 88 per cent, an improvement from 80 per cent favourability in 2021. This shows that employees to a great extent feel like they work in an inclusive environment where diversity is valued and where they can speak up without fear of negative consequences. It is also positive to see that communication about the importance of D&I in Statkraft is one of the questions that shows most improvement from last year in the survey. In 2022 there has also been progress towards targets for gender equality in leadership. Statkraft's Corporate Management team now consist of 50 per cent women and 50 per cent men. There are 33 per cent women in top management positions, up from 30 per cent in 2021, and 29 per cent women among all management positions, up from 28 per cent in 2021. As a reference point the share of women in total was 31 per cent, an increase from 29 per cent in 2021. This shows that our work towards a more gender balanced organisation is having a positive effect, but that it takes time.

When looking at gender equality in compensation for 2022 in Norway, the overall ratio for total salary women to men is 0.93. Total salary includes, in addition to fixed base salary, elements such as shift premiums and other compensation. When looking at average fixed salary, the difference between men and women's salary is minimal, the ratio women to men is 0.98.

Statkraft uses an external framework for assessing positions and compensation provided by Korn Ferry Hay Group. This is an international well-known and used methodology. Full-time work is a norm and policy in Statkraft unless part time is requested from

employees. In Norway, only one per cent of employees work part time and those workers are evenly split between men and women.

In 2023 work will continue to further embed D&I in policies and processes and create an even more inclusive culture through building diversity competence in the organisation. Being able to attract and recruit talent from the entire talent pool is key to succeed with Statkraft's growth strategy, and an important focus area for next year. Increasing cross cultural understanding will be another focus area for 2023. Furthermore, efforts will be continued to work strategically and systematically with D&I based on reliable insights. Work was initiated in 2022 to improve employee data to enable better D&I metrics and analytics, and this work will be continued in 2023.

Employee relations

Statkraft has a structured and close collaboration with local employee representatives and trade unions. In addition to cooperation at the national level, Statkraft has established the Statkraft European Works Council, with employee representatives from Norway, Sweden, Germany and the UK. Statkraft supports and respects internationally recognised labour rights in all countries where we are present. Relevant International Labour Organisation conventions and European Union (EU) directives have been included in the SEWC agreement with the European Federation of Public Service Unions, the federation for European trade unions within the energy sector. In countries not covered by SEWC, Statkraft respects and promotes the employees' freedom of association and cooperates with union representatives in accordance with collective bargaining agreements, legal requirements, international standards and human rights, and prevailing industry best-practice for each location.

Priorities 2023

- Strengthen values and ways of working to achieve vision to Renew the way the world is powered
- Attract and retain diverse talent through a strong position as an attractive employer for new and existing employees
- Committed to a great and inclusive employee experience where people can grow and are empowered to make a difference
- Finalise work on defining a living wage in each market and make appropriate adjustments where gaps are identified, see the "Human rights" section
- Follow-up of audit findings related to labour conditions on Statkraft's sites, see the "Human rights" section

Supply chain management

We aim to continuously improve sustainability in our supply chain, by:

- updating requirements, processes, and systems to avoid adverse impacts on people, society, and the environment
- working with our suppliers to achieve Statkraft's sustainability goals
- increasing awareness about potential adverse impacts
- co-operating with peers and participating in industry initiatives to share best practice

Improvement measures in 2022

1. Strengthened focus on supply chain management to ensure compliance with the Norwegian Transparency Act
2. Implemented a Supplier Relationship Management module in the procurement system with qualification questions pertaining to human rights, environment and climate, and business ethics
3. Established procedures and systems for control of labour conditions for workers in the supply chain during execution of work on construction sites

Comments on performance

In 2022, Statkraft continued to implement sustainability aspects into procurement processes and supply chain management. The follow-up of sustainability impacts in our supply chain has improved. The procurement community has been trained to identify, assess, and mitigate sustainability risks, and the project teams are supported by dedicated sustainability advisors. Statkraft's Supplier Code of Conduct (SCoC) has been revised and updated. The work to monitor labour rights on our sites continued from last year, with further findings (see the "Human rights" section).

Our approach

Statkraft is committed to sustainable and responsible business practices, and this commitment extends to our suppliers. Our procurement activities are guided by the OECD Guidelines for Multinational Enterprises and the OECD Diligence Guidance for Responsible Business Conduct. We organise our procurement activities to obtain the best possible value, terms and conditions, and avoid adverse impacts to people, society, and the environment in our supply chains.

To improve sustainability at all levels in the supply chain, we believe that cooperation with our suppliers is necessary.

> **Our ambition is to procure from suppliers that demonstrate respect for people, society, and the environment.**

Last year, Statkraft purchased from approximately 13,000 suppliers world-wide. Procurement is handled by more than 130 procurement professionals, and there are purchasing teams located in fifteen countries. The procurement professionals are supported by a dedicated sustainability team which is part of the Group Procurement unit.

Statkraft's SCoC (which our suppliers must accept and is part of all contracts) was updated in 2022. It prohibits unethical and illegal business practices, requires our suppliers to respect human and labour rights and cater to a healthy, safe, and secure workplace. In addition to encouraging combatting climate change and protecting of the environment, the SCoC reflects our commitment to responsible business conduct.

Statkraft requires that procurement activities be organised to "avoid adverse impacts to people, society and the environment". That is supported by procurement requirements to ensure that sustainability risks are assessed in the same manner as financial and operational risks. Our standard contract models include sustainability obligations. We also integrate sustainability requirements in tender documents, and strategic suppliers are assessed (as part of the qualification criteria) on their management system for human and labour rights, environment and climate, and business ethics. All suppliers are integrity checked in Dow Jones Risk Center, and strategic suppliers for solar, wind and batteries are assessed in the sustainability rating tool EcoVadis.

When we discover an adverse impact linked to our purchases, we engage in dialogue with the supplier to stop, mitigate and/or rectify the situation. When impacts cannot be rectified, we cooperate with the supplier to enable remediation that is proportionate to the significance and scale of the adverse impact.

Key risks

Statkraft acknowledges that we cannot handle all potential adverse impacts in our supply chain. Risks have therefore been prioritised based on severity and likelihood, and the prioritised risks are described in further detail below.

Most of Statkraft's procurement activities are directly linked to purchasing of equipment necessary to produce electricity and the construction of power plants. Specific sustainability risks in the supply chains have been identified related to (i) hydropower

equipment, wind turbines, solar panels and batteries and (ii) transport to, and work at Statkraft's sites.

We handle risks by addressing issues in the tender phase and by including mitigation measures in contract conditions. We work to develop, implement, and track measures.

Emissions from construction and rehabilitation of power plants influence the climate. Emissions linked to the procurement and construction of power plants (scope 3) are addressed in the "Climate action" section.

Identified risks directly linked to equipment

Hydropower
Electromechanical equipment for hydropower generation is usually tailormade to the power plant production capacity. The supply chain is long and varied, and Statkraft has limited transparency into the lower tiers. Statkraft's suppliers usually purchase material and components from sub-suppliers, that manufacture and assemble equipment at their sites.

The primary materials used in all electromechanical equipment are steel, followed by copper and aluminium. Approx. 50 per cent of components in control systems contain one or more minerals frequently referred to as a "conflict mineral". To minimise the risk of purchasing from conflict zones the contractual obligations were revised in 2022.

In addition, there are risks of breach of labour rights such as poor working conditions and inequality at sub-supplier workshops (in rough machining and welding workshops).

Wind
The main components in wind turbines are rotor blades, rotor hubs, nacelles, and towers. The supply chain is long and Statkraft's suppliers buy standard and manufactured components from a variety of sub-suppliers. Glass fibre reinforced plastic (GRP) is the main component in rotor blades and constitutes a large part of the rotor and hub. Statkraft has assessed that there is a risk of both forced labour and discrimination against women related to the production of components made of GRP.

Solar
The main components for solar are photovoltaic (PV) panels, with polysilicon as the key input material, and inverters. Statkraft is aware of the risk of forced labour in the solar supply chain. Statkraft strongly opposes the use of forced labour and has implemented measures to address the risks through traceability obligations and audit rights. Future contracts will be awarded to suppliers that deliver solar module materials from factories where there is a limited risk of forced labour, who act transparently and allow insight into their supply chain.

Statkraft has run tender processes for framework agreements for solar equipment, e.g. PV panels and inverters. The due diligence findings indicate risks of human rights violations connected with some potential first tier suppliers. These findings have been discussed with Corporate Management and short- and long-term measures to address potential risks have been committed to.

Addressing the risks related to forced labour in the supply chain is complex and individual companies' efforts are important but not enough in themselves to address the challenges. Therefore, Statkraft also works with industry associations and peers to raise awareness, increase transparency, and improve industry standards for PV panels and other solar equipment.

Battery Energy Storage Systems (BESS)
The main components of BESS are inverters, batteries, transformers, protection devices, cooling systems and control systems. The supply chain is long and Statkraft's suppliers buy standard and manufactured components from a variety of sub-suppliers. BESS components are likely to contain metals and minerals that are rare and that may originate from conflict zones. Statkraft is in the process of analysing risks and establishing a process that ensures traceability in the same manner as implemented for solar components.

Specific risks

Human and labour rights in our supply chains
For all the technologies described there is a risk of unreasonable working times, inadequate leave periods and insufficient wage payment to workers in our supply chain, including during work at Statkraft's sites, especially linked to work performed by migrant/foreign workers.

The supply chain for business consulting and engineering work is short, and work is usually performed in countries where Statkraft is located. Statkraft considers the risk of human and labour rights breaches to be low.

Statkraft acknowledges that there are potential risks related to labour conditions in connection with transportation of goods and certain indirect materials and services. In 2022, Statkraft has reviewed contracts for cleaning services and established a new contract model for purchasing of cleaning services in Norway. Over the last few years, Statkraft has systematically worked to reduce the amount of harmful chemicals and oils used in the operation of power plants, and in 2023, we will assess risks related to chemicals used for cleaning.

Business ethics and Compliance
Business ethics compliance in the supply chain (e.g. risk of fraud and corruption) is a focus. The Dow Jones Risk Center is used to screen of potential suppliers for all large contract world-wide and for all procurement in high-risk countries. The procurement fraud prevention system has been re-shaped to improve the understanding of risks and we are working to improve the control function. See the "Business ethics" section for more information.

Status 2022

Sustainable procurement as an integrated part of procurement processes

Statkraft carries out sustainability assessments related to strategic suppliers and their supply chain as part of the procurement process. Guides and tools have been developed to support each procurement process.

Monitoring and follow-up

In 2022, for hydropower equipment sustainability assessments have been integrated as part of technical inspections and included in qualification and verification of suppliers.

For solar, wind and BESS equipment sustainability assessments have been included in supplier qualification. Contract documents include obligations and requirements to prevent, mitigate and rectify identified risks. Statkraft has visited two manufacturing sites for glass fibre reinforced plastic (GRP) used in wind turbines.

Statkraft has continued our efforts to monitor working conditions for supplier personnel at our sites. We have specifically worked to verify that companies performing work on our sites respect labour rights. Some of these monitoring activities have resulted in Statkraft identifying instances of breaches of human rights, and in particular labour rights. See the “Human rights” section for more information.

In an effort to increase awareness among our suppliers, we have detailed and specified contractual obligations and improved our system for verifying labour conditions for workers on site.

Sustainability rating for global supply chains

Statkraft has partnered with EcoVadis to measure and improve sustainability impacts. In 2022, EcoVadis has been used to assess 13 suppliers of solar equipment, Battery Energy Storage Systems (BESS) and wind towers.

Building awareness among procurement personnel

Group Procurement continues to build awareness of issues that may cause adverse impacts on people, society, and the environment. The procurement community (including procurement professionals such as category managers, contract managers and sourcing personnel), has been trained. Three sustainability advisors provide training and support to procurement professionals. All new members of procurement teams receive sustainability onboarding and an introduction to our tools.

Priorities 2023

- Continue to integrate Statkraft’s sustainability strategy into the procurement process and in supply chain management
- Increase strategic supplier sustainability due diligence and dialogue
- Engage with and set requirements for suppliers that will contribute to reduced supply chain emissions (scope 3)
- Assess the use of metals and minerals in material intensive energy systems
- Co-operate with industry peers and participation in sector/industry initiatives
- Initiative to address key sustainability aspects in projects, including supply chain related challenges

Business ethics

We aim to prevent corruption and unethical practices in all activities, by:

- maintaining zero serious compliance incidents
- implementing our compliance programme on schedule

Comments on performance

There continues to be a high level of compliance prevention activity, with additional resourcing put in place to respond to growth activities.

A strong digitalisation agenda is leading way for compliance management improvements in key business and staff processes, aiming at making it easier for employees to adhere to requirements, to receive efficient support and to focus expert resources efforts on higher risk cases.

Compliance reviews and support take place in all investment projects across the different technologies. The program, with all its mitigation measures and awareness initiatives, has been rolled out to all parts of the organisation.

Improvement measures in 2022

1. The integrity due diligence (IDD) of third parties process has been digitalised; similar work is ongoing with regard to the conflict of interest process to bolster management and documentation of such conflicts.
2. New, interactive e-Learning modules for all employees was rolled out and class-room training was delivered to raise awareness including on competition law.
3. Continuous and robust engagement from senior and top management on compliance dilemmas.
4. Sanction risk assessments, both a general update and due to the Russian invasion of Ukraine.

Our approach

Statkraft is committed to high standards of business conduct. The Code of Conduct sets out the key expectations for all employees, and our requirements are in line with international best practice. Business ethics is a line responsibility, supported by a central compliance unit with regional compliance officers located close to the business.

We have a compliance programme in place covering the areas of corruption, fraud, money-laundering, sanctions and export control, as well as personal data protection and competition law. The program covers all aspects of a compliance program, including the tone setting from the top, policy commitment and governance including due diligence, how the requirements are implemented in procedures and controls, such as disclosure of conflict of interests, and enforced through continuous training, communication, reporting and monitoring. The adequacy and quality of the activities are under constant review and updated at least yearly by the corporate compliance unit, which supports and advises Statkraft's management on the compliance programme.

The Board of Directors exercises oversight of the compliance programme through regular discussions on the programme's development. This includes reviewing results from risk assessments and audits and the follow-up plans presented by the administration to address identified improvement areas.

Key risks

Assessments of business ethics and compliance risks are undertaken regularly at the business and staff area level and for the entire Group, which feed into the annual risk reporting to the Board. The business ethics and compliance risk management process always involves a combination of local expertise and central compliance resources.

Statkraft is experiencing high market volatility and instability in the markets where we operate, heightened by the Ukraine crisis. Changes to energy regulations and rapidly evolving sanction regimes put added pressure on the organisation to ensure compliance. Assessments indicate that the increased economic instability also results in higher fraud risks in our markets.

Growth activities, including the expansion into new markets, new projects and more business partners and employees coming on-board have been a particular focus of compliance and culture-building efforts in 2022.

The primary corruption risks are related to business development, construction projects and M&A activities, procurement and payment processes the use of agents and intermediaries, government permit processes, and local stakeholder management. Risks related to personal data protection and competition law have also been identified. The risks typically vary depending on the geographical location, technology and type of business activity. These nuances are reflected in the risk maps and action plans for the different business units, and we continuously strive to maintain strong business ethics as the organisation grows and our business develops.

Brazil and Greece

As stated in the 2021 annual report, on 16 October 2021, a leniency agreement was signed with the Federal Comptroller General (CGU) and the Federal Attorney General (AGU) in Brazil. As part of the agreement, Statkraft admitted that prior to Statkraft taking over control of Desenvix Energias Renováveis S.A. in 2015, Desenvix made illegal payments to speed up public entity

approvals in 2011-2014. On 10 February 2023, a leniency agreement was signed with the State Comptroller General's Office (CGE), the Attorney General's Office (AGE), and the State Prosecutor`s Office (MP/MG) in Minas Gerais State. As part of the agreement, Statkraft subsidiaries Moinho S.A. and Passos Maia Energética S.A. admitted to having found evidence of an illicit act that took place in 2011, prior to Statkraft´s takeover of control of the companies in 2015. Statkraft's full compliance programme was rolled out in the organisation in Brazil following Statkraft taking control, and efforts are continuously made to review and update the programme.

An investigation was conducted in 2021 following reported concerns that corruption may have taken place related to two development projects in Greece prior to Statkraft's acquisition of Solarcentury in 2020. Direct evidence was not found. There are no further updates following the reporting to the relevant authorities.

Further information can be found in note 35 in the financial statements.

Sanction risk update

In 2022, Statkraft updated our general sanction and export control risk assessment, which concluded that Statkraft is generally subject to low levels of sanctions and export control risk exposure. The main specific risks relate to sanctions breaches by business partners during the engagement, non-disclosed or not investigated sanction breach by an acquisition target and indirect impact from sanctions on critical supply chains, products and services.

Due to the Ukraine crisis and the adoption of extensive sanctions by Western governments, continuous sanctions reviews were performed. Statkraft has little exposure due to the very few interactions with Russian and Belarussian companies. Following the development in the sanction landscape in 2022, it is clear that management of sanctions-related risk will now, more than ever, entail an adequate level of preparedness and monitoring to deal with global shifts and rapid implementation of new legal requirements. Statkraft is performing thorough due diligence of new business partners to identify any relations with Russian companies or ownership.

Status 2022

We had no serious compliance incidents during 2022. Several initiatives were launched in 2022 to further strengthen internal procedures and controls related to compliance.

Fraud prevention & internal controls

Work continued on developing and implementing initiatives from the Framework for Compliance Reporting, Monitoring and Review outlined in July 2020, such as work on the Fraud Prevention System, including adjustments to existing processes in scope took place in 2022. Statkraft started the work to assess fraud risks with mitigating actions in additional processes, such as the revenue process and IT management. The Finance and Fraud analytics tool will continue to be developed to support efforts to detect fraud.

Due diligence of business partners

Statkraft has a digitalised end-to-end process for handling risks related to third parties.

This includes a policy for background checks, contract clauses and monitoring conducted for high-risk business partners. High-risk business partners (including agents and intermediaries) are reviewed by the Compliance Unit. The integrity reviews include assessments of the ownership structure (incl. beneficial owners), connections to politically exposed persons and reputational risks associated with the counterparty. Work has been carried out to combine integrity review requirements into the customer acquisition workflow as well as into the procurement process, system and training.

Compliance considerations are embedded in the due diligence that applies to investment decisions as well as management of construction projects. Sign-offs from the Compliance unit are required in these instances. Employees are also encouraged and trained to come forward in case of doubt while fulfilling their day-to-day responsibilities. The Compliance unit handled several hundreds of helpline requests in 2022.

Personal data protection

We respect the right to privacy and are committed to looking after the personal data of those who interact with us, only using it for its stated purpose, and being open and transparent about what we collect. Our privacy management policy is based on the European Union General Data Protection Regulation (GDPR) and is applied across Statkraft jurisdictions both inside and outside of the European Economic Area. This ensures we set a baseline for data protection in countries where there are currently no equivalent legal requirements.

Throughout 2022, we have continued the rollout of initiatives that strengthen our privacy and data protection program. We have:

- continued our close collaboration with IT Security to ensure that all new initiatives in Statkraft that process personal data are assessed from a privacy perspective in a timely manner
- engaged with Staff and Business Areas to deliver training and raise awareness about data protection matters, particularly on management of processing records, privacy in the procurement lifecycle and marketing practices
- improved the availability of guidelines and templates for Corporate Privacy to meet their obligations where assessing lawful basis and engaging with third party processors, e.g., ensuring a consistent approach to how we interact with our stakeholders
- continued our focus on how we meet our obligations pertaining to the transfer of personal data out of the EU/EEA, following up with our third parties and supply chain to ensure adequate risk management. This aims to ensure that any personal data that leaves the EU/EEA retains the same level of protection as if it were to remain within the EU.

Training and communication

Statkraft ensures that all employees are familiar with the principles set out in the Code of Conduct and internal business ethics rules. We regularly update the Compliance Portal, which is key hub for knowledge sharing, engagement and culture-building, and other digital and physical workplaces with relevant business ethics and compliance information. In 2022, 89 per cent of all employees completed the e-learning. The target of 100 per cent is not reached due to delays caused by organisational changes going live from 21 November 2022. We will continue to aim at having all employees trained on a yearly basis going forward. In addition to mandatory e-Learning for all employees, tailored training sessions are given to employees according to their risk exposure. Specialised training sessions were organised for the Board of Directors, Corporate Management, high-level managers, and staff members in different functions, specifically on competition law requirements in 2022. Business ethics topics were included in leadership and group events throughout the year.

A key principle is to empower the organisation in raising awareness. One of the ways this is accomplished is via managers running tailored dilemma discussions with their teams on a frequent basis.

Continuous improvement

The corporate compliance programme is updated on an ongoing basis to ensure continuous mitigation of the identified risks and to reflect lessons learned from concrete cases and investigations, and from audits and reviews. For more information about management of reported concerns, see the section “How we manage sustainability”.

Priorities 2023

- Further work on effectiveness, digitalisation and scalability of the compliance program to support and guide the organisation in the current growth period.
- Implementation of the digital workflow of Conflict of Interests.
- Implementation of a revised business ethics risk assessment methodology.

HOW WE SUPPORT THE GREEN TRANSITION

Biodiversity

We aim to deliver climate-friendly, renewable power while implementing responsible environmental measures, by:

- having zero serious environmental incidents
- implementing group-wide improvement initiatives related to biodiversity management

Comments on performance

There have been zero serious environmental incidents in 2022. A serious environmental incident is considered an incident that causes serious or irreversible environmental impact on critical or protected resources.

In 2022, Statkraft published our biodiversity strategy as part of our overall sustainability strategy where it reiterates the commitment to mitigate our impact on biodiversity.

Improvement measures in 2022

1 Established a company-wide biodiversity strategy

2 Critical Habitat Assessment for locations outside of Europe

3 Updated fish management strategy (2022-2025) for Norway

4 Integrated fish and habitat management plans for Abjøra, Trollheim and Aura in Norway

5 Updated terms for the concession extension for Smøla wind farm in Norway

Our approach

Statkraft is committed to mitigating our impact on biodiversity in a responsible way, to continuously improving the understanding of our impact and reporting this transparently. This enables us to identify relevant mitigation measures.

Statkraft has four cross-cutting focus areas:

- Streamline and disclose biodiversity performance data
- Understand our impact and evaluate relevant mitigations
- Leverage biodiversity networks internally and externally
- Increase awareness and knowledge

Statkraft's internal environmental requirements include a precautionary approach to environmental challenges, and to avoid, reduce, restore and/or compensate negative environmental impact from our activities.

Furthermore, Statkraft strives to avoid impacts on high biodiversity value areas such as legally protected areas.

For new and larger project developments Statkraft aims to align with the IFC performance standards where applicable. Generally, developments in Statkraft follow a standard risk identification and assessment process:

- Initial environmental risk screening of area or region
- Detailed risk assessment and planning, formalised through an impact assessment process that results in a legally binding environmental and social management plan
- Implementation and monitoring of mitigation measures depending on location and context. Monitoring, reporting and continuous improvement is carried on into the operational phase
- Revisions of concession terms or licence extensions will result in a new process of assessing the monitoring results and effectiveness of mitigation measures. This may result in further mitigation or follow-up measures

Key risks

Statkraft has conducted a materiality assessment in 2022 where biodiversity was concluded to be material. Statkraft's impact on biodiversity varies with the type of activity and the respective site. However, our primary biodiversity impacts relate to aquatic ecosystems and use of land.

For hydropower the main direct impact drivers relate to habitat modifications and fragmentations caused by dam constructions which obstruct a river's ecological continuity. The related habitat conversion can impact both aquatic and terrestrial species. Hydropower also has the lowest carbon footprint of all electricity generating options and therefore contributes to reduce the threats to biodiversity brought on by climate change.

For solar power the main direct impact drivers are land-use and habitat conversion, whilst we have some successes in dual use for agricultural land. For wind a key driver is habitat fragmentation, which in turn impacts flying, grazing and migrating animals.

Infrastructure such as access roads and transmission lines can also contribute to fragmentation and degradation of habitats.

Activities that involve movement of soil or masses, as well as importing goods have a risk of spreading invasive alien species. Statkraft has an internal requirement to avoid the introduction of invasive alien species.

Incidents and compliance

There were a number of less-serious environmental incidents with adverse impacts on biodiversity in 2022. Some examples of incidents which were subject to follow-up are described below.

In our Eresfjord hatchery in Norway, the sudden death of about 1/3 of wild salmon breeding stock in one basin. The incident was followed up by specialists and the cause identified as a brief

technical failure. As a follow-up measure, oxygen-monitoring devices have been installed in each basin.

In 2022, Statkraft received a fine of NOK 100 000 for an incident that occurred in 2019. During major maintenance work, a bagger accidentally entered into the outskirts of a national park in Norway. The procedures for work nearby protected areas have been reviewed to avoid future incidents.

Status 2022

Biodiversity strategy

The biodiversity strategy was finalised in 2022 and translated into concrete actions. A biodiversity taskforce has been nominated to coordinate our implementation across business areas.

In the Nordics, we initiated an inventory of the various biodiversity measures at our operating assets. In Norway, a total of 135 biodiversity management measures is ongoing. This inventory does not include ad-hoc initiatives.

The inventory shows that the majority of biodiversity-related enhancement measures in the Nordics are associated with stocking of salmon and trout eggs and smolts (54), followed by studies (35) monitoring the status of the fish populations living downstream of hydropower plants, while habitat improvements for fish (17) are the third most common biodiversity management measure to maintain healthy fish populations.

Operations in or nearby biodiversity sensitive areas

Today, Statkraft has 18 sites in protected areas and 24 sites adjacent to protected areas. Our hydropower operations are located within 60 watercourses with either eel, sea trout or wild salmon populations, and where 46 of these water bodies are located in Norway.

Statkraft completed a critical habitat assessment for assets located outside of Europe in 2022. The assessment has concluded that the hydropower plant in Tidong is located in a critical habitat due to the presence of Chilgoza trees, and a Biodiversity Action Plan will be developed as per IFC performance standard 6.

Three more plants are likely to be classified as located in critical habitats. A number of locations will continue to be surveyed in case their status may change (depending on individual species' status development).

Furthermore, Statkraft operates hydropower plants in 12 of Norway's 52 National Salmon Rivers. These rivers represent 13 per cent of Statkraft's Norwegian hydropower fleet. The impact of our hydropower plants on salmon varies depending on whether the power stations discharge water into a river stretch where salmon are living and whether they reduce the flow regime. In several of the national salmon rivers the status of the wild salmon population has been classified as good or very good. In some, the status is considered to be moderate or bad. There are several factors influencing this status, such as presence of parasites (gyrodactylus salaris) and escaped hatched salmon.

Hydropower

Statkraft's hydropower portfolio is to a large extent located in Norway. One third of Statkraft's hydropower plants in Norway involve discharges to rivers (as opposed to into the sea or a lake). To date, responsible management of fish populations at these locations has been a priority.

Statkraft operates seven fish hatcheries, and also purchases fish for stocking purposes from five external suppliers. In addition, Statkraft operates a genetic bank for wild salmon in collaboration with the Norwegian Environment Agency.

Key figures for aquatic species restocking in 2022

517 000 salmon, trout, grayling and eel restocked

940 000 salmon, trout, grayling and eel juveniles restocked

326 100 fish eggs placed in Norway and Sweden

Wild Salmon

Wild salmon is a species for which Norway has a special responsibility (more than 25 per cent of the European population), and national salmon rivers have been established as a protected area. In 2021, wild salmon was certified with the status Near Threatened due to local population reductions.

Suldalslågen in Southern Norway is an example of a National Salmon River, where Statkraft has made considerable investments in improving living conditions for salmon. Biodiversity measures which we implement are first authority-approved and then implemented with recognised competent third parties, either research institutions or specialised consultants. Typical measures include:

- Registration of juvenile and reproductive individuals for salmon and sea trout
- Analysis of smolt growth and age
- Evaluation of genetic impact on wild salmon from hatched salmon
- Studies and enhancement measures in tributaries and brooks
- Ripping (cleansing) of the riverbed from clogged fine sediments and moss to improve habitat for young fish
- Mapping of habitat conditions for large brown trout in tributaries of the Suldalsvatnet reservoir
- Stocking of 40 000 one-year old smolts
- Monitoring of the effectiveness of three fish ladders installed at Sandsfossen (two) and Osvadet

Environmental follow-up studies from last year's cleaning of the riverbed (called ripping), show higher density of juvenile salmon living in the cleaned river stretch. The mitigation measures of ripping will therefore be continued.

Eel

In Norway, Statkraft is managing eel only through a shared ownership in the power company Skagerak Energi. This is the only hydropower location where the presence of eel has been identified at Statkraft related assets in Norway. Skagerak Energi

has implemented measures to facilitate the migration of eel upstream and downstream of the Dalfoss hydropower plant.

In Sweden, Statkraft is managing eel in the Lagan and Nissan rivers. Statkraft traps and transports eels to facilitate the downstream migration of adult eels and the upstream migration of young eels. In 2022, a total of 71 100 young eel were brought to the Lagan river, whilst 998 adult eels were caught and released closer to the ocean.

In Germany, Statkraft uses an early eel migration detection system in combination with eel-friendly turbine management. If an eel migration is detected, the control system checks the angle of the turbine blades. If a specific angle is not achieved, the turbine is shut down to ensure that adult eels can migrate safely back from the Weser river to the North Sea.

Wild Reindeer
Statkraft participates in several studies related to wild reindeer, which is also a species of national responsibility in Norway. For example, we participate in the "Wild Reindeer Forum" in Norway to gather relevant data and propose effective solutions. The work is done in a partnership between local communities, the responsible authorities, hydropower operators, tourism associations and landowners. Proposed mitigation measures are closing roads, reducing motorised water transport and introducing hunting restrictions. It also includes the monitoring of migration routes and mapping of vegetation.

Wind power

Impacts on large birds
Smøla wind farm in Norway has been in operation since 2002 and has monitored impacts to the willow ptarmigan and the white-tailed eagle. Observations indicated that, the white-tailed eagle would tend to collide with the turbines, whilst the willow ptarmigan with the tower itself. As part of the licence extension in 2022. Statkraft has engaged NINA (Norwegian research institution) to propose potential mitigation measures that Statkraft can evaluate for feasibility and implementation. To date the following measures are being adopted:

- Paint a single blade black on turbines prone to bird collision to avoid such collisions, and/or paint the tower of a turbine at risk of grouse collision.
- Remove some smaller woodland areas of sitka spruce (alien invasive species) to reduce nearby resting areas for the eagles.
- Evaluate if habitat improvement measures for willow ptarmigan outside of the windmill farm will have the desired effect on the population.

Black Blade Eemshaven is an ongoing research project where the aim is to verify the initial results from Smøla by testing one black blade on the turbine to see if this can reduce the risk of bird collisions for other species as well.

Local bat population
For the wind power assets where bats have been identified as a potentially impacted species, such as in Brazil, Statkraft will carry out ongoing monitoring.

For some of the wind farms in Ireland bat boxes have been installed for subsequent monitoring. The work is still ongoing, so no conclusions have been made in 2022.

Habitat restoration of peatland
Berry Burn Wind Farm Extension comprises nine turbines and is located in Moray, Scotland on drained peatlands area. The construction of the wind farm extension was finalised in 2022.

For the extension of the wind farm, Statkraft has developed an Extension Habitat Management Plan which will:

- Recover fire-damaged moorland habitat from a previous wild fire in 2019
- Enhance the peatland by raising the water table and minimising peat erosion.
- Prevent future fire damage by making fire-breaks and rewetting peat areas.
- Plant native woodland including an additional 20 hectares of native mixed woodland.

Solar power

Land-use
In 2022, there were five new larger solar power parks under construction in Europe. Two of the parks are located on previous grassland, two on farmland, and the fifth is located on a previous landfill. The five parks have a planned capacity of about 568 MW, whilst the total land area leased for these projects is about 931 hectares. There was one new solar power project under construction outside of Europe which has a planned estimated capacity of 55 MW, and about 100 hectares of land leased.

The solar power parks will not use the entire land area leased for panels. Some parts of the land are typically not used and may be used for dual purpose or biodiversity measures. For example, Statkraft has initiated several test-projects in Spain to combine farming activities such as goat-grazing and herb-growing within the solar power park area. In the Netherlands, some of our projects aim to bring back historical flora and fauna to areas with low ecological value, e.g. due to intensive farming.

Bees

In general, improvement of wildlife habitat at our solar power parks may improve the habitat conditions for insects and pollinators such as bees. At many solar power parks in Europe. Statkraft has also established insect hotels and we have agreements with members of the local neighbourhood to enable beekeeping on our solar park sites.

In the UK, Statkraft collaborates with the Bumble Bee Conservation Trust, which assess habitat management plans for solar developments. Our solar power development projects in the UK have a commitment to demonstrate net biodiversity gain.

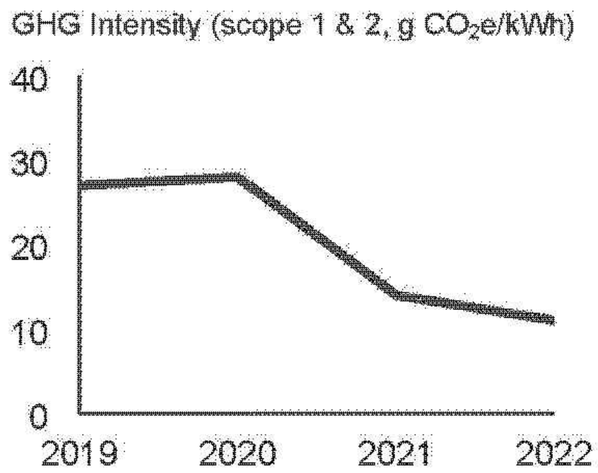
Priorities 2023

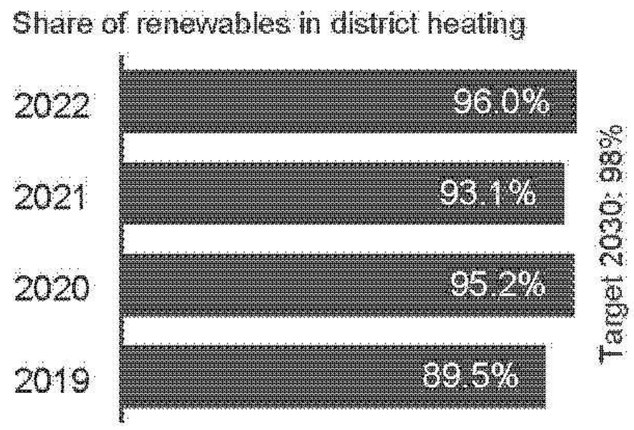
- Continuously strive to better understand our biodiversity impacts and revise how we will report on biodiversity going forward
- Review of biodiversity ambition and strategy for Statkraft in relation to future frameworks and requirements.
- Strengthen the internal environmental subject matter expertise network, and increase internal awareness and competence on biodiversity
- Investigate our biodiversity footprint in the supply chain
- Statkraft will participate or actively contribute in a strategically chosen biodiversity network
- Statkraft in Europe outside of the Nordics will work to refine and deliver on our strategy for peatland, land use, birds and bats

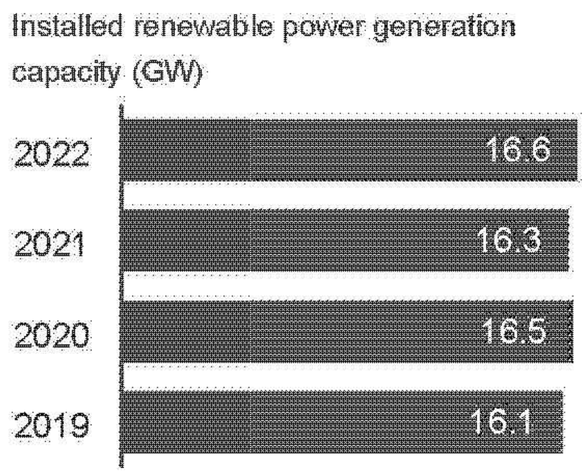
Climate action

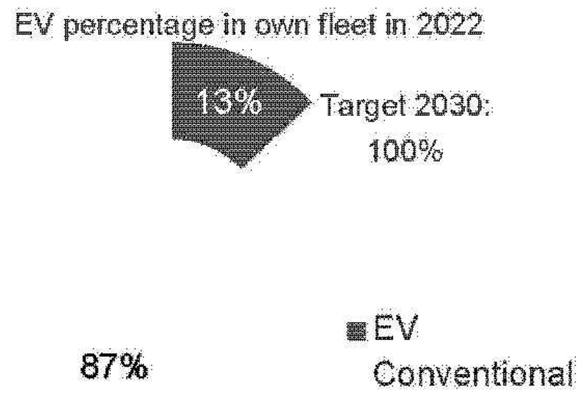
We commit to a 1.5°C global warming target pathway for the power sector by:

- reducing our GHG emissions (scope 1 & 2) to reach climate neutrality by 2040
- remaining Europe's largest generator of renewable power
- continuing to invest 100 per cent in renewables by expanding our hydro, wind, and solar power by 9 GW before 2025 (from 2018 baseline)
- reaching 98 per cent renewable energy share in district heating by 2030
- reducing our supply chain emissions (scope 3) by engaging with our suppliers
- transforming our vehicle fleet to 100 per cent EV by 2030









Comments on performance

In 2022, our installed power generation capacity based on renewables was 16 646 MW. Statkraft's total GHG emissions (scope 1 & 2) in 2022 were 653 300 tonnes of CO_2 equivalents (CO_2e) – and where 96 per cent of these GHG emissions came from our gas-fired power generation in Germany. As Statkraft's portfolio is dominated by renewable power generation assets, the average GHG intensity from our electricity generation is one of the lowest in Europe; 11 g CO_2e/kWh in 2022. Statkraft's power generation was based on 97 per cent renewable energy sources in 2022.

Improvement measures in 2022

1 Continued with Statkraft's main ambition to deliver renewable power, and grow capacity in hydro, wind and solar by 9 GW by 2025 (from 2018 baseline). Status by year-end: 3.6 GW

2 Continued to develop GHG assessment tools and pilot projects across the company to understand how to reduce supply chain scope 3 emissions in refurbishment and construction projects

3 Investigated how Statkraft can set science-based emissions reduction targets in line with Paris Agreement and 1.5°C emissions scenarios. Process has been initiated with Science-based Targets initiative (SBTi) and other relevant alternatives

4 Completed the pre-feasibility study of Carbon Capture and Storage (CCS) for waste combustion related to the Heimdal incineration plant in Trondheim

5 Continued to deliver on the ambition to reach 98 per cent renewable energy share in district heating by 2030

6 Continued to deliver on the ambition of transforming our global vehicle fleet to 100 per cent EV by 2030.

7 Actively supported policies for mitigation of climate change, including key instruments such as the EU ETS, other carbon pricing schemes and policies for deep decarbonisation

Our approach

Climate change is one of the greatest challenges the world is currently facing. Statkraft helps alleviate climate change through our core business.

Statkraft is well-positioned to create value by enabling a net-zero future. As we look towards 2030, we raise our ambitions higher than ever – with significantly higher growth ambitions across our geographies and technologies.

Statkraft's current portfolio and strategy are consistent with an energy sector development path that will make it possible to achieve the Paris Agreement targets. As all Statkraft's investments are focused on renewable energy, we will be a leading contributor to decarbonising the energy system.

Statkraft is committed to a power sector pathway compatible with a 1.5°C global warming target. Our top-level climate targets are to remain Europe's largest generator of renewable energy and to be among the top three most climate-friendly European-based power generators. We are targeting carbon neutrality for our scope 1 and scope 2 emissions by 2040. Further, Statkraft aims to reduce emissions from our supply chain and will increase our focus on this in projects going forward. Statkraft also supports policy measures that contribute to reduced greenhouse gas emissions by adopting market mechanisms.

Our German gas-fired power plants with an installed capacity of 2.5 GW, constituted in 2022 96 per cent of our total scope 1 emissions but only three per cent of our total electricity generation. Our annual GHG emissions from these plants depend on the utilisation and may vary in coming years. In Europe, and particularly Germany, gas-fired power will be key to provide the needed flexibility as there are few alternatives. The utilisation of these plants is higher in periods when the short-term marginal costs of gas fired power plants are lower than the short-term marginal cost for coal fired plants. As gas prices normalise the higher price for emissions will result in a fuel switch from coal to gas leading to lower emissions for Europe as a whole, but with higher run time for Statkraft's gas power plants. This will increase Statkraft's scope 1 emissions – still resulting in very low carbon intensity for Statkraft's total power production. This means by 2040, our existing gas-fired power plants will need to be either phased out, retrofitted with CCS technology, or using blend-in of low-carbon fuels such as green hydrogen to reach our target of carbon neutrality as a company.

Our supply chains will move towards zero emissions by 2050 and contribute to Statkraft becoming net zero (scope 1+2+3) by 2050 at the latest. Statkraft aims to reduce our scope 3 emissions in the supply chain:

- In collaboration with our major strategic suppliers (in solar, wind and hydropower - who all aim for zero emissions)
- Through the development of available gas power technology (CCS and low-carbon fuel such as hydrogen)
- Through purchasing/use of low-carbon materials. A lot of the materials used by Statkraft are steel and concrete, and we will work with our suppliers to ensure that they are produced with low carbon methods
- Electric machinery for use on the construction sites, which are already becoming available in some of our markets.

We believe that the transition to a more circular economy is a prerequisite towards a decarbonised society. In this landscape, Statkraft is well-positioned as an energy company to rapidly expand our renewable energy portfolio to help drive society towards a net-zero future. See the "Circular economy" section for more information.

Key risks

In accordance with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), Statkraft seeks to exploit climate-related market opportunities through our growth ambitions across our geographies and technologies.

At the same time, we seek to reduce the risks related to the transition to a low-carbon economy that will entail extensive policy, legal, technology, and market changes, all with the potential to have a significant impact on Statkraft's revenues. We are also assessing acute and chronic physical risks, and taking long-term weather development, and extreme weather conditions and events into account when designing and building our assets.

Furthermore, we take climate-related risks and opportunities into account when we prepare business cases for investment in new assets or activities. The risk of stranded assets due to climate change is thus considered to be low.

Physical risks

Renewable energy technologies such as hydropower, wind and solar are naturally dependent on the weather and climate. Physical changes in climate can affect the renewable industry in many ways, but overall, companies are focused on increasing temperatures, greater frequency of extreme weather events including flooding, as well as increased unpredictability in the weather pattern.

In the Nordics, where most of Statkraft's hydropower plants are located, climate change is expected to lead to more precipitation on average. But inside this average there are expected to be more extreme events. How this translates to inflow to reservoirs is still uncertain. For a period, glacier melting will give higher inflow to some power plants, but, over time, the loss of ice cap could reduce inflows. There is also a risk that melting ice leads to new water-ways that divert water away from reservoirs.

In regions outside the Nordics, precipitation could decrease. However, large reservoirs do act as a safeguard enabling us to cope with increasingly imbalanced precipitation patterns, by allowing storage of excessive rainfall and retain more fresh water for dry periods.

For existing power plants, this will represent a change in power generation and thus also a change in the value of the assets. Increased probability of extreme weather is taken into account in assessments of the robustness of dams and waterways, in accordance with regulations and international standards.

Statkraft invests in dams and waterways to increase the robustness of dams and meet regulators' updated safety

standards. The risk of major accidents related to climate change is thus considered to be low. The probability of damage to local infrastructure, such as roads and grids, is expected to increase. However, this does not represent a major long-term risk for Statkraft's operations.

In line with the "Do No Significant Harm" criteria related to climate change adaptation in the EU Taxonomy, physical climate risks have been assessed on a regional level and mitigating action plans have been implemented. See the "EU Taxonomy" section in the Sustainable Finance chapter for more information.

Transition risks

The transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, all with the potential to have a significant impact on Statkraft's revenues.

Changes in output from hydropower plants and other renewable power plants may impact power prices, and temperature changes may impact the demand for electricity for heating and cooling. However, changes in the physical climate are expected to be slow compared with the investment cycles in the electricity industry, and investors will thus be able to adapt to these market changes. The long-term direct impact of a warmer climate is thus considered to be low.

All countries where Statkraft operates have signed the Paris Agreement, which will require substantial changes in their energy systems, such as reducing the use of fossil fuels, increasing the use of renewable energy sources, as well as increasing the overall energy efficiency of their economies. In general, this is expected to increase the long-term value of Statkraft's assets and expertise.

The European Union (EU) has established ambitious targets for reducing greenhouse gas emissions. These targets are a key part of the European Green Deal, which establishes a new roadmap to achieve emissions reductions of 55 per cent by 2030 and net zero emissions by 2050. Despite events like the pandemic and the Russian invasion of Ukraine, Europe has maintained its path towards decarbonisation and raised ambition levels even further in order to diversify away from Russian energy. For the energy sector, the emissions reduction targets will be reached through a combination of a strengthened cap-and-trade system for emissions allowances, direct regulation and subsidies. The direction set by Fit for 55 was strengthened by RE:Power EU, the European Commission's plan to phase out Russian gas from the European energy mix by diversifying supply and accelerating the rollout of renewable. The measures proposed in RE:Power EU will increase the speed of the European energy transition by combining the need to reduce emissions with an increased emphasis on energy security and self-sufficiency.

The EU cap-and-trade system, known as the EU Emissions Trading System (EU ETS), puts a price tag on emissions and will thus impact power prices by influencing the cost of generating power from fossil fuels. The ambition level of the EU ETS will impact the cost of allowances. The price of emissions allowances in the EU ETS is also sensitive to general macroeconomic trends. For Statkraft, this introduces uncertainty related to future revenues, which could be both higher and lower than our expectations. Subsidies, including government auctions for new renewable capacity, will impact the supply side and thus also the long-term power price level. In general, a high level of subsidies for new generation capacity will be negative for Statkraft, as it can lead to oversupply and put negative pressure on power prices. However, subsidies may also create investment opportunities. Subsidies and other incentives for technologies that increase electricity demand will have a positive impact for Statkraft.

Statkraft bases our investment decisions on internal projections of future power prices. These projections are based, among other variables, on expectations for overall future climate and environmental targets, as well as a view of the balance between different regulatory measures. The uncertainties related to both overall targets, the path chosen towards these targets and the actual measures will result in significant uncertainties for Statkraft's future revenues. This will also impact new investment decisions, but will partly be offset through geographical diversification.

The European energy sector is also impacted by regulations of a broader scope. A key part of the European Green Deal process is the Sustainable Finance process, which introduces a taxonomy based on environmental criteria. This is expected to impact the power markets, making it more attractive to invest in renewable capacity compared with capacity based on fossil fuels.

In order to understand and manage uncertainties driven by climate policies, Statkraft regularly performs systematic analyses of the European power markets.

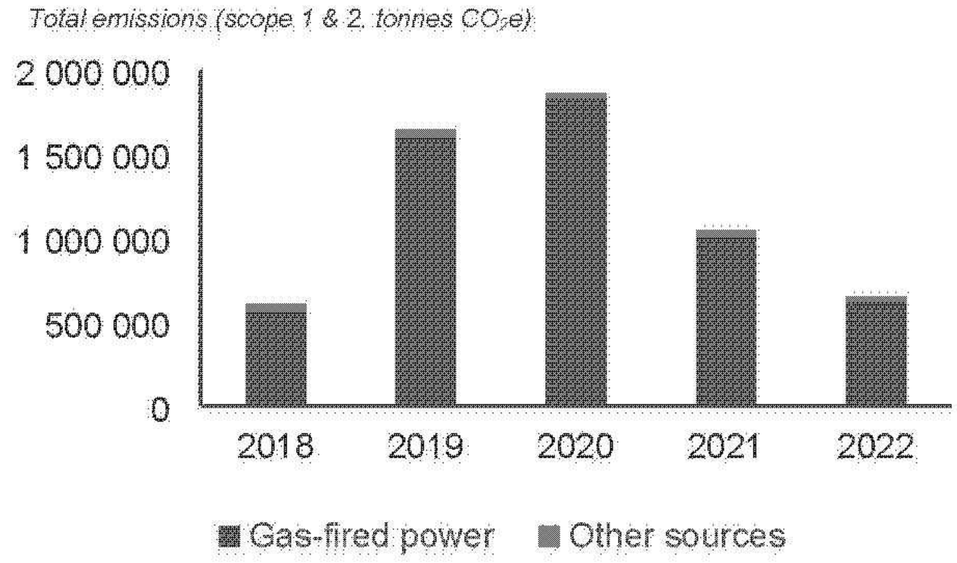
Status 2022

Statkraft's greenhouse gas emissions (GHG)

In 2022, Statkraft's own GHG emissions (scope 1+2) were 653,000 tonnes of CO_2e. The average GHG intensity from Statkraft's electricity generation is one of the lowest in the EU energy sector, in 2022 11 g CO_2/kWh.

Statkraft's own GHG emissions are dominated by emissions from our gas-fired power plants. In addition, there are emissions from company-wide consumption of fossil fuels in machineries and vehicles and from the operation of district heating plants. As Statkraft's portfolio is dominated by renewable assets, the average GHG emissions from our electricity generation are very low.

Total emissions (scope 1 & 2, tonnes CO_2e)



The primary sources of Statkraft's indirect emissions are upstream emissions associated with production and transport of gas to our gas-fired plants as well as our use of materials and products, primarily concrete and steel, and the use of fossil fuels in ongoing construction projects. High-level estimates indicate total scope 3 emissions in 2022 at a minimum of 780 000 tonnes of CO_2e.

Since 2021, Statkraft has been developing practical approaches for assessing GHG emissions in the supply chain with focus on consumption of materials and products in ongoing and future construction projects. We have prioritised establishing a set of pilot projects across our activities; hydropower projects in Norway and wind construction projects outside Norway. In the hydropower area, we are testing a unique climate assessment tool based on life cycle emissions data related to real life projects' use of construction materials, electro-mechanical products and on-site work. Further, we have developed a similar assessment tool for wind projects in 2022 and will commence testing the assessment in wind projects in 2023.

Growth in renewable energy capacity

Statkraft's new business strategy towards 2030 will strengthen the growth agenda across our activities and geographies.

In total, Statkraft aims to develop 30 GW of new renewable capacity within 2030, part of which will be retained, and part will be divested. That could increase Statkraft's annual power generation by up to 50 per cent from today, to around 100 TWh per year by 2030. In 2022, Statkraft's installed renewable power generation capacity was 16 646 MW.

Hydropower
Statkraft will optimise and expand our unique hydropower portfolio. In Norway, Statkraft will increase reinvestments in our existing plants to prolong lifetime and increase efficiency. Statkraft will also develop new capacity additions and our target is to invest in at least five new, large projects by 2030. Outside of Norway, Statkraft will selectively expand our portfolio. In 2022, our hydropower portfolio had an annual production of 53.9 TWh and an installed capacity of 14 409 MW by year-end.

Solar and wind power
Statkraft will accelerate our growth in solar, onshore wind, and battery storage in our existing markets. Statkraft aims to keep more ownership of onshore wind and solar assets in Europe, as well as deliver competitive operations and maintenance at scale for own assets. Within offshore wind, Statkraft is pursuing an industrial role in the North Sea and Ireland, building on our existing positions. In 2022, our wind power farms had a production of 4.3 TWh and an installed capacity of 2115 MW by year-end.

Other green energy technologies
Statkraft will develop and scale up new green energy technologies. These technologies will all play an important role in a net-zero future. Statkraft aims to become a leading developer of green hydrogen, biofuel, EV charging, district heating, and other green technologies, either alone or by partnering with others. Building positions in these technologies will enable us to take part in the expected growth and build new value-creating businesses.

Supporting decarbonisation of society

In April 2022, Statkraft updated our Green Finance Framework, which was externally verified by CICERO Shades of Green who issued a Second Opinion with the highest possible score. Statkraft has also signed a EUR 1.3 billion 5-year sustainability-linked revolving credit facility this year, which replaced a revolving credit facility of NOK 9.2 billion from June 2016.

In May 2022, Statkraft issued green bonds with a total of NOK 5.5 billion, and further in September 2022, Statkraft issued our first green bond in Euro, EUR 500 million, under its EMTN (Euro Medium Term Note) programme. See the "Green Finance Impact Report" section in the Sustainable Finance chapter for more information.

During the year, Statkraft signed several power purchase agreements (PPAs) with large corporations across Europe, serving these customers with renewable energy. In June 2022, Statkraft signed a seven-year contract of 2 TWh per year of renewable electricity to H2 Green Steel's operations in Boden, Sweden. In the first phase, H2 Green Steel will produce 2.5 million tonnes of green steel annually. The delivery includes Guarantees of Origin for renewable energy, sourced from Statkraft's hydropower plants in northern Sweden.

For the seventh year in a row, Statkraft's analysts presented an updated comprehensive analysis in 2022 of the global energy market towards 2050. Statkraft's Low Emissions Scenario is an optimistic yet realistic scenario, concluding that GHG emissions trajectories can limit global warming to 2 degrees. An even faster transition is necessary to reach the 1.5-degree target.

Priorities 2023

- Continue to deliver on Statkraft's updated growth strategy with an annual delivery rate of 2.5–3 GW per year by 2025 and 4 GW per year by 2030
- Continue to minimise negative climate impact through initiatives such as transitioning Statkraft's commercial vehicle fleet to electric vehicles, limit unnecessary travel, reach a 98 per cent renewable energy share in district heating by 2030 and offsetting non-ETS direct emissions
- Continue to develop GHG assessment tools and testing them out in pilot projects across the company to understand how to reduce scope 3 emissions in refurbishment and construction projects
- Secure that Statkraft's short-term and long-term climate targets are in line with the Paris agreement and recognised science-based power sector emission trajectories such as SBTi
- Establish an internal group-wide framework for climate risks and opportunities that is integrated in Statkraft's strategy towards 2030 and in line with recognised reporting standards, such as the Task Force on Climate-Related Financial Disclosures (TCFD)

Water management

We aim to be recognised as a company with responsible water management practices by:

- zero serious environmental incidents
- implementing identified supporting initiatives

Comments on performance

There have been zero serious environmental incidents in 2022. A serious environmental incident is considered an incident that causes serious or irreversible environmental impact on critical or protected resources.

There are several studies and improvement initiatives ongoing across the business, and key events are the revised concession terms for three hydropower schemes in Norway.

Improvement measures in 2022

1 Contributions to revision processes for hydropower concession terms in Norway

2 Contributed to national Water Framework Directive processes for hydropower operations in Europe

3 Monitoring oxygen and nitrogen levels at three river locations to better understand the risk of oversaturation

4 Installed electric filter at Trosa waste incineration in district heating to improve water quality

Our approach

Hydropower is a significant part of Statkraft's energy mix with 76 per cent of the portfolio, where a large part of it is located in Norway. Therefore, hydropower is central to Statkraft's water management.

Responsible management of water resources within hydropower means detailed analyses of water availability and weather forecasts, combined with flow monitoring and day-to-day electricity needs. The concession terms define what are acceptable conditions and specify detailed flow regimes for rivers and stored water quantities in the reservoirs by taking into account ecological, community and societal needs.

Statkraft's management system shall secure a systematic, risk based and target oriented approach to ensure compliance and continuous improvement.

Key risks

The main water related risks in Statkraft are linked to managing water resources responsibly in our hydropower production.

A key success factor for responsible water management is to predict precipitation as accurately as possible in order to reduce flood/drought risk, optimise energy production while ensuring the agreed minimum flow.

The main water management aspects relate to water storage or retention in reservoirs, adequate management of river stretches with increased or reduced flow regimes. Although hydropower generation does not consume the water it uses for power generation, flow changes and temporary works can increase erosion risk and can affect water quality in the form of water temperature or turbidity.

Water resource management related to hydropower generation is not only a key impact on the environment, but also a key risk to Statkraft's core business activities, as Statkraft is dependent on sharing water resources with other users, and planning power production based on increasingly unpredictable weather patterns.

Statkraft's water management also includes the responsibility to minimise flood damage, where possible, and in that respect performs a regulating ecosystem service for infrastructure and human activities downstream of our facilities. More extreme weather will impact how Statkraft operates our hydropower assets.

Water scarcity and solar power generation

Solar power parks are largely developed in arid and semi-arid areas. Water is used to clean solar panels as dust reduces the solar panel's power generation capacity. In certain locations, the power output of a PV panel can be reduced by as much as 50 per cent if the module is not cleaned for a month.

For example, about 79 per cent of India's new energy capacity is located in areas that already face water scarcity (World Resource Institute report 2020). The water scarcity of a region is a real risk to the region's ability to develop solar power generation.

As an example, a solar power park commissioned this year in India is estimated to have a water use of 24,000 litres per day. In India, cleaning costs of solar panels can comprise of 25-35 per cent of the operational and maintenance costs of a solar power park. It's therefore highly important to optimise the water usage to reduce impact on the environment, people and our profits.

Other activities in Statkraft

District heating makes use of water as a medium for distributing heat or cooling services. Statkraft's district heating water circulates in closed pipelines, whilst there can be some water loss due to leakages or maintenance. The waste incineration and subsequent treatment processes result in water use for cooling and discharges of condensed water. Key risks relate to water leakages and meeting water quality requirements for discharge.

Statkraft operates five gas-fired power plants, two of which are in cold-reserve. Water management for these facilities relates to cooling water and discharges from treatment processes.

Incidents and compliance

There has been a number of less-serious incidents related to water management in 2022. These incidents were mainly related to water-flow or water level requirements for hydropower, as well as non-compliances to water quality requirements (mostly to public wastewater) and smaller oil leakages from equipment. An example of a water management-related incident which is subject to follow-up is described below.

In autumn 2022, Statkraft experienced a sediment management incident during a dam refurbishment project at the Trollheim hydropower scheme in Central Norway. During the gradual emptying of the Follsjø reservoir behind the Trollheim dam, organic matter and silt was entrained into the Surna river from the bottom of the reservoir to a larger extent than expected. This resulted in temporary high turbidity levels in the Surna river. The incident has been reported to the authorities and immediate mitigation measures have been completed. Currently, studies are being undertaken to better understand what happened and to recommend preventive measures for future major dam refurbishments. A key challenge is how to handle the bottom slug of a reservoir that has to be temporarily emptied while maintaining minimum flow requirements.

Status 2022

Water management and weather patterns

When it comes to responsible water management in the hydropower sector, it is important to predict precipitation as accurately as possible. New records were set in 2022 in terms of regional variations in precipitation. While in Central and Northern Norway, many reservoirs were overflowing, Southern Norway experienced unusual dry periods with unprecedented low water levels in the reservoirs.

Both our regional production planning centres and our precipitation forecasting teams are adjusting their work accordingly in preparation for 2023. This is part of our daily work processes to manage the more variable weather conditions and its effects on hydropower generation.

In Sweden, a research project carried out in partnership with the University of Umeå, aims to improve modelling of how climate change scenarios will affect hydropower generation and how climate change may result in increased needs for water storage, not only for power generation and maintaining minimum ecological flow, but also for irrigation and drinking water purposes.

Revision of concession terms for hydropower

By the end of 2022, Statkraft received updated terms for the five oldest hydropower concession in operation in Norway. The revised terms have a total loss of about 100 GWh of annual flexible power generation. Seven other revisions of concession terms are ongoing comprising Statkraft's largest flexible storage facilities, whereas the revision of the concession terms for 12 less comprehensive hydropower schemes has not yet started. Skagerak Energi (where Statkraft has a shareholding of 66.62 per cent) has concluded the revision process of concession terms for one hydropower scheme while seven are ongoing.

In Sweden, the government announced in September 2022 that the national process to update the concession terms for hydropower will be paused due to considerations for national energy security in the current European supply crisis. How this political decision will affect the current regulation driving the process is uncertain.

In Germany, the concession for Wahnhausen hydropower plant is under renewal. As part of this, a new intake structure with a horizontal trash rake and a bypass-system for fish migration is under construction. The terms for the Dörverden hydropower plant are also under review.

Of the five updated concession terms, Statkraft received revised terms for three hydropower concession in 2022: Altevatn, Tokke-Vinje and Røssåga. The proposed environmental improvements include, among others, increased minimum water flows which will improve habitat conditions for wild salmon and other species. These three revised concession terms represent a loss of approx. 65 GWh of annual flexible power generation.

At the Kargi hydropower plant in Türkiye we refined our understanding of local irrigation needs and water management practices which has enabled an optimisation of water use for energy production. Over the last three years Kargi has managed to increase the annual production with about 6 MWh.

Optimising resource use

An important aspect of responsible water management is to optimise the use of water in existing hydropower schemes. At Statkraft, we actively seek to generate more electricity from existing infrastructure, once it has reached its end of life. For example, in 2022, the turbines at the Rana hydropower plant in Northern Norway were replaced by new turbines and generators. This modernisation will lead to a 10 per cent increase of the installed capacity, whilst using the same amount of water. Another example is the Mauranger 2 project, where Statkraft has submitted an application for installing two new turbines, increasing installed capacity by 630 MW and raising the produced energy by about 70-80 GWh/year. Optimised use of existing hydropower plants can be an important contribution to reduce the environmental footprint and to increase the energy supply security.

Water quality and quantity management

In the river Bjoreio (South-Western Norway) studies have been carried out assessing different flow regimes and water temperature levels to evaluate the effect of these parameters on the wild salmon population.

In Norway, the dam refurbishment at Kjela has stringent water quality requirements for the construction period. The project has built sedimentation basins on site, located the stone quarry activities with adequate distance to water bodies, and also installed several filtration barriers in the water bodies. In addition,

several turbidity monitors were placed in the water bodies for continuous monitoring.

For three hydropower plants in Northern Norway, a desktop assessment of gas oversaturation indicates that nitrogen oversaturation could be an issue under specific operating conditions. For this reason, an amended operational practice was tested in a pilot project in 2022 while oxygen and nitrogen levels were continuously measured.

District heating

There has been an extensive programme in Sweden to detect leaks earlier and therefore to prevent large leakages on the system. In 2022 thermoimaging via aircraft has been conducted over Kungsbacka and Trosa district heating systems. This resulted in detecting four smaller leaks preventing large leakages.

Both at Trosa (Sweden) and in Trondheim (Norway) water discharges from the waste incineration process has been a challenge. At Trosa an electric filter removing particles after the waste incineration process reduces dissolved metal content in the discharged water, whilst increases among other the zinc levels in the ashes. The increased level of zinc improves the re-use quality of the ashes when used in for example forestry. In Trondheim, the water quality of discharged water into public wastewater system has been a continuous challenge to meet the environmental limits for suspended solids and zinc. There will be further studies in 2023 on how to improve the effect of the water treatment process.

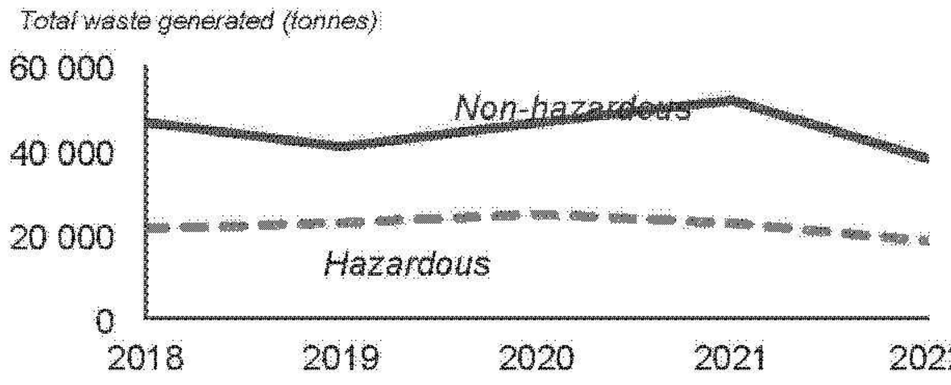
Priorities 2023

- Implementation of revised terms for hydropower concessions in Norway
- Business Area Nordics will continue their active participation and data contributions in the ongoing revision processes to existing concession terms
- District heating will continue efforts to detect leaks on the system through thermo-imaging
- Reduce discharges and meet environmental thresholds in Trondheim

Circular economy

Statkraft recognises the increasing importance of circularity in our operations. Circular economy is an alternative to traditional economic thinking that focuses on keeping assets in use for as long as possible. This is to be achieved by using reused/recycled materials in construction, and reducing, reusing, and recycling waste, instead of sending it to landfills. Additionally, circularity principles may support other sustainability targets, e.g., reduced greenhouse gas emissions.

Comments on performance
Statkraft believes that the circular economy principles are important tools for how we can further integrate sustainable practices into our business processes. We have pursued several initiatives that lay a foundation for better integration of circularity into our business models and activities, including our supply chain.



Improvement measures in 2022

1. Initiated the development of a strategy on circular economy at Statkraft, as part of our sustainability strategy, with a clear ambition and corporate-wide targets
2. Started developing a climate tool that will support design and planning in wind farm development related to climate footprint assessments and circularity guidance
3. Continued the piloting of the climate calculator for hydropower plants, and used learnings from the pilots to make further improvements to the calculations

Our approach

Incorporating circular economy in business models is a way to limit or avoid waste of resources, and this development is enabled by innovation, technology and engineering. So far, many countries and businesses have centred their plans for achieving net-zero emissions on an energy transition, which calls for boosting energy efficiency and accelerating the transition to renewable energy. However, the production, use, and eventual disposal of industrial materials such as steel, plastics, aluminium, and cement also account for almost a quarter of all global CO_2 emissions. To reach net zero, countries and businesses should also consider the application of circular-economy principles to optimise the production, use and reuse of these materials.

Statkraft recognises that more actions are required to decrease the material footprint of our own activities. Circular economy is one of six pillars in the EU Taxonomy. Increasing efforts to address the circularity of our own assets is an important step to consider as we continue to develop our sustainability strategy. In line with our risk scenario, our primary focus is on wind and solar.

We believe that the transition to a more circular economy is a prerequisite towards a decarbonised society and Statkraft will contribute to a circular economy in several ways. Our key role as an energy company is to provide renewable energy to drive the circular economy and we invest in hydro, wind, solar, hydrogen and biofuel technologies. We will partner with industry to make materials more circular and fossil-free. Further, we will need to design our assets and processes to reduce resource consumption, increase reuse and recycling, and extend the lifetime of our assets. Finally, we will need to manage our environmental performance across the full value chain.

As Statkraft looks towards 2030, there is a growing focus on circularity across activities. We have initiated a process to include circular economy into our sustainability strategy. Circular economy at Statkraft is managed at the corporate level and implemented across business areas and technologies throughout our activities. Statkraft will continue to integrate our sustainability strategy into procurement processes and supply chain management.

Key risks

As a renewables company, the most prevalent risks related to Statkraft's transition to become a more circular business are waste generation in wind and solar, emissions up and down the value chain (scope 3 emissions), and global supply chain fragility. Growth in solar and wind technologies will drive this as these will come with higher risk levels as regards waste and opportunities for circularity. Corporate Sustainability Reporting Directive (CSRD) will require companies to report on circularity from 2024.

Potential risks include legal, regulatory and reputational risks and associated financial impacts. These are mitigated through good material and waste management, and resource efficiency. Waste generation is currently rather low, since solar parks and wind farms are fairly new and have not yet exhausted their lifespan.

However, due to the relatively short lifespan of such plants (20-40 years, as compared with 100 years for hydropower), studies from the University of Cambridge and the International Renewable Energy Agency indicate that wind and solar waste streams will grow exponentially in the next decade, in pace with the expected expansion in global renewables. Although Statkraft's current portfolio consists mostly of hydropower, we expect to grow

significantly within wind and solar towards 2030. Hence, we will explore circularity and end-of-life strategies for these technologies.

An additional risk is the scope 3 emissions from our material footprint. Indirect emissions released in extraction, processing, and shipping of materials contribute to climate change, and thereby also to our identified climate-related risks. See the "Climate action" section for more information. Our efforts to minimise our material footprint help mitigate climate-related risks.

Status 2022

Statkraft's main source for generating renewable power is water. Hydropower enables a more circular economy by using water without consuming it, not consuming or producing toxic material and making use of the natural cycle of water. The power we generate from water and has the highest energy efficiency in converting the natural force of water into electricity (over 90 per cent), the highest lifespan among energy options while generating no waste. Moreover, it is a domestic resource which provides independence from the need to import fossil fuels at a highly volatile price. See the "Biodiversity" section to learn how we mitigate hydropower's negative impacts on the aquatic ecosystems. The same principles are true also for Statkraft's solar and wind activities, which are slated to increase tremendously towards 2030. Similar to water, solar and wind power are resources that naturally replenish themselves.

In general, eco-efficient use of natural resources is part of our project-related activities. We aim to reduce our ecological footprint while also improving economic efficiency. Typical examples for such win-win situations include:

- Reusing excavated material from tunnel or road building by offering it to local communities or reusing it for own building or maintenance projects contributes to actively reduce waste material by repurposing natural resources, support the local economy, reduce management and acquisition costs
- Reusing local topsoil layers in revegetation projects reduces the risk of introducing alien species, improves integration to the landscape by minimising introduced changes and reducing the need for new soil/seeds, and transport and fuel

Our own activities to produce energy still generate some waste, as shown in the figure at the beginning of this section. We work continuously to minimise waste and learn how to better handle waste. Our main source of waste today originates from our waste incineration and biomass power plants. Statkraft takes care of/reuses the residual products when possible, safely removes dangerous substances from the cycle, and burns waste to recover energy. We work with suppliers on fuel quality and waste fractions, and with contractors to handle residual products. In 2022, Statkraft also accepted hazardous waste at the waste incineration plant in Heimdal. This is an important contribution to get dangerous substances out of the cycle.

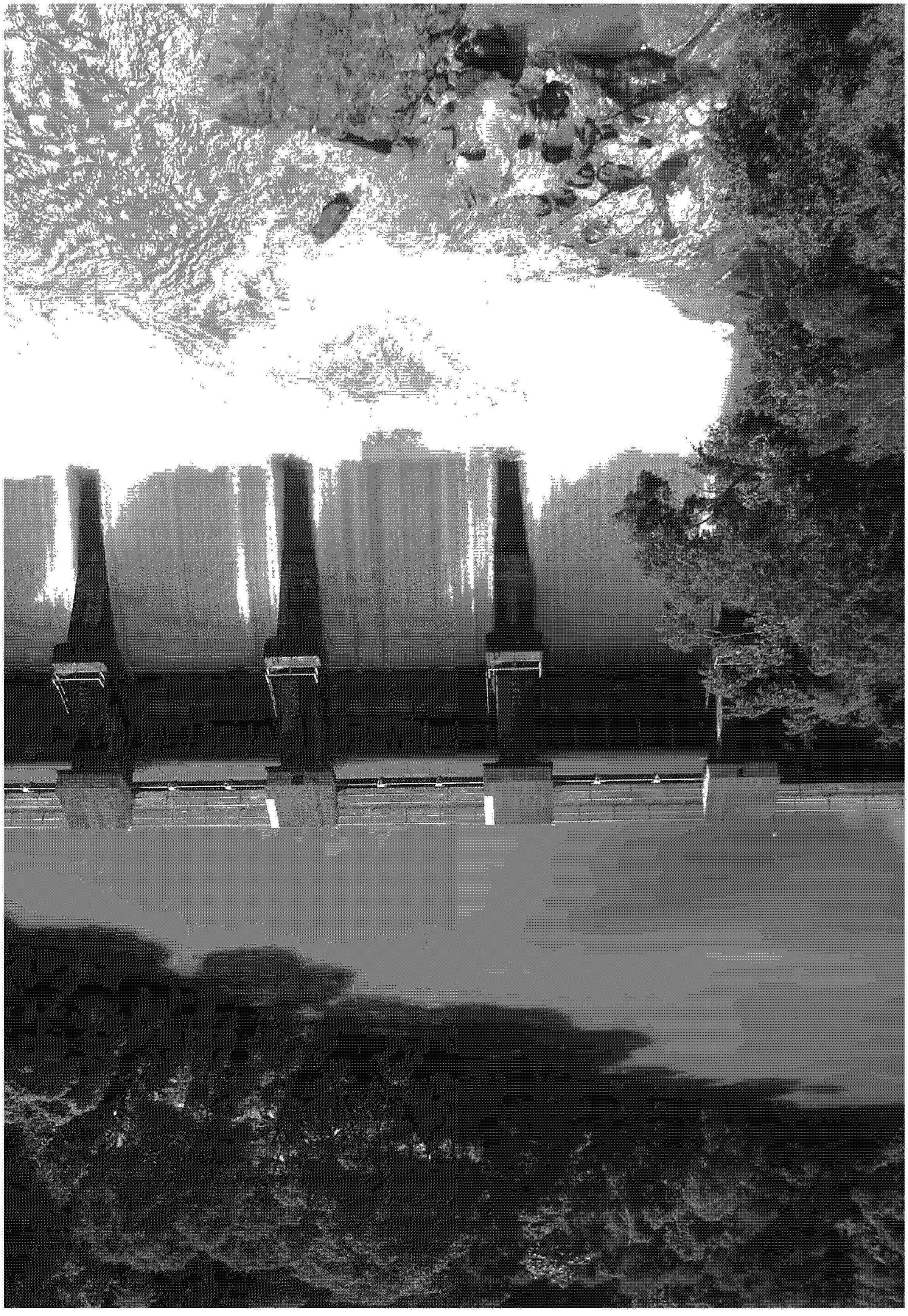
The decommissioning of wind farms and solar parks in coming years is expected to increase total waste generation across the industry, and Statkraft is no exception. Decommissioning of windfarms has started at a few sites in Norway, while end-of-life for the solar parks operated by Statkraft are further into the future. We recognise that more action is required to decrease the material footprint of production of renewable energy, along with other actors and authorities. Decoupling resource consumption from economic growth is one of the pillars of the European Green Deal, where the objective include accelerating the EU's transition to a circular economy. This ambition is enshrined in several legal instruments such as the EU Taxonomy, the Environment Action Program and the Circular Economy Action Plan. Against this backdrop, addressing the circularity of our own assets is an increasingly important step to consider as we continue to develop our sustainability strategy. In line with our risk scenario, our primary focus continues to be on wind and solar activities. Although 85-90 per cent of a wind turbine can be recycled today, the composite turbine blades remain an issue. In 2021, WindEurope, where Statkraft is a member, called for an EU ban on landfilling wind turbine blades by 2025. Industry efforts to improve the recyclability of blades is ongoing. Statkraft is following developments in this field closely and has funded blade recycling initiatives (Rekovind and ReComp) through the industry coalition Vindforsk. Statkraft is also developing a combined scope 3 emissions and circularity calculator for wind farm suppliers and initiating testing in a pilot project.

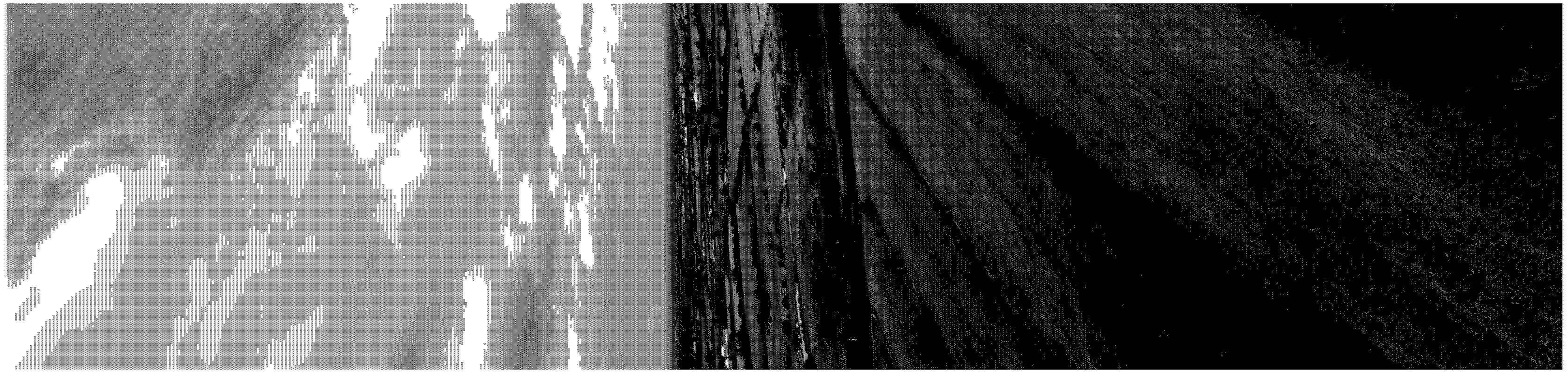
Statkraft is also increasingly exploring new innovative ways to add circularity to our existing operations through early phase support and targeted investments. For example, as of the new corporate strategy released in June 2022, one of the three research fields for new early phase business opportunities in the coming year is circular economy. Statkraft Ventures, Statkraft's own corporate venture capital fund, also invests in several companies that offer a circular advantage.

Additionally, Statkraft is currently examining ways to expand our circular economy initiatives by working to electrify the transport sector, and by collaborating with our suppliers to design for longer asset lifetime, reduced resource consumption, and increased end-of-life reuse and recycling. Moreover, we also focus on increasing the efficiency of resources already in use; for example, when refurbishing our hydropower projects, we aim to increase installed capacity so that we can generate more electricity with the same amount of water, but without additional environmental impact.

Priorities 2023

- Issue and start implementing circular economy strategy (part of the sustainability strategy) with a clear ambition and corporate-wide targets
- Finish the first prototype of a combined scope 3 emissions and circularity calculator for wind farm suppliers, and initiate testing in a pilot project
- Increased focus and results on circular economy in Statkraft's innovation efforts, R&D, new business early phase support, and investments





STATKRAFT'S BUSINESS GOALS

Accelerate solar, onshore and offshore wind, and battery storage.

Statkraft aims to become a major developer of solar, onshore wind, and battery storage with an annual delivery rate of 2.5-3 GW by 2025 and 4 GW by 2030. The company will be an industrial offshore wind player in the North Sea and Ireland.

Corporate Governance

The corporate governance statement clarifies the distribution of roles between the Norwegian state as owner, the Board of Directors and the management of the company.

Efficient and transparent management and control of the business forms the basis for creating long-term value for the owner, employees, other stakeholders and society in general, and as a result, contributes to sustainable and lasting value creation. Open and accessible communication from the company ensures that the Group maintains a good relationship with society in general and with all stakeholders affected by the company's activities.

CORPORATE GOVERNANCE STATEMENT

Statkraft is organised through a state enterprise, Statkraft SF. The activity in Statkraft SF is, for all practical purposes, restricted to owning all shares in Statkraft AS. Statkraft SF and Statkraft AS have an identical board of directors and management. Statkraft AS is the parent company for an underlying Group structure. Statkraft adheres to the Norwegian Code of Practice for Corporate Governance (NUES) within the framework established by the company's organisation and ownership.

Statkraft follows the Norwegian state's principles for sound corporate governance, described in the White Paper, Meld. St. 6 (2022-2023) «Et grønnere og mer aktivt statlig eierskap — Statens direkte eierskap i selskaper» ("A greener and more active state ownership – The state's direct ownership of companies") and is subject to reporting requirements relating to corporate governance according to Section 3-3b of the Accounting Act.

ACTIVITIES

The objective of Statkraft AS, alone, or through participation in, or cooperation with other companies, is to plan, engineer, construct and either divest or operate energy facilities, conduct physical and financial energy trading, and perform naturally related operations. Statkraft AS is registered in Norway and its management structure is based on Norwegian company legislation. Statkraft is also subject to the Norwegian Securities Trading Act and stock exchange regulations associated with the company's debt obligations.

Objectives and framework for the activities in Statkraft are set out in parliamentary documents and resolutions by the Parliament (Stortinget), see www.regjeringen.no and www.stortinget.no.

EQUITY AND DIVIDENDS

Statkraft AS' share capital totals NOK 33 600 000 000, divided among 200 000 000 shares of NOK 168 each. The company's shares can only be owned by Statkraft SF.

Changes in the share capital will be considered in the enterprise meeting of Statkraft SF and the general meeting of shareholders in Statkraft AS.

The State as the shareholder determines the dividend in its wholly owned companies. The provision of the Limited Liability Companies Act stating that the general meeting cannot adopt a higher dividend than that proposed or accepted by the Board of Directors, does not apply to wholly owned state companies in Norway.

The owner's dividend expectation is that Statkraft pays a dividend of 85 per cent of realised profit from Norwegian hydropower and 25 per cent of realised profit from other business activities. Realised profit is the profit before tax, less payable taxes and adjusted for unrealised effects and minority interests. Dividends received from equity accounted investments are included in realised profits. The Norwegian hydropower business is defined in the notes to the consolidated financial statements in the annual report. The Board of Directors maintains a continuous focus on adapting the company's objectives, strategy and risk profile to the company's capital situation. Statkraft's investments are financed through a combination of retained earnings, external financing, divestments and contributions from the owner. See Note 6 in the Group financial statements in the annual report for more information about the company's capital structure management.

FREELY NEGOTIABLE SHARES

Shares in Statkraft AS can, according to the Articles of Association, only be owned by the state-owned enterprise Statkraft SF.

ENTERPRISE MEETINGS AND GENERAL MEETINGS

The Norwegian state exercises its authority as the owner in the enterprise meeting of Statkraft SF. In accordance with the Articles of Association of Statkraft SF, Statkraft SF cannot attend and vote in a general meeting in Statkraft AS without a preceding decision in an enterprise meeting. The enterprise meeting and the following general meeting are held annually by the end of June. The Office of the Auditor General and the external auditor attend the enterprise meeting and the general meeting.

Before the Board of Directors decides in matters assumed to be of significant importance for the purpose of the enterprise/company, or which will significantly change the character of the activities, the matter must be put before the ministry representing the state's ownership in accordance with the State Enterprise Act.

NOMINATION COMMITTEE

Statkraft SF and Statkraft AS have no nomination committee. The appointment of the board members and Chair of the Board by the owner of Statkraft SF will take place in the enterprise meeting. The evaluation of the performance of the Board of Directors is carried out by the owner of Statkraft SF. Statkraft SF and Statkraft AS have identical boards.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The State Enterprise Act stipulates that state-owned enterprises shall be governed by a board and a chief executive officer. Pursuant to the Limited Liability Companies Act, Statkraft AS has entered into an agreement with its employees' trade unions stipulating that the company will not have a corporate assembly. Three of the board's nine members are elected by the employees based on that agreement.

The State emphasises competence, capacity and diversity based on the company's distinctive character when the State selects people to sit on the company's board. The goal is for the board, to collectively represent the desired expertise based on the company's objective, business area, challenges and the State's ownership goals. Emphasis is e.g. placed on selecting representatives with broad experience from commerce and industry for companies with commercial goals.

The Norwegian Parliament (Stortinget) has decided that its members should not be appointed to offices in companies that are subject to the Parliament's control. It is also assumed that ministers will resign from such offices when elected into the Government and cannot be selected for new offices. The same applies to state secretaries.

There are provisions stipulating that senior officials and civil servants employed in a ministry or the Central Administration in general, who deal with matters concerning the enterprise as part of their job, or that are working in a ministry or other Central Administration agency that regularly processes matters of significance for the company or the industry sector in question, cannot be elected to the company's board, see the White Paper, Meld. St. 6 (2022-2023). The President and Chief Executive Officer (CEO) and senior executives of Statkraft are not members of Statkraft's board.

Members of the Board of Directors are normally elected for terms of two years and can be re-elected.

The company has established directors and officers liability insurance which, within the framework of the insurance wording, covers the personal liability they may incur as director or chief executive officer in accordance with applicable law.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors usually meets eight to ten times a year. The Chair of the Board ensure that meetings are held as often as required. The Board of Directors has stipulated board instructions with guidelines for the work and case processing of the board. The instructions also cover the President and CEO. The instructions define the work scope, duties and authorities of the President and CEO in more detail than follows from the legislation.

The Board of Directors prepares an annual agenda for its work, with a special emphasis on goals, strategies, governance and oversight of daily operations and the company's other activities. The Board of Directors conducts an annual strategy meeting. The President and CEO prepares background material for such meetings in the form of strategic, economic and financial plans.

The Board of Directors ensures that management informs the boards of subsidiaries about matters of potential significance for the subsidiary in question. The Board of Directors evaluates its own performance and expertise annually.

The Board of Directors monitors and oversees progress related to Statkraft's sustainability strategy, processes and reporting. This includes targets and activities related to climate, environmental, social and human rights considerations as well as sustainable supply chain topics. The Board takes such considerations into account in their strategic, risk and performance discussions, and as part of major investments and acquisitions. A closer description of this can be found in the chapter for Sustainability and in the Report from the Board of Directors.

The Board of Directors has appointed a Compensation Committee consisting of the Board Chair and three other board members. The Compensation Committee prepares the board's deliberations on wages and other benefits paid to the President and CEO, as well as matters of principle related to wage levels, incentive schemes, pension schemes, employment contracts and similar for the company's executives. The remuneration for the Head of Corporate Audit is stipulated by the board.

The board's Audit Committee consists of five Board of Director's members. The committee functions as a preparatory body for the board's administrative and supervisory tasks related to financial and sustainability reporting, and at least one member of the Audit Committee shall have experience in accounts management, financial management or auditing.

An overview of the members' participation in board meetings

is available in Note 38 to the Group financial statements.

Statkraft engages in transactions with companies closely related to Statkraft's shareholder, the Norwegian state. All transactions are based on regular commercial terms and arm's length principles.

The Board of Directors instructions state that neither board members nor the President and CEO may participate in the processing or resolution of issues that are of substantial personal or financial interest to them or their related parties. Any persons in such a situation must, on their own initiative, disclose any interest they or their related parties may have in the resolution of an issue. The same follows from the Group's ethical guidelines.

RISK MANAGEMENT AND INTERNAL CONTROL

The internal control includes compliance with the company's values and guidelines for ethics and corporate responsibility. The Compliance functions, the Group risk function, the Group Investment Review Unit (IRU) and the Group's internal control over financial reporting are all important functions to ensure that risk management and internal control are an integrated part of the activities in Statkraft.

Risk management is an integral part of Statkraft's governance model. Managers at all levels of the organisation are responsible for appropriate risk management. Risk management is regulated by mandates, requirements and guidelines. Follow-up of risk and risk management are incorporated in the daily business operations.

Risk management and internal control are integral parts of the Board of Directors work. To ensure that Statkraft has suitable and efficient systems in place for risk management and internal control, the Board of Directors shall:

- Review the Group's most important risk areas at least once a year
- Ensure that the governance, processes and systems are adequately established, implemented and followed up, e.g. through processing of reports submitted to the board by the President and CEO and the internal audit function
- Ensure that risk management and internal control are integrated in the Group's strategy and business plans and executed according to the guidelines.

Statkraft's management system, "The Statkraft Way", defines the Group's principles and ensures a sound control environment for fulfilling the company's goals and intentions. The Statkraft Way is based on ISO principles for quality and environmental management systems.

Statkraft's governance model has a risk-based approach to target setting, prioritisations and follow-up of the business and staff areas. The Group's risk function is process owner for the overall risk management framework and monitors Statkraft's overall risks at Group level. The Group's overall risk profile is concluded upon by the Corporate Management and is reported to the Board of Directors. The Group Risk function reports to the Chief Financial Officer (CFO).

Corporate Audit

Statkraft's Corporate Audit is an independent function that reports to the Board of Directors and which assists the Board of Directors and management in assessing whether the group's most significant risks are sufficiently managed and controlled. The purpose of Corporate Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight related to the organisation's governance, risk management and internal control.

Internal audits are conducted according to an annual plan. The audit work is carried out in accordance with the International Standards for Internal Auditing (IIA). The annual corporate audit report is submitted to the Board of Directors, which also approves the audit plan for the coming year. Corporate Audit also presents a semi-annual report to the Audit Committee. The implementation of Corporate Audit recommendations is regularly followed up.

The Head of Corporate Audit is responsible for Statkraft`s system for reporting of concerns (Whistleblowing channel). Reported concerns in Statkraft are to be addressed to Corporate Audit, who determines their follow-up. In cases where an investigation is required, this is the responsibility of the Head of Corporate Audit.

Corporate Audit is authorized full, free, and unrestricted access to any of Statkraft's records, physical properties and personnel pertinent to carrying out its work. All employees are requested to assist Corporate Audit in fulfilling its roles and responsibilities. The Head of Corporate Audit has a free and unrestricted access to the Board of Directors and the Audit Committee. The Audit Committee and Corporate Audit hold a minimum of one meeting per year without anyone from the Group's administration being present.

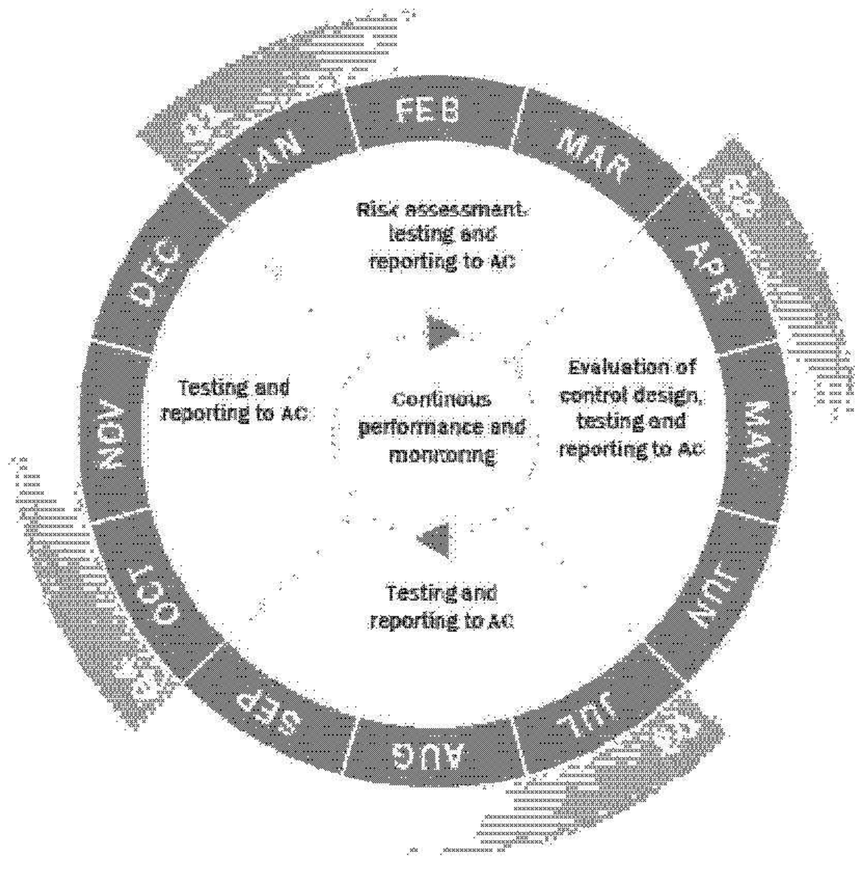
Internal control over financial reporting

The Group's CFO is responsible for the process for Internal Control over Financial Reporting (ICFR) in Statkraft. The ICFR work is based on the COSO framework for internal control, published by the Committee of Sponsoring Organizations of the Treadway Commission.

The ICFR ensures reliable and timely financial information in the interim and annual reports. All subsidiaries are required to comply with the ICFR requirements. The same applies for associated companies, joint operations and joint ventures where Statkraft is responsible for the accounting and financial reporting. If a third party is responsible for the accounting and financial reporting of the partly owned company, the responsible segment shall perform compensating controls.

The activities related to ICFR are performed in the Governance, Risk and Compliance (GRC) system, BWise. Through BWise, the Group can efficiently monitor real time status on control performance throughout the entire organisation.

Annual process for internal control over finanical reporting



The main elements of the ICFR system are:

- **Risk assessment**
  The Group's ICFR Network performs an annual risk assessment where the financial reporting risks are identified and assessed. The purpose is to verify whether Statkraft has appropriate controls to sufficiently mitigate the identified risks.
- **Evaluation of control design**
  Process to ensure that the internal controls are designed efficient and mitigate identified risks to an acceptable level.
- **Test of control performance**
  On a sample basis, the quality of control performance and compliance with control descriptions are tested quarterly to ensure operational effectiveness and continuous improvement.
- **Reporting of ICFR to the Audit Committee**
  As a part of the quarterly reporting, a status on internal control is presented to the Audit Committee. In addition, the result of the yearly assessment of control design and operational effectiveness is reported to the Audit Committee in Q1. The final conclusion of the financial reporting risk assessment is presented to the Audit Committee in Q2. If material breaches are detected in the ICFR system, this will be reported.
- **Continuous performance and monitoring**
  Managers are responsible for compliance with control descriptions and ICFR requirements. Responsible managers perform an annual assessment of design and operational effectiveness of all controls.

Fraud Prevention

Statkraft has specific focus on fraud prevention in the procurement, accounting, tax and treasury processes. In 2022, Statkraft started work to assess the fraud risks and to establish mitigating measures in additional processes, as the revenue process and within IT. Several processes and areas are in scope going forward, selected through a risk-based approach for the group.

Each process owner is responsible for assessing risks and establish controls to prevent and detect fraud. The methodology is built on the same framework and in the same GRC system as for ICFR.

In addition, Statkraft has established a Finance and Fraud Analytics tool. Controls have been built and developed on data from the SAP ERP system working to raise red flags based on algorithms. The purpose of these controls is to assist with detection of fraud and errors in the processes, but also to provide insight to Internal Control and Corporate Audit.

Statkraft will continue to work with fraud prevention and further development of the Finance and Fraud Analytics tool.

REMUNERATION OF THE BOARD OF DIRECTORS

The owner determines the remuneration for the Board of Directors. The remuneration is not related to the company's results.

Shareholder-elected board members normally do not perform any additional services to the company. To the extent that the members of the board perform tasks for the company, this must be clarified with the other board members in advance. Board of Directors remuneration is described in Note 38 to the Group financial statements and in a separate report for management remuneration that is disclosed annually.

REMUNERATION OF EXECUTIVE PERSONNEL

Statkraft adheres to the Norwegian state's guidelines for employment terms for managers in state enterprises and companies.

The Board of Directors will contribute to a moderate, but competitive development of executive remuneration in Statkraft. The board's Compensation Committee prepares the board's deliberation of the wages of the President and CEO and the company's Executive Vice Presidents. The President and CEO and corporate executives shall receive both a fixed salary and a variable payment. The variable salary has a maximum disbursement that complies with the owner's guidelines. The entering into pension agreements adheres to the current guidelines issued by the owner.

The Board of Directors declaration regarding executive wages and other remuneration to executive employees can be read in Note 38 to the Group financial statements. In addition a separate

report for management remuneration is disclosed annually no later than the annual general meeting.

INFORMATION AND COMMUNICATION

The Board of Directors sets guidelines for financial reporting and other information. Statkraft SF publishes its annual financial statement. Each year, Statkraft AS releases three quarterly financial statements and one annual financial statement.

The financial calendar, press releases and stock exchange notices, investor presentations, quarterly and annual reports and other relevant information are published on Statkraft's website.

Statkraft emphasises transparent communication with all stakeholders. The information the company provides to its owner, lenders and the financial markets in general shall provide enough details to permit an evaluation of the company's underlying values and risk exposure on an equal manner.

TAKE-OVERS

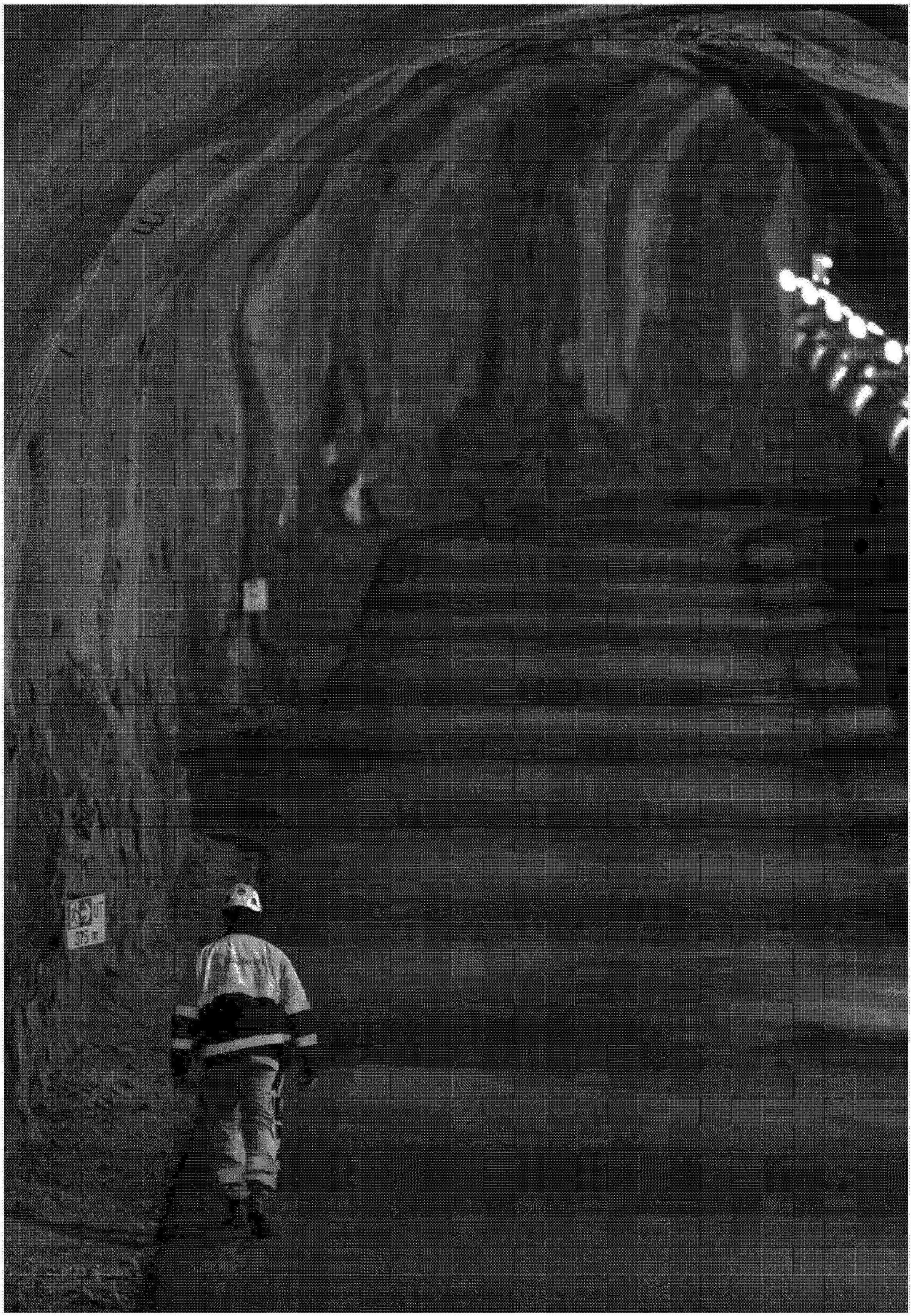
The Articles of Association for Statkraft AS state that the shares can only be owned by Statkraft SF.

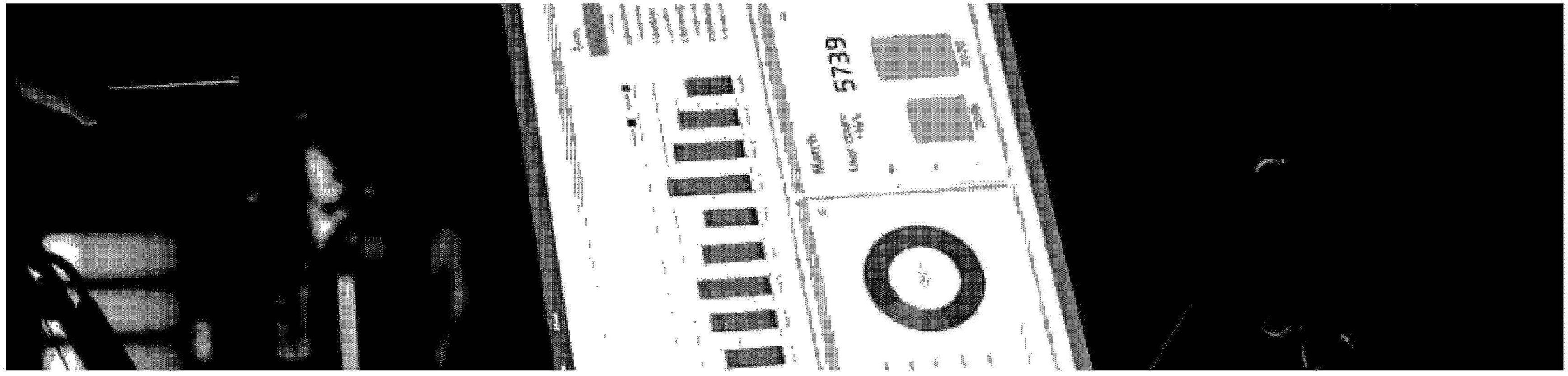
AUDITOR

The enterprise meeting appoints the auditor based on the Board of Directors proposal and approves the auditor's fee. Statkraft SF and Statkraft AS have the same auditor. The auditor serves until a new auditor is appointed.

The Board of Directors and the auditor hold at least one meeting annually where the President and CEO and other Group executives are not present. The Audit Committee evaluates the external auditor's independence and reviews the overall use of the external auditor for consultancy purposes.

As part of the ordinary audit, the auditor presents an audit plan to the Audit Committee and a summary of the audit upon completion. The auditor reports in writing to Statkraft's Audit Committee concerning the company's internal control, applied accounting principles, significant estimates in the accounts and any disagreements between the auditor and the administration. The Board of Directors is briefed on the highlights of the auditor's reporting. At the end of the audit the auditor performs a summary meeting with the Audit Committee.

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STATKRAFT'S BUSINESS GOALS

Deliver green market solutions to customers

Statkraft's ambition is to be a top-tier provider of market solutions in Europe with a significant global reach.

Group Financial Statements

Statement of comprehensive income
Statkraft AS Group

NOK million	Note	2022	2021
Profit and loss			
Sales revenues	4, 12	157 605	84 656
Gains/losses from market activities	13, 21	7 159	-3 235
Other operating income	14	1 409	1 556
Gross operating revenues and other income	4	166 174	**82 976**
Energy purchase	12	-91 131	-39 968
Transmission costs		-1 103	-1 723
Net operating revenues and other income	4	73 940	**41 286**
Salaries and payroll costs	16, 17	-7 508	-5 286
Depreciations and amortisations	23, 24, 25	-4 657	-4 113
Impairments/reversal of impairments	15, 23, 24	-907	3 403
Regulatory fees	18	-3 409	-1 375
Other operating expenses	19	-5 281	-4 188
Operating expenses		-21 763	**-11 559**
Operating profit/loss (EBIT)		52 178	**29 727**
Share of profit/loss in equity accounted investments	15, 26	531	**1 686**
Net currency effects	21	233	1 089
Interest and other financial items	5, 20, 21	5 878	242
Net financial items		6 111	**1 331**
Profit/loss before tax		58 819	**32 744**
Income tax expense	22	-30 228	-16 663
Net profit/loss		28 592	**16 081**
Of which non-controlling interest		624	558
Of which owners of the parent		27 968	15 523
OTHER COMPREHENSIVE INCOME (OCI)			
Items in other comprehensive income that recycle over profit/loss:			
Items recorded in other comprehensive income in equity accounted investments		88	1
Recycling of currency translation effects related to foreign operations disposed		-2	-39
Currency translation effects		4 765	-2 473
Total		4 851	**-2 511**
Items in other comprehensive income that will not recycle over profit/loss:			
Changes in fair value of financial instruments, net of tax		-90	28
Estimate deviation pension in equity accounted investments		-23	28
Estimate deviation pension, net of tax		797	-312
Total		684	**-257**
Other comprehensive income		5 535	**-2 767**
Total comprehensive income		34 127	**13 313**
Of which non-controlling interest		777	564
Of which owners of the parent		33 350	12 748

Statement of financial position

Statkraft AS Group

NOK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Deferred tax assets	22	1 213	1 748
Intangible assets	23	4 322	4 112
Property, plant and equipment	24, 25	122 808	116 521
Equity accounted investments	4, 26	18 845	14 771
Derivatives	10	39 180	27 995
Other non-current assets	17, 27	7 367	6 488
Non-current assets		193 533	**171 635**
Inventories	28	12 550	6 614
Receivables	29	58 040	42 190
Financial investments	10	629	661
Derivatives	10	17 622	51 741
Cash and cash equivalents (incl. restricted cash)	30	58 902	37 162
Current assets		147 643	**138 369**
Assets		341 176	**310 004**
EQUITY AND LIABILITIES			
Paid-in capital		59 219	59 219
Other reserves		6 853	2 234
Retained earnings		59 928	41 426
Total equity attributable to owners of the parent		126 000	**102 880**
Non-controlling interest		5 691	4 896
Equity		131 691	**107 775**
Deferred tax	22	16 964	12 723
Pension liabilities	17	2 927	3 892
Bond and bank debt	33	25 083	19 632
Lease liabilities	25, 33	1 687	1 861
Contract liabilities	32	3 736	4 052
Derivatives	10	43 629	21 985
Other non-current liabilities	31	3 974	3 283
Non-current liabilities		98 000	**67 427**
Commercial papers, bond and bank debt	33	12 310	18 942
Lease liabilities	25, 33	345	303
Contract liabilities	32	316	316
Taxes payable	22	26 365	14 527
Derivatives	10	35 049	64 647
Other current liabilities	34	37 100	36 068
Current liabilities		111 485	**134 802**
Equity and liabilities		341 176	**310 004**

Statement of changes in equity

Statkraft AS Group

NOK million	Paid-in capital	Hedge reserves and profit and loss reserves other shares [1)]	Currency translation effects [2)]	Total other reserves	Retained earnings	Attributable to owners of parent	Non-controlling interests	Total equity
Balance as of 31 Dec 2020	**59 219**	-203	4 936	**4 733**	**29 888**	93 840	**4 188**	98 028
Net profit/loss	-	-	-	-	**15 523**	15 523	**558**	16 081
Total other comprehensive income	-	24	-2 523	**-2 499**	**-275**	-2 773	**6**	-2 767
Total comprehensive income for the period	-	24	-2 523	**-2 499**	**15 249**	12 750	**564**	13 315
Dividend	-	-	-	-	**-3 673**	-3 673	**-91**	-3 763
Transactions with non-controlling interests	-	-	-	-	**-38**	-38	**133**	95
Business combinations/divestments	-	-	-	-	-	-	**101**	101
Balance as of 31 Dec 2021	**59 219**	-179	2 413	**2 234**	**41 426**	102 880	**4 896**	107 776
Net profit/loss	-	-	-	-	**27 968**	27 968	**624**	28 592
Total other comprehensive income	-	15	4 603	**4 618**	**764**	5 382	**153**	5 535
Total comprehensive income for the period	-	15	4 603	**4 618**	**28 732**	33 350	**777**	34 127
Dividend	-	-	-	-	**-10 214**	-10 214	**-312**	-10 526
Transactions with non-controlling interests	-	-	-	-	**-15**	-15	**330**	315
Balance as of 31 Dec 2022	**59 219**	-163	7 016	6 853	**59 928**	126 000	**5 691**	131 691

[1)] The net investment hedge reserves amounted to NOK -321 million in 2022 and 2021.

[2)] Includes NOK 1290 million in inflation adjustment of Turkish entities due to hyperinflation in 2022. Comparable figures have not been restated. See notes 23 and 24.

GENERAL INFORMATION

The parent company has a share capital of NOK 33.6 billion, divided into 200 million shares, each with a par value of NOK 168. All shares have the same voting rights and are owned by Statkraft SF, which is a Norwegian state-owned company, established and domiciled in Norway. Statkraft SF is wholly owned by the Norwegian state, through the Ministry of Trade, Industry and Fisheries.

On 28 June 2022, Statkraft's General Assembly approved a disbursement of NOK 10 214 million as dividend to Statkraft SF. For the current year the Board of Directors has proposed to pay a dividend of NOK 17 213 million.

SIGNIFICANT ACCOUTING POLICIES

Dividend proposed at the time of approval of the financial statements is classified as Equity. Dividends are reclassified to Current liabilities once they have been approved by the General Assembly.

Statement of cash flow

Statkraft AS Group

NOK million	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit/loss (EBIT)		52 178	29 727
Depreciations, amortisations and impairments	23, 24, 25	5 665	710
Gains/losses from divestments and disposals of assets		-226	-740
Unrealised effects included in operating profit/loss (EBIT)	21	-1 867	-2 362
Dividends from equity accounted investments	26	1 154	571
Changes in working capital		-1 524	859
Investments in development and construction projects classified as inventories (DS/DBS)		-2 792	-1 892
Cash collateral, margin calls and option prepayments		2 615	3 311
Cash effects from foreign exchange derivatives related to operations		-296	-273
Effects from prepayments from customers	12, 32	-316	-316
Taxes paid		-14 519	-3 042
Other changes		70	-311
Cash flow from operating activities (A)		40 242	**26 242**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment and intangible assets		-8 041	-7 477
Divestment of shares in subsidiaries, net liquidity inflow	5	-	2 442
Acquisition of shares in subsidiaries, net liquidity outflow	5	-269	-1 730
Loans and interest related to equity accounted investments		130	90
Sale of development and construction projects classified as inventories (DS/DBS)	5	1 537	822
Other investments		-372	233
Cash flow from investing activities (B)		-7 015	**-5 618**
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	33	25 911	14 935
Repayment of debt	33	-28 271	-5 842
Cash collateral related to financing		-593	333
Interests paid		-1 030	-567
Interests received from cash and other assets		995	158
Dividend and group contribution paid to Statkraft SF		-10 214	-3 673
Transactions with non-controlling interests		18	73
Cash flow from financing activities (C)		-13 184	**5 418**
Net change in cash and cash equivalents (A)+(B)+(C)		20 043	**26 042**
Currency exchange rate effects on cash and cash equivalents		1 696	-34
Cash and cash equivalents 1 Jan	30	37 162	11 155
Cash and cash equivalents 31 Dec [1)]	30	58 902	37 162
- Of which cash and cash equivalents in joint operations		190	281
Unused committed credit lines		13 668	9 167
Unused overdraft facilities		2 045	2 051
Restricted cash	30	332	342

[1)] As of 31 December 2022, NOK 3.3 billion from Baltic Cable is included, see note 35 for further information.

Statement of Cash Flow continued

Reconciliation of investments in property, plant and equipment in the statement of cash flow against investments in note 4:

	2022	2021
Investments in property, plant and equipment and intangible assets in the statement of cash flow	**8 041**	**7 477**
Capitalised borrowing costs	293	136
Capitalised decommissioning provisions	525	138
Non-cash additions from right-of-use assets	300	1 083
Timing differences between capitalisation and payment date	-1 261	-1001
Investments in maintenance, other and new capacity in note 4	**7 899**	**7 833**

Reconciliation of acquisition of shares in subsidiaries in the statement of cash flow against total acquisition cost in note 5:

	2022	2021
Acquisition of shares in subsidiaries in the statement of cash flow	**269**	**1 730**
Contingent consideration on current year acquisitions not paid	101	5
Contingent consideration paid from previous periods acquisitions	-68	-32
Fair value uplift from existing ownership related to acquisitions (non-cash)	-	21
Participation in share issue without Group cash effect	-	191
Cash and cash equivalents in acquired companies	1	139
Acquisition of non-controlling interest not included in note 5 (no change of control)	-	-79
Total acquisition cost in note 5	**303**	**1 973**

SIGNIFICANT ACCOUNTING POLICIES

The cash flow statement has been prepared using the indirect method.

Operating activities Changes in working capital comprise of inventory, short-term interest-free receivables and short-term interest-free liabilities. Effects related to capital expenditures, unrealised changes or reclassifications are not included in changes in working capital.

Investing activities Acquisition/divestment of shares includes cash and cash equivalents in the investee that are recognised at the transaction date. Hence, this is presented net together with the cash consideration paid or received. Cash received from payment of loans as part of the share sales agreement following divestment of entities is presented together with the cash received from divestment of the shares as a part of business divestments under Investing activities.

Financing activities Interest payments from interest rate derivatives, which are used to manage the Group's debt portfolio, are presented as a part of Interest paid. Cash effects from foreign exchange derivatives related to debt are presented as a part of Repayment of debt. Both the principal portion and the interest portion of payments of lease liabilities are included in financing activities as Repayment of debt and Interest paid respectively.

Cash flows related to the DS/DBS model
From the DS/DBS model in the segment Europe, the main types of cash flows originate from either cash outflow from investments related to development and construction of projects and cash inflow from divestment of the projects. These are presented as follows:

- Cash outflow related to ongoing development and construction projects classified as Inventories (DS/DBS) under Operating activities.
- Cash inflow following divestments of shares is presented as Sale of development and construction projects classified as Inventories (DS/DBS) under Investing activities.

See also note 1.

Notes

Statkraft AS Group

Index of notes to the consolidated financial statements

General		Page
Note 1	General information and summary of significant accounting policies	109
Note 2	Climate risk, key accounting estimates and judgements	112
Note 3	Subsequent events	113
Note 4	Segment information	114
Note 5	Business combinations and other transactions	120
Financial risk and instruments		
Note 6	Management of capital structure	123
Note 7	Market risk in the Group	124
Note 8	Analysis of market risk	126
Note 9	Credit risk and liquidity risk	128
Note 10	Financial instruments	130
Note 11	Hedge accounting	135
Statement of comprehensive income		
Note 12	Sales revenues and energy purchase	136
Note 13	Gains/losses from market activities	140
Note 14	Other operating income	141
Note 15	Impairments/reversal of impairments	142
Note 16	Salaries and number of full-time equivalents	144
Note 17	Pensions	145
Note 18	Regulatory fees	147
Note 19	Other operating expenses	147
Note 20	Financial items	148
Note 21	Unrealised effects recognised in the statement of profit and loss	149
Note 22	Income taxes	150

Statement of financial position		Page
Note 23	Intangible assets	156
Note 24	Property, plant and equipment	157
Note 25	Leases	160
Note 26	Associates and joint arrangements	163
Note 27	Other non-current financial assets	166
Note 28	Inventories	166
Note 29	Receivables	168
Note 30	Cash and cash equivalents	169
Note 31	Other non-current liabilities	170
Note 32	Contract Liabilities	170
Note 33	Interest-bearing liabilities	171
Note 34	Other current liabilities	171
Other information		
Note 35	Disputes, contingencies and uncertain tax positions	172
Note 36	Pledges, guarantees and obligations	174
Note 37	Fees paid to external auditors	175
Note 38	Benefits paid to executive management and the Board of Directors	176
Note 39	Related parties	180
Note 40	Consolidated companies	181

Note 1 General information and summary of significant accounting policies

GENERAL INFORMATION

Statkraft AS is a Norwegian limited liability company, established and domiciled in Norway. Statkraft AS is wholly owned by Statkraft SF, which in turn is wholly owned by the Norwegian state, through the Ministry of Trade, Industry and Fisheries. The company's head office is located in Oslo and the company has debt instruments listed on the Oslo Stock Exchange and the Irish Stock Exchange.

Statkraft's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and further requirements in Norwegian Accounting Law (Regnskapsloven).

The consolidated accounts have been prepared based on the historical cost principle, with the exception of certain financial instruments, derivatives, certain environmental certificates and certain elements of net pension assets measured at fair value at the reporting date.

Historical cost is generally based on fair value of the consideration transferred when acquiring assets and services.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of fair value is contingent upon market prices being available at a certain date or whether other valuation techniques have been applied. When determining fair value, the management must apply assumptions that market participants would have been expected to use in a similar valuation. Measurement and presentation of assets and liabilities measured at fair value when presenting the consolidated accounts are based on these policies, except for when measuring fair value less cost to sell in accordance with IAS 2 Inventories and when measuring value in use in accordance with IAS 36 Impairment of Assets.

The accounting policies applied to the consolidated financial statements as a whole are described below while the remaining accounting policies are described in the notes to which they relate. The policies have been applied in the same manner in all presented periods, unless otherwise stated.

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies:

• Statement of cash flow	
• Statement of changes in equity	
• Segment information	Note 4
• Business combinations and other transactions	Note 5
• Financial instruments	Note 10
• Hedge accounting	Note 11
• Sales revenues and energy purchase	Note 12
• Gains/losses from market activities	Note 13
• Impairments/reversal of impairments	Note 15
• Pensions	Note 17
• Income taxes	Note 22
• Intangible assets	Note 23
• Property, plant and equipment	Note 24
• Leases	Note 25
• Associates and joint arrangements	Note 26
• Other non-current financial assets	Note 27
• Inventories	Note 28
• Receivables	Note 29
• Cash and cash equivalents	Note 30
• Other non-current liabilities	Note 31

CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the parent company Statkraft AS and its subsidiaries. A subsidiary is an entity in which Statkraft has control through the power to govern the financial and operating policies. Control is obtained when Statkraft has the ability to affect the variable returns through its power over the investee. Power is obtained either through ownership of more than 50% of the voting power or/and through agreements with other shareholders. Statkraft consolidates a subsidiary from the date the Group first obtains control, and ceases consolidating a subsidiary the date the Group loses control. If necessary, the subsidiaries' financial statements are adjusted to correlate with the Group's accounting policies. Inter-company transactions and inter-company balances, including internal gains and losses, are eliminated.

Investments in joint arrangements and associates
Statkraft classifies its investments based on an analysis of the degree of control and the underlying facts and circumstances. This includes an assessment of voting rights, ownership structure and the relative strength, purchase and sale rights controlled by Statkraft and other shareholders. Each individual investment is assessed. Upon changes in underlying facts and circumstances, a new assessment must be made on how to classify the investment.

Joint operations are joint arrangements where the participants who have joint control over a business activity have contractual rights to the assets and obligations for the liabilities, relating to the operation. In joint operations, decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group's share in joint operations is recognised in the consolidated financial statements in accordance with Statkraft's interest in the joint operation's assets, liabilities, revenues and expenses. The proportionate share of gains and losses arising from intragroup transactions between entities and joint operations are eliminated.

Note 1 continued

Associates are companies or entities where Statkraft has significant influence. **Joint ventures** are companies where Statkraft has joint control together with one or several other investors. In a joint venture company, decisions related to relevant activities must be unanimous between participants which have joint control. The Group's share in the associates' or joint ventures' net assets is recognised in the consolidated accounts using the equity method and presented as Equity accounted investments under Non-current assets. The Group's share of the companies' profit after tax is presented as Share of profit/loss in equity accounted investments in the statement of comprehensive income.

PRINCIPLES RELATED TO THE DEVELOP-SELL (DS) AND DEVELOP-BUILD-SELL (DBS) BUSINESS MODEL

Statkraft's segment Europe has a business model where the goal is to develop and construct onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion. The business model entails several relevant accounting policies affecting different notes. These policies are as follows:

Gains or losses from divestments of shares Most of development and construction are done in separate special purpose vehicles (SPVs). Gains are presented as Other operating income and losses as Other operating expenses. See notes 14 and 19.

Classification of the main cash flows from the business model is described in the Significant accounting policies section in the statement of cash flow.

Power plants Wind and solar plants that are constructed with the intention to divest are presented as Inventories. The individual SPVs are normally counterparties in leasing contracts related to land. The leasing liability and corresponding right-of-use asset are accounted for according to IFRS 16 Leases separately from Inventories. See notes 28, 24 and 25.

Engineering, procurement and construction (EPC) Revenues from engineering, procurement and construction (EPC) contracts contain a single performance obligation satisfied over time. The revenues and expenses are recognised according to the project's progress rate. See note 12.

Asset management, operation and maintenance Revenues from operation and maintenance of third-party assets are normally related to performance obligations satisfied over time. See note 12.

Power generation before divestment If the construction of a power plant in the DS/DBS business model is completed before divestment, the power plants will generate power and these revenues are presented as Sales revenues. Expenses related to generation are presented as Other operating expenses. See note 12.

COMPARABLE FIGURES AND RECLASSIFICATIONS

In 2022 Statkraft has changed its segment structure. Comparable figures have been restated. See note 4 for more information.

In 2022 Statkraft has implemented IT systems that enhanced data required to get an overview over netting of financial instruments. The new IT systems have improved data accuracy and have led to an increase of units being netted in the statement of financial position. The unit of account for netting purposes is the individual cash flow. As the approach cannot be applied retrospectively the comparable figures have not been restated.

FOREIGN CURRENCY

Subsidiaries prepare their accounts in the company's functional currency, normally the local currency in the country where the company operates.

Statkraft AS's functional currency is Norwegian kroner (NOK), and it is also the presentation currency for the consolidated financial statements. When preparing the consolidated financial statements, the local currency of the foreign subsidiaries, associated companies and joint ventures are translated into NOK in accordance with the current exchange rate method. This means that balance sheet items are translated to NOK at the exchange rate prevailing as of 31 December; whilst the profit and loss statement is translated using monthly weighted average exchange rates throughout the year. Currency translation effects are recognised as other comprehensive income and recycled to the profit and loss statement upon sale or loss of control of shareholdings in foreign companies.

The currency translation effects that are recycled are presented as part of the gain or loss of the sale or disposal in the profit and loss statement. The part of the currency translation effects related to non-controlling interest is not recycled to the profit and loss statement. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement.

HYPERINFLATION TÜRKIYE

The Turkish economy has been defined as hyperinflationary since the second quarter 2022. For the period beginning 1 January 2022, Turkish entities' non-monetary assets and liabilities measured at historical cost have been remeasured since acquisition date. The application of IAS 29 results in an adjustment for the loss of purchasing power of the Turkish Lira. The consumer price index published by the Turkish Statistical Institute has been used when applying IAS 29. The CPI index was 686.95 in December 2021 and 1128.45 in December 2022. The main effect from the remeasurement is an increase of Property, plant and equipment of NOK 1318 million. A corresponding post-tax effect of NOK 1290 million is recognised in other comprehensive income.

Note 1 continued

CLASSIFICATION AS CURRENT/NON-CURRENT

Items in the statement of financial position are classified as current when they are expected to be realised or settled within 12 months after the reporting date. The first year's repayments relating to non-current liabilities are presented as Current liabilities. Development projects, construction projects and projects in operation in scope of IAS 2 Inventories are always presented as current. For financial instruments measured at fair value the unit of account for presentation purposes is in general the individual contract. Derivatives with recurring settlements shall be assessed based on its final settlement. For contracts subject to netting the unit of account is the individual cash flow since the contracts are already disaggregated for netting purposes. See note 10.

ADOPTION OF NEW AND REVISED STANDARDS

In 2022 new standards and amendments to existing standards have become effective. This is related to the following standards:

- Annual improvements to IFRS Standards 2018-2020 cycle
- Reference to the conceptual framework (amendments to IFRS 3)
- Onerous contracts – costs of fulfilling a contract (amendments to IAS 37)
- Property, plant and equipment: proceeds before intended use (amendments to IAS 16)

The adoption of these items did not have a significant impact on the financial statements of the Group.

THE FOLLOWING REVISED IFRSS HAVE BEEN ISSUED, BUT ARE NOT YET EFFECTIVE, AND IN SOME CASES HAVE NOT BEEN ADOPTED BY EU

- Classification of liabilities as current or non-current (amendments to IAS 1)
- Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2)
- IFRS 17 Insurance contracts (including amendments)
- Definition of accounting estimates (amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

Statkraft does not expect that the adoption of these Standards will have a material impact on the financial statements for the Group in future periods.

Note 2 Climate risks, key accounting estimates and judgements

INTRODUCTION

The use of reasonable estimates and judgements is a critical element in preparing the financial statements for the Group. Due to the level of uncertainties inherent in Statkraft's business activities, management must make certain estimates and judgements that affect the application of accounting policies, results of operations, cash flows and financial position as reported in the financial statements.

Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances. In 2022 risks related to climate changes have become even more relevant when management make their estimates and judgements. Statkraft revises its view of future power prices for the purpose of investment and impairment on a quarterly basis.

Accounting estimates, judgements and assumptions may entail a risk of material adjustments in subsequent periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

KEY SOURCES OF ESTMATE UNCERTAINTY AND AREAS OF SIGNIFICANT JUDGEMENT

Uncertain energy markets

Through 2022 there has been an extraordinary situation in the energy market. The shortage of gas supplies from Russia has increased the risk and uncertainty in the global energy markets. Throughout the year the power prices in the liquid and operational horizon have increased to historical high levels and are very volatile. This leads to higher uncertainty in estimates and a risk for adjustments of carrying value of non-financial assets and long-term energy contracts in subsequent periods. These risks are further described in *Statkraft's long-term price forecast for power* and in *Fair value of energy contracts* below.

The increased risk related to volatile energy prices has led to significant initial margin requirements from the exchanges. Statkraft has mitigated this liquidity risk by reducing its positions in the future/forward markets and taken precautionary measures to secure liquidity through increased level of cash and cash equivalents.

Risks and uncertainties may arise from regulatory interventions. In several European countries, the authorities have adopted price regulations at different levels and with different durations. With the exception of Albania and Norway, the regulations do not have a significant impact on Statkraft's operations for 2022 or the position of financial statement as per 31 December 2022. See note 18.

Statkraft's long-term price forecast for power (LPF)

Statkraft's LPF for power and the related market developments are one of the key assumptions used by management in making business decisions. In addition, these assumptions are critical input for management related to financial statement processes such as:

• Allocation of fair value in business combinations	Note 5
• Impairment testing of property, plant and equipment	Note 15, 24
• Impairment testing of intangible assets	Note 15, 23
• Impairment testing of equity accounted investments	Note 15, 26

Statkraft performs an annual update of its long-term price forecasts and the related expected market developments in the geographical areas where Statkraft operates. This update is the output from a continuous process of monitoring, interpreting and analysing global as well as local trends, which will affect future markets and revenues. The update provides basis for management's expectation for future prices and revenue streams beyond 2030 associated with the assets and for making strategic decisions. The Group's long-term price expectation were updated in May 2022 (LPF 22).

In general, only the short (2022-2026) and medium (2027-2030) term view is changed during the quarterly updates, following changes in the fuel forward curve and possible revisions of inputs out to current year +7 (2029). The market uncertainty in the short-term and medium-term observed in period subsequent to the approval of LPF 22 has not led to an update of expected prices beyond 2030. Statkraft does not see a durable long-term impairment signal but rather a consequence of volatile short-term market movements reflected in the forward curve.

A fundamental approach is applied when analysing the markets, considering elements such as:

- Cost levels of competing technologies and fuels
- Future energy balances including impact from climate risks
- Political regulations
- Technological developments to reduce emissions of greenhouse gases

The process is headed and run by a team of experts across the Group. The main results are benchmarked to external references and major deviations are explained. The process aims to ensure consistency and provides a balanced view of both the markets and expected future power prices.

The Corporate Management is forming its management view by being involved in the process. Corporate Management is invited to provide and challenge the input and scenarios applied in the analysis to be used in asset valuations and other strategic considerations. Based on the expert recommendations, the Corporate Management approves the annual long-term price forecasts for power and the view upon the related market development.

Impact from climate changes on the LPF

The long-term energy sector analysis is based on a specific global climate scenario and where regional climate ambitions are incorporated when developing the power market view. Also, climatic correction of weather and inflow is included in the assumptions used to develop the long-term price forecast. The Nordic countries constitute the most important market for Statkraft. For this area, and for some other countries, the inflow series are climate-adjusted, which results in changes in future inflow volume and hydropower production. The estimation of impact on inflows from climate changes in other regions are still in progress.

Note 2 continued

In the LPF a scenario of global warming of 2.0-2.2 Celsius degrees is assumed, as Statkraft currently views this as the most probable outcome. The consequences of known revisions such as the "EU Waterframework directive" and Revision of licence terms for hydropower plants are also taken into account in the model.

In Europe, and particularly Germany, gas-fired power will be key to provide the needed flexibility as there are few alternatives. As gas prices normalise the higher price for emissions will result in a fuel switch from coal to gas leading to lower emissions for Europe as a whole, but with higher run time for Statkraft's gas power plants. This means by 2040, our existing gas-fired power plants will need to be either phased out, retrofitted with CCS technology, or using blend-in of low-carbon fuels such as green hydrogen to reach our target of carbon neutrality as a company. The remaining useful life for the gas-fired power plants is 12 to 15 years.

Physical risks from climate changes

Physical risks resulting from climate change will materialise as both incidents and long-term shifts in weather. Hydropower is a significant part of Statkraft's energy mix with 77% of the portfolio, where a large part is located in Norway. A key success factor for responsible water management is to predict precipitation as accurately as possible in order to reduce flood/drought risk, optimise energy production and while ensuring the agreed minimum flow. Statkraft invests in dams and waterways to increase the robustness of dams and meet regulators' updated safety standards. The risk of major accidents related to climate change is thus considered to be low.

Fair value of energy contracts

In addition to the above, significant judgement is applied in the valuation of the Group's long-term power purchase agreements and power sales agreements categorised within level 3 in the fair value hierarchy. The fair value estimate is based on the amounts for which the assets or liabilities could be exchanged at the end of the reporting period. Where fair value measurement cannot be derived from publicly available information, they are estimated using models and other valuations methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market-based transactions often do not exist.

The increased volatility in prices in both the spot and forward markets has led to increased uncertainty when measuring fair value of energy contracts. Statkraft has observed decreased liquidity in exchange-traded futures during 2022, which has entailed more detailed analysis of whether observable inputs are representative and relevant for the valuation models. These analysis have not led to significant changes in Statkraft's valuation models or principles.

Net realisable value of inventory

Statkraft constructs power plants with the intention to divest before or at completion (DS/DBS business model). Such assets are presented as Inventories and shall be measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Significant judgement is applied when assessing the selling price, as market price information on similar assets are not necessarily available. Statkraft uses a team of experts with local market knowledge to assess the selling price. If no external price information is available, the asset is valued by discounting future cash flows applying the long-term price forecast for power.

Various sensitivity analyses are disclosed in:

• Analysis of market risk	Note 8
• Financial instruments	Note 10
• Impairments	Note 15

In addition to the sensitivity analysis above, significant judgement is applied in estimating the carrying amounts of:

• Pensions	Note 17
• Deferred tax assets	Note 22
• Property, plant and equipment (useful life)	Note 24

CRITICAL JUDGEMENT IN APPLICATION OF ACCOUNTING POLICY

Due to Statkraft's business activities, management must apply judgements in determining the appropriate accounting policy in areas where the choice of policies may have a material impact on the accounting treatment in the financial statements. Such areas include:

• Classification of energy contracts	Note 10
• Classification of sales revenues	Note 12
• Classification of regulated fees and taxes	Note 18/22
• Classification of investments made together with third parties	Note 26

Note 3 Subsequent events

On 17 January 2023, Statkraft signed an agreement with Copenhagen Infrastructure Partners to divest a 50% stake in Statkraft's offshore wind portfolio in Ireland. The scope of the transaction includes the three phases of the North Irish Sea Array (NISA) and the Bore Array. Developing and building these projects are expected to require an investment of more than NOK 40 billion by Statkraft and CIP by 2030. Closing is subject to certain conditions.

On 10 February 2023, Statkraft executed a Leniency agreement with the federal authorities in Brazil. See note 35 for more information.

Note 4 Segment information

GENERAL INFORMATION

Statkraft is organised in five Business Areas (BAs) and two corporate Staff Areas (SAs). The BAs are: Nordics, Markets, International, Europe and New Energy Solutions. The SAs are: Corporate staff and CFO & IT.

BAs in Statkraft shall, within their respective areas of responsibility, pursue Statkraft's strategic, financial and other targets and objectives, which are reported through the segment structure. Targets and objectives are defined by key performance indicators.

Activities in the business areas are allocated and presented in the respective segments.

The Group's reportable segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified based on internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

The segment reporting is based on underlying figures. The table on the next page reconciles the Group IFRS figures with the Group underlying figures. The rationale for reporting underlying figures is described in the Alternative Performance Measures section.

See note 12 for revenues per category and geography.

Segment assets do not include deferred tax assets, prepaid income taxes, foreign exchange and interest rate derivatives, accrued interests, current interest-bearing receivables (except loans to equity accounted investments), current financial investments and cash and cash equivalents.

In Q4 2022 Statkraft has adopted a new segment structure, following the Group's updated strategy and the new structure of the corporate management. With the new organisation Statkraft aims to:

- Strengthen the market-centric approach with clear mandates along the geographic dimension and strong country management to facilitate coordination across activities on country/market level
- Be set for accelerated growth – aiming to develop 4 GW/year by 2030 within onshore wind and solar power, expand the capacity in the hydropower portfolio, take an industrial role within offshore wind, and more.
- Prepare for scaling emerging technologies such as green hydrogen, biofuels and EV charging with increased management attention.

On this basis the new segments are now more geographically oriented and hence the following main changes have been made to the segments:

The new segment Nordics consists of the business previously reported under the former segment European flexible generation, except for the business geographically outside the Nordics that is transferred to the new segment Europe. Further, the former segment Industrial ownership, as well as the Norwegian and Swedish wind power business previously reported under segment European wind and solar are now included in the new segment Nordics.

The new segment International consists of the business previously reported under the former segment International power, except all business related to the operations in Albania that is now part of the new segment Europe.

The new segment Europe consists of the business previously reported under the former segment European wind and solar, except for the Norwegian and Swedish wind power business that are now included in the new segment Nordics. The new segment Europe has also taken over all business outside Norway and Sweden that was previously a part of the former segment European flexible generation, as well as all business related to the operations in Albania that previously was reported under the former segment International power.

The new segment New technologies consists of new green energy technologies that was previously reported under the former segment Other activities. This includes green hydrogen, biofuel, EV charging, other green technologies and Statkraft Venture.

Other includes costs related to governance of the Group, other group services and unallocated assets. The new businesses that were previously reported under Other activities are now reported under the new segment New technologies.

For the affected segments the comparable figures are restated. The segments Markets and District heating are not changed compared to previous years.

The reportable new segments are defined as:

Nordics includes asset ownership and operation of the Group's hydro- and wind power business in Norway and Sweden, as well as the subsea interconnector between Sweden and Germany (Baltic Cable). The segment also includes all offwhore wind power development. In addition, it includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, Eviny and Å Energi (formerly Agder Energi AS that was merged with Glitre Energi AS). Skagerak Energi is included in the consolidated financial statements, while Eviny and Å Energi are reported as equity accounted investments.

Europe has two main business models. One of the models is to develop and construct onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion. This business model is known as Develop-Sell (DS) or Develop-Build-Sell (DBS). The segment has development and construction activities in several countries in Europe. The segment also has asset ownership and operation of wind farms in Ireland, Germany and France, hydropower in Germany, UK and Albania, gas-fired and biomass power plants in Germany as well as grid service assets in the UK and Ireland. This business model is known as Build-Own-Operate (BOO).

International includes development, asset ownership and operation of onshore wind, solar and hydropower assets outside western Europe. The focus is on selected markets where Statkraft can add value in a clear industrial role. Some of the investments are made in collaboration with local partners or international investors. The segment operates in, Brazil, Chile, Peru, India, Türkiye and Nepal.

Markets includes proprietary trading, origination, market access for generators of renewable energy, as well as dynamic asset management. The segment has activities in several countries in Europe, and is also active in Brazil, India and USA. Markets generates profit from changes in the market value of energy and energy-related products, and from buying and selling both standard and structured products, typically environmental certificates and power contracts.

District heating includes development, asset ownership and operation of district heating plants in Norway and Sweden.

New technologies will serve as an incubator where Statkraft creates and grows new businesses, develop them to scale and either integrate or hold at arm's length.

In addition:

Other includes costs related to governance of the Group, other group services and unallocated assets.

Group items includes elimination of transactions between segments.

Reconciliation of IFRS versus underlying figures

NOK million	2022 IFRS	Adjustments	2022 Underlying	2021 IFRS	Adjustments	2021 Underlying
Profit and loss						
Sales revenues	157 605		157 605	84 656		84 656
Gains/losses from market activities	7 159	1 338	8 498	-3 235	1 285	-1 950
Other operating income	1 409	1	1 409	1 556	-822	734
Gross operating revenues and other income	166 174	**1 339**	167 513	**82 976**	**463**	**83 440**
Energy purchase	-91 131		-91 131	-39 968		-39 968
Transmission costs	-1 103		-1 103	-1 723		-1 723
Net operating revenues and other income	73 940	**1 339**	75 280	**41 286**	**463**	**41 749**
Salaries and payroll costs	-7 508		-7 508	-5 286		-5 286
Depreciations and amortisations	-4 657		-4 657	-4 113		-4 113
Impairments/reversal of impairments	-907	907	-	3 403	-3 403	-
Regulatory fees	-3 409		-3 409	-1 375		-1 375
Other operating expenses	-5 281	-	-5 281	-4 188	5	-4 183
Operating expenses	-21 763	**907**	-20 855	**-11 559**	**-3 398**	**-14 957**
Operating profit/loss (EBIT)	52 178	**2 246**	54 424	**29 727**	**-2 935**	**26 792**

The following adjustments are not included in the underlying figures:

- Gains/losses from market activities: unrealised value changes from embedded euro derivatives in power sales contracts.
- Other operating income/expenses: gains/losses from divestment of business activities that are not classified as DS/DBS.
- Impairments/reversal of impairments related to intangible assets and property, plant and equipment.

Note 4 continued

Accounting specification per segment

Segments

NOK million	Statkraft AS Group	Nordics	Europe	Inter-national	Markets	District heating	New techno-logies	Other	Group items
2022									
Gross operating revenues and other income, external	167 513	57 896	11 088	3 606	93 411	1 079	635	103	-305
Gross operating revenues and other income, internal	-	1 327	1 365	387	-99	9	50	1 803	-4 842
Gross operating revenues and other income underlying	167 513	59 223	12 453	3 993	93 312	1 088	685	1 906	-5 147
Net operating revenues and other income underlying	75 279	53 375	5 400	2 475	14 106	749	215	1 870	-2 912
Operating profit/loss (EBIT) underlying	54 424	43 042	1 832	636	10 374	188	-656	-407	-584
Unrealised value changes from embedded euro derivatives	-1 338	-1 338	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	-	-	-	-	-	-	-	-	-
Impairments/reversal of impairments	-907	-692	1 542	-1 753	-	-3	-1	-	-
Operating profit/loss (EBIT) IFRS	52 178	41 011	3 375	-1 117	10 374	184	-657	-407	-584
Share of profit/loss in equity accounted investments	531	-685	281	988	-	-	-54	-	1
Assets and capital employed 31 Dec 22									
Property, plant and equipment and intangible assets	127 129	79 984	18 381	22 775	137	3 466	1 461	925	-
Equity accounted investments	18 645	13 739	801	4 026	-	-	92	3	-17
Loans to equity accounted investments	1 555	46	333	1 176	-	-	-	-	-
Inventories (DS/DBS)	4 493	-	4 493	-	-	-	-	-	-
Other assets	189 354	16 547	3 707	4 045	73 139	441	1 998	89 919	-440
Total assets	341 176	110 316	27 714	32 022	73 276	3 907	3 550	90 847	-457
Capital employed	131 622	79 984	22 874	22 775	137	3 466	1 461	925	n/a
Average capital employed (rolling 12 months)	128 453	79 820	20 728	22 022	148	3 475	1 274	986	n/a
Return on average capital employed (ROACE)	42.4%	53.9%	8.8%	2.9%	n/a	5.4%	n/a	n/a	n/a
Return on average equity accounted investment (ROAE)	3.4%	-6.3%	32.2%	27.2%	n/a	n/a	n/a	n/a	n/a
Depreciations, amortisations and impairments	-5 565	-3 219	616	-2 424	-35	-203	-128	-172	-
Investments in new capacity	2 448	41	31	2 376	-	-	-	-	-
Maintenance investments	2 851	2 320	359	168	-	4	-	-	-
Other investments	2 600	1 398	475	45	42	164	425	51	-
Investments in PPE and intangible assets	7 899	3 759	865	2 589	42	168	425	51	-
Investments in new capacity for subsequent divestment (DS/DBS)	2 827	-	2 827	-	-	-	-	-	-
Investments in shareholdings, consolidated	303	-	16	143	-	-	144	-	-
Investments in shareholdings, equity accounted	90	90	-	-	-	-	-	-	-
Investments in shareholdings, financial non-current	332	7	-	-	-	-	325	-	-
Investments in shareholdings	725	97	16	143	-	-	469	-	-
Total investments	11 451	3 856	3 708	2 732	42	168	894	51	-

Note 4 continued

Accounting specification per segment

Segments

NOK million	Statkraft AS Group	Nordics	Europe	Inter-national	Markets	District heating	New techno-logies	Other	Group items
2021									
Gross operating revenues and other income, external	83 440	41 504	5 050	2 619	32 844	1 041	392	54	-64
Gross operating revenues and other income, internal	-	1 358	843	156	-463	4	4	1 524	-3 426
Gross operating revenues and other income underlying	83 440	42 862	5 893	2 775	32 381	1 045	396	1 578	-3 490
Net operating revenues and other income underlying	41 749	39 124	2 667	1 845	-2 345	716	146	1 578	-1 982
Operating profit/loss (EBIT) underlying	26 792	31 015	210	382	-4 344	208	-492	-267	80
Unrealised value changes from embedded euro derivatives	-1 285	-1 285	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	817	85	735	-4	-	-	-	-	-
Impairments/reversal of impairments	3 403	2 466	1 020	-79	-	-4	-	-	-
Operating profit/loss (EBIT) IFRS	29 727	32 281	1 965	299	-4 344	204	-492	-267	80
Share of profit/loss in equity accounted investments	1 686	1 227	3	553	-	-	-97	-	-1
Assets and capital employed 31 Dec 21									
Property, plant and equipment and intangible assets	120 633	79 931	16 077	18 984	135	3 512	993	1 002	-
Equity accounted investments	14 771	11 067	818	2 828	-	-	75	2	-18
Loans to equity accounted investments	1 459	55	391	1 013	-	-	-	-	-
Inventories (DS/DBS)	2 965	-	2 965	-	-	-	-	-	-
Other assets	170 176	5 529	2 933	3 080	97 903	348	233	59 820	329
Total assets	310 004	96 582	23 183	25 905	98 038	3 860	1 301	60 824	311
Capital employed	123 598	79 931	19 042	18 984	135	3 512	993	1 002	n/a
Average capital employed (rolling 12 months)	119 422	78 762	17 257	17 899	139	3 542	815	1 008	n/a
Return on average capital employed (ROACE)	22.4%	39.4%	1.2%	2.1%	n/a	5.9%	n/a	n/a	n/a
Return on average equity accounted investment (ROAE)	12.1%	11.6%	0.4%	22.1%	n/a	n/a	n/a	n/a	n/a
Depreciations, amortisations and impairments	-710	75	304	-607	-32	-198	-97	-156	-
Investments in new capacity	2 271	162	189	1 921	-	-	-	-	-
Maintenance investments	2 534	2 162	213	149	1	10	-	-	-
Other investments	3 028	829	1 225	233	22	180	403	136	-
Investments in PPE and intangible assets	7 833	3 153	1 627	2 303	23	190	403	136	-
Investments in new capacity for subsequent divestment (DS/DBS)	1 892	-	1 892	-	-	-	-	-	-
Investments in shareholdings, consolidated	2 033	75	1 762	-	-	-	195	-	-
Investments in shareholdings, equity accounted	10	10	-	-	-	-	-	-	-
Investments in shareholdings, financial non-current	99	8	-	-	-	-	62	29	-
Investments in shareholdings	2 142	93	1 762	-	-	-	257	29	-
Total investments	11 867	3 246	5 281	2 303	23	190	660	165	-

Note 4 continued

Selected financial figures from "Norwegian hydropower and related business"

In the white paper Prop. 40 S (2014-2015) related to revised national budget, it was stated that Statkraft should disclose information related to the Norwegian hydropower activities ("Norwegian hydropower").

The table below includes financial figures in accordance with IFRS for the Norwegian hydropower, which have been extracted from the relevant operating segments.

"Norwegian hydropower" includes the results from all activities related to the Norwegian hydropower assets in the subsidiaries Statkraft Energi AS and Skagerak Kraft Group. Activities which are related to hydropower assets include hydropower generation and the share of contract portfolios related to hydropower generation (Nordic dynamic asset management portfolio and other risk reducing portfolios).

"Related business" refers to all activities in the investments in the associated regional companies Eviny AS and Å Energi AS.

The column Sum "Norwegian hydropower, excluding related business" represents the totals for the two subsidiaries after elimination of intercompany transactions and balances. The figures for Statkraft Energi AS are extracted from the segments Nordics and Markets, while the figures for Skagerak Kraft Group are extracted from the segment Nordics. The line "Net profit/loss (of which owners of the parent)" from Skagerak Kraft Group is calculated based on Statkrafts ownership interest of 66.62%.

The lines Net financial items and Tax expense show the financial items and tax related to the activities in the definition of "Norwegian hydropower".

The figures from the equity accounted investments in the associated companies Eviny AS and Å Energi AS have been extracted from the segment Nordics. See note 26.

Norwegian hydropower		"Norwegian hydropower" from:				
NOK million	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group	Sum "Norwegian hydropower, excluding related business"	Related business	Sum "Norwegian hydropower and related business"
2022						
Gross operating revenues and other income	166 174	34 716	7 594	42 350		42 350
Net operating revenues and other income	73 940	34 257	7 387	41 678		41 678
Operating profit/loss (EBIT)	52 178	28 493	6 100	34 593		34 593
Share of profit/loss in equity accounted investments	531	223	2	226	-947 [1]	-722
Net financial items	6 111	75	66	141		141
Income tax expense	-30 228	-21 878	-4 632	-26 510		-26 510
Net profit/loss	28 592	6 914	1 536	8 450	-947	7 503
Net profit/loss (of which owners of the parent)	27 968	6 914	1 016	7 929	-947	6 982
Paid dividend and group contribution to Statkraft		7 334 [2]	662 [3]	7 996	742 [3]	8 738
Assets 31 Dec 22						
Equity accounted investments	18 645	2	241	243	13 473 [1]	13 715
Other assets	322 531	39 292	14 157	53 449		53 449
Total assets	341 176	39 295	14 397	53 692	13 473	67 164
EBITDA	57 743	29 626	6 310	36 332		36 332
Depreciations, amortisations and impairments	-5 565	-1 133	-210	-1 740		-1 740
Maintenance and other investments	5 451	1 780	1 053	2 833		2 833
Investments in new capacity	2 448	-	41	41		41
New capacity for subsequent divestment (DS/DBS)	2 827	-	-	-		-
Investments in shareholdings	725	-	97	97		97
Total investments	11 451	1 780	1 190	2 971		2 971

[1] Statkraft's share.
[2] Dividend and group contribution after tax paid from Statkraft Energi AS.
[3] Dividend paid to Statkraft.

Note 4 continued

Norwegian hydropower

NOK million	Statkraft AS Group	"Norwegian hydropower" from: Statkraft Energi AS	Skagerak Kraft Group	Sum "Norwegian hydropower, excluding related business"	Related business	Sum "Norwegian hydropower and related business"
2021						
Gross operating revenues and other income	82 976	25 373	5 267	30 658		30 658
Net operating revenues and other income	41 286	24 107	5 008	29 135		29 135
Operating profit/loss (EBIT)	29 727	19 977	4 266	24 244		24 244
Share of profit/loss in equity accounted investments	1 686	-	1	1	1 217 [1)]	1 219
Net financial items	1 331	-330	-47	-377		-377
Income tax expense	-16 663	-12 842	-2 426	-15 267		-15 267
Net profit/loss	16 081	6 805	1 795	8 601	1 217	9 818
Net profit/loss (of which owners of the parent)	15 523	6 805	1 193	7 998	1 217	9 215
Paid dividend and group contribution to Statkraft		2 300 [2)]	53 [3)]	2 353	495 [3)]	2 849
Assets 31 Dec 21						
Equity accounted investments	14 771	2	4	6	10 927 [1)]	10 932
Other assets	295 233	38 571	10 173	48 745		48 745
Total assets	310 004	38 574	10 177	48 750	10 927	59 677
EBITDA	30 437	21 091	4 457	25 548		25 548
Depreciations, amortisations and impairments	-710	-1 114	-190	-1 304		-1 304
Maintenance and other investments	5 562	1 698	252	1 950		1 950
Investments in new capacity	2 271	44	80	124		124
New capacity for subsequent divestment (DS/DBS)	1 892	-	-	-		-
Investments in shareholdings	2 142	-	-	-		-
Total investments	11 867	1 742	332	2 074		2 074

[1)] Statkraft's share.
[2)] Dividend and group contribution after tax paid from Statkraft Energi AS.
[3)] Dividend paid to Statkraft.

Note 5 Business combinations and other transactions

SIGNIFICANT ACCOUNTING POLICIES

The acquisition method is applied in business combinations. The acquisition date is the date when the acquirer obtains control of the acquiree and transfers the consideration to the seller. In general, the acquisition date coincides with the closing date. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. If the accounting of a business combination is incomplete at the end of the reporting period, in which the transaction occurred, the Group will report preliminary values for the assets and liabilities. Preliminary values are adjusted throughout the measuring period of maximum one year in order to reflect new information obtained about circumstances that existed as of the acquisition date, which if known, would have affected the valuation on that date. Correspondingly, new assets and liabilities can be recognised. Consideration transferred to the seller may include contingent consideration. Contingent consideration is measured at fair value at the time of closing of the transaction. In subsequent periods it is accounted for in accordance with the relevant IFRSs.

When less than 100% of the interest in an entity is acquired, a non-controlling interest arises. Statkraft chooses to recognise and measure non-controlling interests at the proportionate share of the fair value of net identifiable assets.

Any differences between cost and fair value for acquired assets, liabilities and contingent liabilities are recognised as goodwill or recognised in the profit and loss statement when the cost is lower. No provisions are recognised for deferred tax on goodwill.

Transaction costs are recognised in the profit and loss statement when incurred.

If business combinations are achieved in stages, the existing ownership interests are recognised at fair value at the point in time when control is obtained by Statkraft. Any changes in the carrying value of the investment are recognised in the profit and loss statement.

On acquisition of an investment in a joint venture or an associated company any difference between the cost of the shares and Statkraft's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and excess values. Goodwill may arise as the surplus of the cost of the investment over Statkraft's share of the net fair value of the identifiable assets and liabilities of the joint venture or associate. Such goodwill is recognised within the corresponding investment, presented as Equity accounted investments applying the equity method.

Acquisition of an asset or a group of assets that are not within the scope of business combinations require all individual identifiable assets acquired and liabilities assumed to be identified. The identified assets and liabilities are assigned a carrying amount based on their relative fair value at the date of acquisition. Directly attributable transaction cost is generally capitalised as part of the cost of the assets. Goodwill and deferred taxes are not recognised in an asset acquisition.

ESTIMATES AND ASSUMPTIONS

Consideration transferred in acquisitions is allocated to acquired assets and liabilities and contingent liabilities based on their estimated fair values. Statkraft uses both external advisors and internal experts to assist in the determination of the fair value of acquired assets and liabilities, depending on the size and complexity of the acquisition. This type of valuation requires management to make judgements with regards to valuation method, estimates and assumptions. Management's estimates of fair value and useful life are based on assumptions supported by the Group's experts and involve inherent uncertainty. See also note 2 for critical assumptions used in estimating fair values of relevant assets and liabilities.

BUSINESS COMBINATIONS AND ASSET ACQUISITIONS IN 2022

During 2022 Statkraft acquired 100% of the shares in Elmtronics Ltd, a supplier and installer of electrical vehicle charging infrastructure based in the UK in addition to other acquisitions for a total consideration of NOK 303 million.

DIVESTMENTS AND RESTRUCTURING OF BUSINESS IN 2022

From the Develop-Sell / Develop-Build-Sell (DS/DBS) business model within the segment Europe:

During 2022 Statkraft divested a solar park under construction in Spain, three solar parks in the Netherlands, a wind farm in the UK and a wind farm in Ireland for a total consideration of NOK 1770 million. A total gain of NOK 229 million was recognised as Other operating income and NOK 112 million was recognised as Sales revenues in the statement of profit and loss.

Statkraft entered into various agreements to provide asset management and operation and maintenance services subsequent to the divestments. In addition, Statkraft signed an agreement to perform Engineering, Procurement and Construction (EPC) activities to construct the solar park in Spain.

OTHER TRANSACTIONS IN 2022

On 30 November, Agder Energi AS, which is part of the segment Nordics, merged with Glitre Energi AS. The merged company was named Å Energi AS. Statkraft has realised a part of its previous ownership interest in Agder Energi and received ownership interests in Glitre Energi's net assets as a consideration. A gain with no cash effect of NOK 4242 million was recognised on the line item Interest and other financial items in the statement of profit and loss. As part of the merger Statkraft has received a right to receive a total of NOK 501 million in extraordinary dividends from Å Energi during the next three years. After the merger Statkraft has a 33.3% ownership in Å Energi.

Note 5 continued

BUSINESS COMBINATIONS AND ASSET ACQUISITIONS IN 2021

Electrical vehicle charging Sweden On 7 April 2021, Statkraft closed an agreement to participate in a share issue in the Swedish electrical vehicle charging company Bee Charging Solutions (Bee) - resulting in 51% ownership in the company. The cash contribution was NOK 191 million. As part of the agreement, a subsequent transfer of Statkraft's EV Charging operations in Sweden into Bee was completed.

The acquired company was considered to constitute a business where Statkraft obtained control over Bee and the transaction was accounted for according to IFRS 3. The company was reported under the segment New technologies. Bee was later re-named Mer Sweden AB and is part of the Mer group.

From the Build-Own-Operate (BOO) business model:

German and French wind On 1 October 2021, Statkraft closed an agreement with Breeze Three GmbH to acquire SK Wind Gmbh & Co.KG and Energie Eolienne Derval SNC, consisting of 39 operating wind farms in Germany and four in France. The total consideration was NOK 1740 million, consisting of both purchase of shares and assuming debt. The total installed capacity of the German wind farms was 311 MW and 35 MW for the French wind farms. The companies had no employees.

The transaction was accounted for as an asset acquisition. Excess values of NOK 1325 million from the acquisition are allocated to Property, plant and equipment, both to existing operational turbines (NOK 656 million) as well as right-of use assets (NOK 538 million) and land (NOK 130 million) following opportunities to prolong the operations of the wind farms (repower). All assets are reported under the segment Europe.

Other In addition, Statkraft acquired the remaining 50% of the shares in a grid service company in Ireland, leading to Statkraft owning all 100% of the shares. The transaction resulted in Statkraft recognising a non-cash gain of NOK 21 million as Interest and other financial items, following the change of control from equity accounted investment to subsidiary. The assets were reported under the segment Europe.

DIVESTMENTS AND RESTRUCTURING OF BUSINESS IN 2021

From the Build-Own-Operate (BOO) business model:

Wind Roan, Norway On 30 April 2021, Statkraft closed an agreement to divest 100% of the shares in Roan Vind Holding AS which owned 52.1% of Roan wind farm. Before the divestment, Roan was part of the segment Nordics. The shares were acquired by TrønderEnergi AS and Stadtwerke München GmbH for a cash consideration of NOK 1133 million. A gain of NOK 85 million was recognised following the divestment, presented as Other operating income. See also note 35 for information regarding the Supreme Court case related to the wind farm.

Wind Andershaw, UK On 27 September 2021, Statkraft closed an agreement with Greencoat UK Wind Holdco Limited to divest 100% of the shares in Andershaw Wind Power Limited, which was part of the segment Europe. The consideration for the shares was NOK 1045 million and led to a gain of NOK 735 million, recognised as Other operating income. Furthermore, Statkraft received NOK 385 million for a loan provided to Andershaw.

Statkraft also signed an agreement to provide asset management services and operation & maintenance services for the Andershaw wind farm subsequent of the divestment. Furthermore, Statkraft entered into a power purchase agreement to provide market access services for the wind farm until 2037. Statkraft has an option to take over ownership of the project at the end of its operating life in order to develop a repowered project at the site.

From the Develop-Sell / Develop-Build-Sell (DS/DBS) business model within the segment Europe:

Solar Cadiz, Spain On 24 September 2021, Statkraft signed agreements with The Renewables Infrastructure Group (TRIG) to divest 100% of the shares in four solar projects under construction located in Cadiz in Spain. The divestment of three of the four projects was closed in 2021 and the total consideration received was NOK 612 million, including cash and cash equivalents in the divested entities. In the statement of profit and loss NOK 338 million was recognised as Sales revenues and NOK 52 million was recognised as Other operating income following the sales. The divestment of the fourth project under construction was closed in 2022.

Statkraft also entered into engineering, procurement and construction contracts for the four solar projects. Furthermore, Statkraft signed agreements to provide asset management services as well as operation & maintenance services subsequent to the divestment.

Solar Netherlands On 9 December 2021, Statkraft signed agreements with Encavis to sell 100% of the shares in five newly constructed solar parks in the Netherlands. The divestment of two of the five solar parks were closed in 2021 with a total consideration of NOK 102 million, including repayment of loan. In the statement of profit and loss a gain of NOK 22 million was recognised as Other operating income following the divestments. The divestment of the three remaining solar parks were closed in 2022.

Statkraft also signed agreements to provide asset management services as well as operation & maintenance services subsequent to the divestments.

Wind Windy Rig, UK On 14 December 2021, Statkraft closed an agreement with Greencoat to sell 100% of the shares in the Windy Rig wind farm in the UK for NOK 629 million including loan repayment. In the statement of profit and loss a gain of NOK 30 million was recognised as Other operating income following the divestment.

Statkraft also signed agreements to provide asset management services subsequent to the divestment.

Note 5 continued

Allocation of cost price for acquisitions in 2021	German and French wind	EV charging Sweden	Other [1]	Total
Acquisition date	01 Oct 2021	07 Apr 2021		
Voting rights/shareholding acquired through the acquisition	100%	51%	100%	
Total voting rights/shareholding following acquisition	100%	51%	100%	
Measurement of non-controlling interests	n/a	Proportionate share of net identifiable assets	n/a	
Consideration				
NOK million				
Cash paid at acquisition date	1 740	-	5	**1 745**
Contingent consideration	-	-	16	**16**
Other	-	191	21	**212**
Total acquisition cost	1 740	191	42	**1 973**
Book value of net acquired assets (see table below)	413	192	115	**720**
Identification of excess value, attributable to:				
Intangible assets	-	13	-	**13**
Inventories	-	-	70	**70**
Property, plant and equipment	1 325	-	-	**1 325**
Provisions	-	-	29	**29**
Gross excess value	1 325	13	99	**1 437**
Deferred tax on excess value	n/a	-3	-19	**-22**
Net excess value	1 325	10	80	**1 415**
Fair value of net acquired assets, excluding goodwill	1 740	202	195	**2 137**
Of which:				
Controlling interests	1 740	103	195	**2 038**
Non-controlling interests	-	99	-	**99**
Total	1 740	202	195	**2 137**
Total acquisition cost	1 740	191	42	**1 973**
Fair value of net acquired assets, excluding goodwill (controlling interest)	1 740	103	195	**2 038**
Goodwill	n/a	88	-153	**-65**

[1] Includes acquisition of the remaining 50% of the shares in a grid service company in Ireland. In addition, changes to purchase price allocations from acquisitions made in 2020, which led to negative goodwill adjustment in 2021 are also included.

NOK million	German and French wind	EV charging Sweden	Other [2]	Total
Book value of net acquired assets in 2021				
Intangible assets	10	8	6	**24**
Property, plant and equipment	471	19	-	**490**
Non-current assets	482	27	6	**515**
Cash and cash equivalents	125	204	2	**331**
Inventories	-	7	116	**123**
Receivables	69	12	-	**81**
Current assets	194	223	118	**535**
Acquired assets	676	250	124	**1 050**
Non-current lease liabilities	98	13	-	**111**
Other non-current liabilities	130	23	7	**160**
Non-current liabilities	228	36	7	**271**
Current lease liabilities	6	2	-	**8**
Other current liabilities	29	20	-	**49**
Current liabilities	35	22	-	**57**
Net value of acquired assets	413	192	115	**720**
Total acquisition cost	1 740	191	42	**1 973**
Non-cash elements of acquisition cost [2]	-	191	37	**228**
Consideration and cost in cash and cash equivalents	1 740	-	5	**1 745**
Cash and cash equivalents in acquired companies	125	13	2	**140**
Net cash payments in connection with the acquisitions	1 615	-13	3	**1 605**
Contribution to gross operating revenues and other income since acquisition date	128	59	-	**187**
Contribution to net profit/loss since acquisition date	28	-56	22	**-6**

[1] Includes acquisition of the remaining 50% of the shares in a grid service company in Ireland, in addition to adjustments from acquisitions made in 2020.

[2] Statkraft obtained control of the subsidiary Bee by a cash contribution of NOK 191 million in a share issue. By consolidating Bee, the effect of the cash contribution shares was zero for the Group.

Note 6 Management of capital structure

The target for the Group's management of its capital structure is related to long-term credit rating. Statkraft AS has a long-term credit rating of A (stable outlook) from Standard & Poor's and A- (stable outlook) from Fitch Ratings. Statkraft has a rating target of A- from Standard & Poor's and BBB+ from Fitch Ratings.

The tools for long-term management of the capital structure consist primarily of the draw-down and repayment of long-term liabilities and payments of share capital from/to the owner. In addition, the Group may also adjust the level of investments to manage its capital structure. The Group endeavours to obtain external financing from various capital markets. The Group is not subject to any external requirements with regards to the management of capital structure other than those relating to the market's expectations and the owner's dividend expectations.

There were no changes in the Group's targets and guidelines governing the management of capital structure in 2022.

Overview of capital included in the management of capital structure

NOK million	Note	2022	2021
Interest-bearing liabilities, non-current	33	26 770	21 493
Interest-bearing liabilities, current	33	16 365	30 426
Financial investments, current	10	-629	-661
Cash and cash equivalents, excluding restricted cash	30	-58 569	-36 819
Net interest-bearing liabilities		-16 063	14 439

Note 7 Market risk in the Group

RISK AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS GENERALLY

Statkraft is engaged in activities that entail risk in many areas and has a unified approach to the Group's market risks. The Group's risk management policy is based upon assuming taking the right risk based on the Group's ability and willingness to take risks, expertise, financial strength and development plans. The purpose of risk management is to identify threats and opportunities for the Group, and to manage the overall risk level to provide reasonable assurance that the Group's objectives will be met.

In Statkraft, market risk will primarily relate to prices of energy and commodities, interest rates and foreign currencies. The following section contains a more detailed description of the various types of market risk, and how these are managed.

MARKET RISK RELATED TO PRICES ON ENERGY AND COMMODITIES

Statkraft is exposed to significant market risk in relation to the generation and trading of power. Revenues from power generation are exposed to volume and power price risk. The Nordic power price is the dominant market exposure and the Nordic hydropower portfolio represents the largest part of Statkraft's asset base. The energy risk that Statkraft's Nordic hydropower portfolio faces therefore differs from other generation technologies because low price periods often coincide with high precipitation so that the effect of lower prices is partially offset by higher production volumes. On the other hand, high price periods often coincide with low production volumes due to limited precipitation. However, Statkraft has flexibility to manage its water resources with a focus on long-term value creation. This means that Statkraft can store water in periods when the expected value of the water is higher at some stage in the future than the value of producing power immediately. The company has an advanced energy management process that aims to maximise the value over time. Through 2022 there has been an extraordinary situation in the energy market. The shortage of gas supplies from Russia has increased the risks and uncertainty in the global energy markets. The power prices have continued at even higher levels and are very volatile. The uncertainty in energy markets and power price volatility is continuously monitored and analysed to ensure optimal energy management. Statkraft manages market risk in the energy markets by trading physical and financial instruments in multiple markets.

Statkraft is also exposed to energy and commodity price risk affecting its wind and solar assets under the DS/DBS business model (see note 1). Energy prices can affect the value of the assets in development and commodity prices can affect the construction costs.

Regulatory risk Statkraft's activities are influenced by framework conditions such as tax levels, terms for concession and public regulations. There are ongoing discussions on the security of supply and affordability of energy in many countries which could lead to changes in the energy markets.

The Norwegian Government has increased the resource rent tax and introduced a high-price contribution tax on electricity prices excess of NOK 0.70 per kWh. In addition, there are discussions in several other countries regarding imposing windfall taxes on energy companies' income. More information on regulatory changes relating to taxes can be found in note 22.

Climate risk Statkraft is directly exposed to climate change, as changes in precipitation will change the average output from hydropower plants, as well as the increased fluctuations. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Statkraft's revenues. More information on climate risks and how these are managed can be found in the Sustainability Report and in note 2.

Risk management in energy trading in Statkraft focuses on total portfolios rather than individual contracts. Internal guidelines controlling the level of market exposure have been established for all portfolios. Responsibility for the continuous monitoring of granted mandates and frameworks is located in separate organisational units. The frameworks for trading in both financial and physical contracts are continuously monitored. The Group has trading and sales offices located in Oslo, Trondheim, Stockholm, London, Amsterdam, Düsseldorf, Istanbul, Tirana, Rio de Janeiro, Stamford, San Francisco, New Delhi, Lima, Madrid, Santiago and Lyon.

A further description of the risks within the relevant line items in the profit and loss statement can be found below:

Sales revenues

Generation Statkraft has entered into bilateral physical power sales agreements with industrial customers and other customers. The most significant part is related to contracts in Norway, but there are also contracts in other countries in Europe and South America. These contracts stabilise Statkraft's revenues as they normally have fixed prices and volume, although with different durations. A substantial part of the contracted volume in Norway is settled in euro and is therefore subject to a foreign exchange risk. Some of the contracts are indexed to industry indices.

Customers This revenue category mainly consists of market access activities within the scope of IFRS 15 (see note 12). Statkraft purchases power from smaller energy generators and sells the power to power exchanges and end-customers, which includes handling volume and imbalance risk.

Gains and losses from market activities

Risk reducing activities In addition to bilateral physical contracts, Statkraft has financial risk reduction portfolios of financial contracts, normally futures, in order to hedge revenues from future generation.

Statkraft also has one Nordic and one Continental dynamic asset management portfolio, managed in Oslo and in Düsseldorf, respectively. The objective of these dynamic hedging portfolios is to reduce risk and optimise revenues. Mandates to enter into financial contracts are based on volume thresholds related to available production. The risk is quantified using simulations of various scenarios for relevant risk factors. The Nordic and Continental dynamic asset management portfolios consist of financial contracts mainly for power, CO_2, coal, and gas products. The contracts are traded on energy exchanges. In general, the time horizon for these contracts is less than five years. Following the changes in strategy and new organisational setup, it was decided that the current dynamic asset management portfolio should be discontinued. At end of 2022, all positions have been closed.

Trading and origination activities In addition to risk reducing activities, Statkraft has various trading and origination portfolios that are managed independently of the Group's power generation. Statkraft has allocated risk capital to these activities. Clear guidelines have been established limiting the types of products that can be traded. The mandates are adhered to by applying specified limits for value-at-risk and profit-at-risk. Both methods calculate the maximum potential loss a portfolio can incur, with a given probability factor over a given period. The credit risk and operational risk are also quantified in relation to the allocated risk capital.

Note 7 continued

Trading activities involve buying and selling standardised and liquid products, such as power, gas, oil, CO_2 products and energy-related metals. The activities also include trading of transportation capacity across borders and freight trading. The contracts in the trading portfolio have maturities ranging from zero to five years. The aim is to realise profit on changes in the market value of energy and energy-related products. The market risk in these contracts is mainly related to future commodity prices.

Origination activities include buying and selling both standard and structured products. Structured products are typically environmental certificates or power contracts with tailor made profiles entered into in different currencies. Further, Statkraft has market access activities, within the scope of IFRS 9, that enters into long term power purchase and power sales agreements with the aim to provide route to market for renewable energy producers and long-term renewable energy supply to corporate consumers. Depending of the price mechanisms in the power purchase and sales agreements Statkraft may be exposed to a price risk. The price risk is mitigated by entering into financial contracts, mainly forwards and futures, with third parties. Quoted, liquid contracts pertaining to system price, area prices and foreign currency are primarily used to reduce the risk involved in trading structured products and contracts. Most of the contracts in the portfolio have duration of up to five years, though some contracts run until 2040.

Embedded derivatives are related to long-term power sales agreements with industrial customers in Norway and other customers, where the contracts are nominated in euro and/or where the pricing is linked to certain commodity prices or inflation indexes. Embedded derivatives are exposed to both foreign exchange risk, commodity price risk and inflation risk.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Statkraft is exposed to foreign exchange and interest rate risk. Statkraft uses interest rate and foreign currency derivatives in addition to debt in foreign currency to mitigate these risks. Funding, forwards and swaps in foreign currency in combination with interest rate swaps are used to achieve the desired currency and interest structure of the Group's debt portfolio.

Statkraft's methods for managing these risks are described below:

Foreign exchange risk Statkraft incurs currency risk in the form of transaction risk, mainly in connection with sale of power, investments and divestments in foreign currencies. Currency translation risk is related to shareholdings in foreign subsidiaries, joint operations and equity accounted investments.

Statkraft's settlement currency at the Nordic power exchange Nord Pool is mainly euro and the power contracts traded in the Nordic power exchange Nasdaq are denominated in euro. In addition, most of Statkraft's bilateral power sales agreements in Norway and all power purchase and sales abroad are denominated in foreign currency. The objective of Statkraft's currency hedging is to secure the values of the future cash flows in Norwegian kroner exposed to exchange risk. Hedging of foreign currency risk is primarily done by allocating appropriate volumes of currency debt to the relevant cash flows. The foreign exchange risk is subject to continuous assessment and treated in accordance with the Group Treasury strategy.

Interest rate risk Statkraft's interest rate exposure is mainly related to the Group's debt portfolio. The Group's debt portfolio includes all external interest-bearing bonds and loans, commercial papers and external interest rate derivatives in Statkraft AS and its subsidiaries.

The management of interest rate risk is based on the balance between keeping interest cost low over time and contributing to stabilise the Group's cash flows with regards to interest rate changes. The interest rate risk is monitored by having duration as measure. Statkraft shall always keep the average duration of its debt portfolio within the range of two to five years.

Compliance with the limit for currency and interest rate risk is followed up continuously by the middle office function. Responsibility for entering into and following up the various positions has been separated and is allocated to separate organisational units.

Statkraft is also exposed to interest rate risk affecting its assets under the DS/DBS business model (see note 1). Changes in interest rates affect the discounted value of assets and investors' cost of funding.

Interest rate benchmark reform Statkraft has during 2022 taken measures to be prepared for the transition from Interbank offered rates (IBORs) to alternative risk-free reference rates (RFRs). This means necessary implementation and requirements related to systems, processes and contracts.

GBP LIBOR ceased 31 December 2021 and was replaced by Sterling Overnight Index Average (SONIA). One-week and two-month settings for USD LIBOR ceased 31 December 2021 and the remaining settings will end 30 June 2023. USD LIBOR will be replaced by Secured Overnight Financing Rate (SOFR). The key difference between the rates is that IBORs are forward looking rates published at the beginning of a borrowing period, while RFRs are backward looking rates published each day in the borrowing period with final settlement of the rate two to five days before the end of the relevant borrowing period.

At 31 December 2022 Statkraft had NOK 1176 million in loans to joint ventures and NOK 48 million in interest rate swaps in joint ventures referencing USD 6M LIBOR, as well as, cash balances in USD.

Statkraft's main exposure is interest rate swaps and cross-currency interest rate swaps referencing EURIBOR and NIBOR. There is no indication that EURIBOR and NIBOR will cease in the near future.

The benchmark reform is not expected to have material effects on the market value of the affected instruments. See note 11 Hedge accounting for more information about the impact of the IBOR reform on hedge accounting.

Note 8 Analysis of market risk

GENERAL INFORMATION

Statkraft is exposed to market risk within trading and origination activities, from power prices, and from currency and interest rate positions.

Trading and origination Trading and origination activities are performed under specific mandates and are allocated risk capital. Statkraft differentiates between the risk capital that is committed short-term, typically proprietary trading where the risk is measured with a Value at Risk (VaR) approach, and the risk capital that is committed long-term, typically long-term power contracts where the risk is measured with a Profit at Risk (PaR) approach. For each activity, the mandate specifies a risk limit (VaR or PaR), which is dynamically adjusted to ensure that the losses do not exceed the allocated risk capital. At the end of 2022, the diversified allocated risk capital covering market risk for trading and origination activities in Europe and USA was EUR 140 million for short-term commitments and EUR 197 million for long-term commitments. In 2021, the corresponding amounts were EUR 298 million and EUR 147 million, respectively. Limited risk capital is also allocated to cover trading and origination activities outside Europe and USA.

Price risk sensitivity analysis Statkraft quantifies price risk by looking at the effect of a change in the Nordic system price on Statkraft's expected Net profit. The expected change in net profit with a change of 1 EUR/MWh is estimated at NOK 169 million in 2022 and NOK 237 million in 2021, respectively. Both power prices and generation volume are affected by temperature and precipitation. Furthermore, changes in power prices are driven by generation, consumption and transmission conditions in the power market. These relationships are not reflected in these estimates. A major part of the generation outside the Nordics is hedged against price risk.

Interest rate risk sensitivity analysis The interest rate sensitivity analysis shows how changes in interest rates affect Statkraft's Net financial items (before tax) within a 12-month period given the Group's structure at year-end. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent significant interest-bearing positions. The sensitivity has been calculated by including interest effects from cash and cash equivalents, loans to equity accounted investments, interest-bearing debt and interest rate derivatives. Since hedge accounting is applied, the effect of derivatives designed as hedging instruments is partly offset in Net financial items. With an assumption that interest rates would rise by 100 basis points, the impact on Statkraft's Net financial items would be NOK 1003 million in 2022. The corresponding figure for 2021 was NOK 665 million. If interest rates fall by 100 basis points, we would have had the opposite effect of the amounts shown above.

Currency risk sensitivity analysis Statkraft is exposed to changes in the value of NOK relative to other currencies. The currency risk sensitivity has been calculated by assuming a 10% weakening of NOK relative to other currencies based on balances as of 31 December. The sensitivity analysis is run only for assets and liabilities that affect Net financial items and for the revaluation of net assets in foreign subsidiaries (currency translation effects). The calculations do not take into consideration any currency effects that affect other line items than Net financial items in the statement of comprehensive income, such as the effect of a change in a foreign exchange rate on power prices, energy derivatives and inventories. This analysis does not consider correlation between currencies.

Specification of currency risk sensitivity [1]

NOK million	2022 Effect on Net financial items before tax	2022 Effect on Currency translation effects	2021 Effect on Net financial items before tax	2021 Effect on currency translation effects
EUR/NOK	-1 365	2 773	-2 107	1 830
GBP/NOK	-527	621	-695	663
USD/NOK	-1 158	1 699	-580	1 532
SEK/NOK	-342	2 317	-305	2 115
Other	120	1 966	6	1 222
Total	-3 272	9 376	-3 682	7 363

[1] The table shows the effect on Net financial items and Currency translation effects with a 10% depreciation of NOK against all other currencies. An appreciation of NOK with 10% would have had the opposite effect of the amounts shown in the table.

Specification of debt by currency [1]

NOK million	2022 Debt by currency before the effect of derivatives [2]	2022 Debt by currency adjusted for the effect of derivatives [3]	2021 Debt by currency before the effect of derivatives [2]	2021 Debt by currency adjusted for the effect of derivatives [3]
Debt in NOK	11 252	1 390	7 250	401
Debt in EUR	20 461	25 921	26 795	30 391
Debt in USD	1 715	5 273	1 894	4 602
Debt in BRL	2 404	2 404	1 506	1 506
Debt in INR	1 562	1 562	1 130	1 130
Total	37 393	36 548	38 575	38 030

[1] Management of foreign exchange risk and interest rate risk are presented in note 7.
[2] Includes commercial papers, bond and bank debt.
[3] Includes commercial papers, bond and bank debt, the currency effect of allocated forward exchange rate contracts and the currency effect of combined interest rate and currency swaps. Specification of debt by currency includes effects from allocated forward exchange rate contracts and combined interest rate and currency swaps since Statkraft uses these derivatives to achieve the desired currency structure for the Group's debt portfolio.

Note 8 continued

Specification of interest by currency [1]	2022 Interest by currency before the effect of derivatives [2]	2022 Interest by currency adjusted for the effect of derivatives [3]	2021 Interest by currency before the effect of derivatives [2]	2021 Interest by currency adjusted for the effect of derivatives [3]
Nominal average interest rate NOK	2.80%	n/a [4]	4.00%	n/a [4]
Nominal average interest rate EUR	1.80%	1.00%	1.80%	0.70%
Nominal average interest rate USD	2.67%	3.00%	2.83%	2.40%
Nominal average interest rate GBP	n/a	n/a	n/a	1.00%
Nominal average interest rate BRL	7.40%	7.40%	6.90%	6.90%
Nominal average interest rate INR	6.10%	6.10%	6.60%	6.60%

[1] Management of foreign exchange risk and interest rate risk is presented in note 7.
[2] Includes commercial papers, bond and bank debt.
[3] Includes commercial papers, bond and bank debt, allocated forward exchange rate contracts, interest rate swaps and combined interest rate and currency swaps.
[4] Nominal average interest rate in NOK is not applicable because the figure was negative in parts of 2021 and 2022.

GROUP

Note 9 Credit risk and liquidity risk

GENERAL INFORMATION ON CREDIT RISK

Credit risk is the risk that Statkraft incurs losses due to the failure of counterparties to honour their financial obligations. Statkraft is facing credit risk when entering into transactions with financial institutions, corporates and providers of clearing services. Credit risk against financial institutions arises from cash or current accounts, deposits, investment of interest-bearing securities, derivative transactions and incoming guarantees. Credit risk against providers of clearing services arises from margin requirements settled as cash payments. Statkraft also assumes credit risk when providing loans to associates and joint ventures. In addition, Statkraft assumes credit risk in connection with energy trading and physical sales contracts. Historically, Statkraft's credit losses have been limited. In 2022, there has been an extraordinary situation with high prices and volatility in the energy market which has led to higher collateral and liquidity needs. The liquidity needs required extension of credit limits to Statkraft's core relationship banks. The core relationship banks have very solid credit rating. Specific counterparties that could be significantly affected by the market turmoil have been monitored continuously regarding default risk. Despite the volatility and uncertainty in the market the credit losses have been limited, and Statkraft does not expect material losses in the future.

Statkraft has entered into agreements under which collateral is transferred or received based on the mark-to-market value of interest rate and foreign exchange derivatives with counterparties. Collateral is transferred or received on a weekly basis. Counterparty credit risk is significantly mitigated by collateral under these agreements. Similar agreements have been established for individual counterparties for financial and physical energy contracts.

To reduce credit risk related to clearing services, Statkraft has entered into an agreement where a financial institution posts security to Nasdaq on behalf of Statkraft. Statkraft borrows securities from the financial institution to cover portion of its margin requirements within an agreed framework. The financial institution finances the margin requirements and retains substantially all risks and rewards related to the securities. This means that this arrangement is not included on Statkraft's statement of financial position. However, the underlying responsibility for the margin requirement is unchanged. At the end of 2022, total EUR 277 million in securities was posted as initial margin at Nasdaq.

The credit risk for financial energy contracts which are settled through an energy exchange is considered to be low. For all other bilateral energy contracts entered into, the counterparty is assigned an internal credit rating and limits are stipulated for the individual counterparty based on the internal credit rating.

Statkraft has netting agreements with most of its energy trading counterparties. In the event of default, the netting agreements give a right to a final settlement where all future contract positions are netted and settled. See note 10 for more information.

Excess liquidity is defined as Cash and cash equivalents and is managed in a conservative manner with regard to credit risk, diversification and duration. Management of excess liquidity is handled at Group level. Statkraft's excess liquidity is mainly held in NOK and EUR and invested across various short-term financial instruments such as commercial papers, time deposits and bank deposits. Credit and duration limits are stipulated for each counterparty based on credit ratings and total assets. As of 31 December 2022, approximately 2% of the Group's excess liquidity were held in time deposits, 18% in commercial papers and 80% in overnight bank deposits.

In order to reduce credit risk in connection with energy trading and physical sales contracts, bank or parent company guarantees are sometimes requested when entering into such contracts. The bank which issues the guarantee must be an internationally rated commercial bank which meets minimum rating requirements. When parent company guarantees are received, the parent company is assessed by using ordinary internal credit assessments.

The individual counterparty exposure and limit are monitored continuously and reported regularly to the Corporate Management. An overall counterparty exposure is reported for all relevant legal entities, in addition to being assessed at Group level and included in the Group risk management.

In accordance with the expected credit loss model, Statkraft records lifetime expected credit losses on receivables. The loss provision is based on the Group's assessment of the expected credit losses, and Statkraft does not expect to incur material losses on its receivables.

Statkraft's gross credit exposure corresponds to the recognised value of financial assets, which are found in the various notes to the statement of financial position. To the extent that relevant and significant collaterals have been provided, this is presented below.

NOK million	Note	2022	2021
Gross exposure credit risk:			
Other financial assets, non-current	27	7 367	6 488
Derivatives	10	56 702	79 736
Receivables	29	58 040	42 190
Financial investments, current		629	661
Cash and cash equivalents	30	58 902	37 162
Gross exposure credit risk		181 639	166 237
Exposure reduced by cash collateral:			
Cash collateral	33	-3 495	-10 967
Net exposure credit risk		178 144	155 270

Note 9 continued

GENERAL INFORMATION ON LIQUIDITY RISK

The Group's liquidity risk is the risk that the Group has insufficient funds to meet its payment obligations. The purpose of Statkraft's liquidity management is to always secure fulfilment of payment obligations. Statkraft has incorporated a separate target figure for short-term liquidity to ensure that Statkraft has a satisfactory level of liquidity sources, consisting of cash and cash equivalents, short-term financial investments and unused committed credit facilities.

The liquidity risk is further mitigated through liquidity forecasts, stress tests and access to different borrowing sources and markets. The Group plans for an evenly distributed debt redemption profile to keep refinancing risk low.

Statkraft issues debt primarily under its EUR 6.0 billion Euro Medium Term Note Programme listed on the Irish Stock Exchange. In addition, Statkraft has a backup facility of EUR 1.3 billion supported by the Group's core banks. The backup facility is maturing in 2031.

The main cash outflows include the annual dividend payment, debt redemptions, tax payments in addition to planned investments and margin requirements related to commodity trading and hedging and foreign exchange and interest rate hedging.

Very volatile commodity markets with record-high prices have resulted in significantly higher margin requirements. To manage the market volatility, Statkraft has taken precautionary measures to secure liquidity through increased level of cash and cash equivalents.

Maturity schedule, bonds, commercial papers and bank debt

NOK million	0-1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and later
Instalments on bank debt	2 058	912	572	486	58	1 600
Instalments on bonds and commercial papers	10 252	-	5 461	-	2 800	13 195
Interest payments	708	615	586	507	504	2 310
Total maturity schedule 2022	13 018	1 527	6 620	993	3 362	17 104
Total maturity schedule 2021	19 574	7 211	737	6 137	490	6 157

Allocation of derivatives with negative market values

The Group has a significant number of financial and energy derivatives. In the table below, derivatives with negative market value are included. The non-discounted values are allocated to the time intervals based on the contractual due dates. The contractual due dates decide the maturity date and timing of the cash flow for the derivatives.

NOK million	0-1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and later
Energy derivatives	38 135	20 645	7 804	3 874	2 731	7 793
Interest rate- and foreign currency derivatives	551	101	29	28	29	18
Total derivatives 2022	38 686	20 746	7 833	3 902	2 760	7 811
Total derivatives 2021	64 615	16 575	2 377	1 380	397	1 007

Note 10 Financial instruments

GENERAL INFORMATION

Financial instruments account for a significant part of Statkraft's statement of financial position and are significant for the Group's results. Most of the financial instruments can be classified into three main categories; energy trading, risk reducing and optimisation of future revenues from generation and financial activities. In addition, Statkraft has other financial instruments such as accounts receivable, accounts payable, cash, short-term financial investments and equity investments.

Financial instruments in energy trading Financial instruments are used within the trading and origination activities. The trading and origination activities are managed independently of the Group's energy generation. Their main objectives are to achieve profit from changes in the market value of energy and energy-related financial products, as well as profit from non-standard contracts. Financial instruments in energy trading mainly consist of financial and physical agreements relating to purchase and sale of power, gas, oil, coal, carbon quotas and environmental certificates.

Financial instruments in risk reducing and optimisation activities Financial instruments are also used as part of the Group's financial hedging strategy for continuous optimisation of future revenues from the expected generation from own assets. Derivatives recognised in the statement of financial position are shown as separate items and are measured at fair value with changes in value recognised in the statement of profit and loss. As the Group's future own generation of power does not qualify for recognition in the statement of financial position, the effect of changes in value on derivatives may have major effects on the profit and loss statement without necessarily reflecting the underlying business activities.

Financial instruments in financial activities Financial instruments used in financial activities primarily consist of bonds, commercial papers, loans, interest rate swaps, combined interest rate and currency swaps and forward exchange contracts. To mitigate currency and interest rate risks, Statkraft applies interest rate and foreign currency derivatives in addition to debt in foreign currency. Hedge accounting is reflected in the financial statements for selected loan arrangements where the interest rate has been changed from fixed to floating (fair value hedging). Changes in the value of financial instruments that are not a part of hedge accounting may result in volatility in the profit and loss statement without necessarily reflecting the underlying business activities.

SIGNIFICANT ACCOUNTING POLICIES

Financial instruments are recognised when Statkraft becomes a party to the contractual terms of the instrument. Financial assets and liabilities are classified based on the nature and purpose of the instruments into the categories "financial instruments at fair value through profit and loss", "financial assets at fair value through other comprehensive income" and "financial instruments at amortised cost". Initial measurement is at fair value for all categories. The content of the categories and subsequent measurement are described below.

Financial instruments measured at fair value through profit and loss

- Physical power sales contracts which are considered as readily convertible to cash and are not entered into for own use.
- Financial contracts to purchase and sell energy-related products classified as derivatives.
- Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value.
- Contracts to either pay or receive financial earnouts subsequent to acquisition or divestment of shareholdings.
- Currency and interest rate derivatives.
- Long-term investments in shares, where Statkraft does not have control or significant influence, are measured at fair value through profit and loss, unless Statkraft applies the option to recognise changes in fair value through other comprehensive income.
- Other short-term financial assets held for trading.

Financial assets at fair value through other comprehensive income
Long-term investments in shares, were Statkraft does not have control or significant influence, are measured at fair value through other comprehensive income when this option is applied. The changes in fair value will not be recycled to profit and loss. Dividends are recognised in the profit and loss statement as part of Interest and other financial items.

Financial instruments at amortised cost
Asset debt instruments are classified in this category when the cash flows are solely payments of principal and interest and Statkraft intends to hold the asset to the maturity date. Liability debt instruments are classified in this category unless they are held for trading. The instruments, both assets and liabilities, are measured at amortised cost using the effective interest rate method, where the effective interest remains the same over the entire term of the instrument. Financial assets at amortised cost are adjusted for provision for impairment in accordance with the expected credit loss model. Credit losses are deducted from the carrying value and recognised in the profit and loss statement.

ACCOUNTING JUDGEMENTS

Statkraft has a significant volume of energy contracts. A characteristic with energy contracts is that they can be accounted for as financial instruments or as contracts with customers, depending on the terms and conditions.

"Own use" contracts Energy contracts that are entered into and continue to be held for the purpose of the receipt or delivery of the power in accordance with Statkraft's expected purchase, sale or usage requirements are accounted for as own use contracts. These contracts do not qualify for recognition in the statement of financial position in accordance with IFRS 9 but are accounted for as revenue from contracts with customers in accordance with IFRS 15 and energy purchase. "Own use" contracts will typically have a stable customer base e.g. bilateral industry contracts and are always settled by physical delivery.

Energy contracts that can be settled net and that are not within the own use exemption, shall be accounted for as derivatives (financial instruments). Management has applied their best judgement when determining the classification of energy contacts as financial instruments or own use contracts.

Note 10 continued

GROUP

ESTIMATES AND ASSUMPTIONS

Fair value hierarchy Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels which are defined according to the inputs used to determine fair value:

Level 1: Fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities.

Level 2: Fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data.

Level 3: Fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

Level 3 consists of investments in energy derivatives and shares where observable data is not available or does not cover the whole contract period. Observable data (quoted futures) for energy derivatives will normally be available for two to five years ahead of time. If the duration of the contract is longer than the period where observable data exists, the entire contract is a level 3 contract. Energy contracts within the level 3 category mainly consists of physical and financial energy contracts and embedded derivatives from bilateral power sales contracts. A significant part of the embedded derivatives consists of foreign exchange derivatives. These are not affected by estimated future power prices. The discounted cash flow method is used.

Valuation of energy derivatives within level 3 is based on observable market data or estimated with reference to published quotations for the short-term where this is available. For periods where observable market data is not available, fair value is based on valuation techniques which include data that is not based on or derived from observable market data. Where the calculated fair value at initial recognition differs from the transaction price, a day one gain or loss arises. Such gains and losses are deferred, not recognised, and amortised through the statement of profit and loss based on the purchased or delivered volumes over the contractual period until observable market data becomes available. Any gains and losses arising from subsequent changes in the fair value are taken directly to the profit and loss and are presented net.

Exchange traded contracts are normally discounted with a risk-free interest rate. For most bilateral contracts, a credit valuation adjustment is included in the fair value calculation. Any netting agreements with counterparties are considered in the credit valuation adjustment.

Valuation of investments in shares within level 3 is based on management's best knowledge of market conditions within the relevant industry.

DESCRIPTION OF CONTRACTS AND ASSUMPTIONS

Energy contracts Energy exchange contracts are valued at the exchange's closing rates on the reporting date.

Cash-settled futures are normally accounted for as settled-to-market. This means that the variation margins paid or received are accounted for as recurring settlements of the derivative contract as these payments reflect the fair value of the contract. The variation margins are not viewed as separate unit of accounts in relation to the underlying derivative. Hence, the recognised value of the contracts in the statement of financial position is zero.

For other bilateral energy contracts, the expected cash flow is stipulated based on available market closing rates at the reporting date. For level 3 contracts the last available market closing rates are extrapolated using a forward interest curve.

Several energy contracts refer to area prices. These contracts are valued using the closing rates on energy exchanges, where such exist. Internal models are used for area prices where closing prices are unavailable.

Statkraft has energy contracts where the contract price is indexed against commodities such as metal, paper, gas, petroleum products and coal. These are valued using forward prices from relevant commodity exchanges and major financial institutions. If no such forward market exists, a weighted average of historical prices is applied as a best estimate of future prices.

Several energy contracts have prices in different currencies. Quoted foreign exchange rates from The European Central Bank (ECB) are used in the valuation of contracts denominated in foreign currency. If there are no quotes for the entire period, then the interest parity is used to calculate exchange rates.

The market interest rate curve e.g. swap interest rate, is used as the basis for discounting derivatives. The market interest rate curve is stipulated based on the publicised swap interest rates. A credit valuation adjustment is included in cases where the credit risk is relevant. This applies to all external bilateral contracts classified as assets and liabilities.

Environmental certificate derivatives

- CO_2 contracts are valued based on the forward prices of European Union Allowance (EUA) quotas and Certified Emission Reduction (CER) quotas.
- Green certificate derivatives are valued using observable forward prices.

Currency and interest rate derivatives The fair value of interest rate swaps and combined interest rate and currency swaps is determined by discounting expected future cash flows through the use of observed market interest rates and quoted exchange rates from ECB. The valuation of forward currency exchange contracts is based on quoted exchange rates from which the forward exchange rates are extrapolated. Estimated net present value is subject to a test of reasonableness against calculations made by the counterparties.

Commercial papers and bonds held for trading are valued at quoted prices.

Shares and shareholdings are valued at quoted prices when available. For fair value measurement of shares within Statkraft's venture business judgement is exercised, and estimates are made to adjust the market data to reflect the potential impact of other factors such as geography, relevant market development, rights attributable, revenue growth and equity prices. Other securities are valued by discounting expected future cash flows.

Note 10 continued

Fair value hierarchy

2022	Fair value measurement at period-end using:			
NOK million	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	132	15 269	23 008	38 409
Energy derivatives, current assets	88	13 426	3 839	17 353
Energy derivatives, non-current liabilities	-3 336	-21 378	-18 595	-43 309
Energy derivatives, current liabilities	-3 066	-28 045	-3 520	-34 631
Energy derivatives, net	-6 182	-20 728	4 732	-22 178
Currency and interest rate derivatives, non-current assets	-	771	-	771
Currency and interest rate derivatives, current assets	-	169	-	169
Currency and interest rate derivatives, non-current liabilities	-	-321	-	-321
Currency and interest rate derivatives, current liabilities	-	-418	-	-418
Currency and interest rate derivatives, net	-	202	-	202
Other financial assets at fair value through profit and loss				
Shares	-	-	1 705	1 705
Financial investments, current	574	55	-	629
Other long-term receivables	-	-	348	348
Total	574	55	2 053	2 683
Financial assets at fair value through other comprehensive income				
Shares	-	-	14	14

2021	Fair value measurement at period-end using:			
NOK million	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	128	16 797	10 860	27 785
Energy derivatives, current assets	118	49 165	1 438	50 722
Energy derivatives, non-current liabilities	-1 429	-10 827	-9 623	-21 879
Energy derivatives, current liabilities	-998	-61 961	-1 505	-64 463
Energy derivatives, net	-2 181	-6 825	1 170	-7 835
Currency and interest rate derivatives, non-current assets	-	210	-	210
Currency and interest rate derivatives, current assets	-	1 020	-	1 020
Currency and interest rate derivatives, non-current liabilities	-	-106	-	-106
Currency and interest rate derivatives, current liabilities	-	-184	-	-184
Currency and interest rate derivatives, net	-	940	-	940
Other financial assets at fair value through profit and loss				
Shares	-	-	832	832
Financial investments, current	275	386	-	661
Commercial papers and short-term bonds	-	-	309	309
Total	275	386	1 142	1 803
Financial assets at fair value through other comprehensive income				
Shares	-	-	134	134

Note 10 continued

GROUP

Assets and liabilities measured at fair value based on Level 3

NOK million	Assets	Liabilities	Total
Opening balance as of 1 Jan 2022	13 574	-11 128	2 446
Unrealised changes in value recognised in profit and loss	15 483	-9 433	6 050
Unrealised changes in value recognised in other comprehensive income	-47	-	-47
Additions or derecognitions	206	-	206
Transfers to or from Level 3	-1 016	-925	-1 941
Currency translation effects	715	-629	86
Closing balance as of 31 Dec 2022	28 915	-22 115	6 600
Net realised gain (+)/loss (-) recognised in profit and loss 2022			-609
Opening balance as of 1 Jan 2021	2 818	-6 134	-3 316
Unrealised changes in value recognised in profit and loss	10 406	-5 389	5 017
Unrealised changes in value recognised in other comprehensive income	43	-	43
Additions or derecognitions	37	-	37
Transfers to or from Level 3	460	231	691
Currency translation effects	-190	163	-27
Closing balance as of 31 Dec 2021	13 574	-11 128	2 446
Net realised gain (+)/loss (-) recognised in profit and loss 2021			-

Sensitivity analysis of factors classified to Level 3

NOK million	10% reduction	10% increase
Net effect from power prices	-1 143	1 229

The effects are not symmetrical due to volume flexibility in the contracts.

Assets and liabilities recognised at amortised cost		Amortised cost	Fair value [1]	Amortised cost	Fair value [1]
NOK million	Note	2022	2022	2021	2021
Financial assets at amortised cost					
Loans to equity accounted investments, non-current	27	1 496		1 402	
Bonds and other long-term receivables	27	1 186		1 091	
Accounts receivable	29	24 678		20 569	
Cash collateral and margin calls	29	24 990		17 081	
Other receivables [2]	29	1 527		1 411	
Cash and cash deposits	30	58 902		36 862	
Total		112 779		78 415	
Financial liabilities at amortised cost					
Bank debt (non-current)	33	-3 627	-3 627	-3 811	-3 850
Bond debt (non-current)	33	-21 456	-20 421	-15 821	-16 586
Bank debt (current)	33	-2 058	-2 058	-5 455	-5 455
Commercial papers and bond debt (current)	33	-10 252	-10 197	-13 487	-13 675
Debt to Statkraft SF	33, 34	-200		-200	
Cash collateral	33, 34	-3 495		-10 967	
Accounts payable	34	-6 452		-6 916	
Accrued interest-free liabilities	34	-17 847		-13 012	
Other	34	-6 227		-2 627	
Total		-75 240		-72 297	

[1] Fair value is not disclosed when the carrying amount is a reasonable approximation of fair value. Issued bonds and debt are classified in level 2, since the valuation is based on observable market data in the form of interest rate curves, exchange rates and credit margins.

[2] Amount differs from note 29 since prepaid expenses and indirect taxes are not included in note 10.

Note 10 continued

NETTING AGREEMENTS

2022

Financial assets

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral received	Net value
Energy derivatives	111 231	55 469	55 762	-	6 213	49 549
Currency and interest rate derivatives	940	-	940	-	775	165
Total derivatives (current and non-current)	112 171	55 469	56 702	-	6 988	49 714
Receivables	65 777	7 737	58 040	62	-	57 978

Financial liabilities

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral pledged	Net value
Energy derivatives	-133 409	-55 469	-77 940	-	-11 524	-66 416
Currency and interest rate derivatives	-738	-	-738	-	-438	-300
Total derivatives (current and non-current)	-134 147	-55 469	-78 678	-	-11 962	-66 716
Other current liabilities	-44 837	-7 737	-37 100	-62	-	-37 038

2021

Financial assets

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral received	Net value
Energy derivatives	152 720	74 213	78 507	-	10 008	68 499
Currency and interest rate derivatives	1 229	-	1 229	-	957	272
Total derivatives (current and non-current)	153 949	74 213	79 736	-	10 965	68 771
Receivables	48 038	5 848	42 190	42	-	42 148

Financial liabilities

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral pledged	Net value
Energy derivatives	-160 555	-74 213	-86 342	-	-1 995	-84 347
Currency and interest rate derivatives	-290	-	-290	-	-39	-251
Total derivatives (current and non-current)	-160 844	-74 213	-86 631	-	-2 034	-84 597
Other current liabilities	-41 916	-5 848	-36 068	-42	-	-36 026

The tables show a reconciliation of gross amounts, booked amounts and net value (net exposure) of financial instruments where there are netting agreements or similar agreements.

A financial asset and a financial liability are presented net in the statement of financial position when Statkraft has a legally enforceable right to offset the asset and the liability and intends to settle on a net basis or realise the asset and the liability simultaneously. The unit of account for netting purposes is the individual cash flow.

For energy derivatives, futures and spot transactions, Statkraft has agreements with counterparties based on various types of master agreements setting the standard terms and conditions between the two parties. In general, the master netting agreements permit netting of payments and involve offsetting cash flows between the two parties when certain conditions are met, such as same commodity, currency and maturity.

The master agreements further serve to mitigate exposure to credit loss by allowing offsetting when an agreement is terminated, provided that such offsetting is permitted within the jurisdiction of the counterparty.

Termination can occur for instance if one of the parties is bankrupt or has defaulted on the agreement. Such close-out netting does not in itself meet the criteria of offsetting in the statement of the financial position.

Currency and interest rate derivatives are booked net for each contract in the statement of financial position.

Financial collateral is typically cash collateral and margin payments to/from counterparty, usually a bank or a clearing house. Financial collateral can also be cash set a side on a restricted bank account to cover forthcoming interest payments and instalments on a loan.

In the tables, the energy, currency and interest rate derivatives are separated in assets and liabilities. Cash collaterals received or pledged are booked net per counterpart and presented as current assets/liabilities, regardless of the maturity of the corresponding derivative. The derivatives, both current and non-current, are therefore presented on the same line item in the table above.

Note 11 Hedge accounting

GENERAL INFORMATION

Statkraft is exposed to foreign exchange and interest rate risks and uses financial instruments to mitigate these risks. For information on how Statkraft manages interest rate and foreign exchange risks, see note 7. Statkraft often manages the risk on a net basis, where few of the hedging relationships fulfil the requirement for hedge accounting. The main objective of the hedge accounting strategy is to reduce the volatility in the profit and loss statement.

Fair value hedge Three loan arrangements are treated as fair value hedges. Issued bonds have been designated as hedged items in the hedging relationships, and the associated interest rate swaps have been designated as hedging instruments. The hedged items are fixed-interest rate bonds with a total nominal value of EUR 1250 million. The hedging instruments are interest rate swaps with a nominal value of EUR 1250 million, entered into with major banks as the counterparties. The agreements swap interest rate from fixed to floating 3-month EURIBOR. The objective of the economic hedging arrangements is to hedge the exposure to changes in the fair value of the borrowings, which are issued at a fixed rate. Only the interest rate component, determined as the interbank swap interest rate, is hedged.

The hedge ratio is 1:1 as the critical terms of the hedged items and the hedging instruments are deemed to be approximately the same. The fair value hedges are expected to be highly effective and there was no significant impact on the statement of profit and loss resulting from hedge ineffectiveness during the year. Hedge ineffectiveness may arise if the terms of the hedged item and the hedging instrument are not fully aligned.

The hedging relationships are expected to remain effective at a future transition from EURIBOR to an alternative risk-free reference rate. The uncertainty related to the transition is limited, since the hedged items have fixed interest. Any accounting effects at transition are expected to be insignificant.

Net investment hedge The remaining effects of net investment hedge and any reclassification from the net investment hedge reserve to profit and loss, can be seen in the statement of changes in equity.

SIGNIFICANT ACCOUNTING POLICIES

Financial instruments designated as hedging instruments Financial instruments that are designated as hedging instruments or hedged items in hedge accounting are identified based on the intention with entering into a financial instrument. In a fair value hedge the value change will meet the corresponding change in value of the hedged item and it is presented on the same line item in the profit and loss and statement of financial position. Ineffectiveness is recognised in profit and loss.

Fair value hedges of interest rate risk

NOK million	Balance sheet item	Carrying amount[1)]	Accumulated fair value adjustment of the hedged items[1)]	Changes in fair value used for calculating hedge ineffectiveness
2022				
Hedged items:				
Fixed rate borrowing	Bond and bank debt	-12 549	462	606
Hedging instruments:				
Interest rate swaps	Derivatives	-460		-603
2021				
Hedged items:				
Fixed rate borrowing	Bond and bank debt	-7 619	-143	148
Hedging instruments:				
Interest rate swaps	Derivatives	143		-150

[1)] Accrued interest is not a part of the carrying amount.

Timing profile of hedging instruments designated to fair value hedges of interest rate risk

	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years and later
2022						
Interest rate swaps, nominal amounts	MEUR 500	-	MEUR 250	-	-	MEUR 500
2021						
Interest rate swaps, nominal amounts	-	MEUR 500	-	MEUR 250	-	-

Note 12 Sales revenues and energy purchase

GENERAL INFORMATION

The Group's sales revenues and energy purchase are divided into the following four categories:

Generation includes sales revenues and energy purchase related to Statkraft's physical power generating assets. The category includes spot sales, long-term contracts, concessionary sales contracts and certain environmental certificates.

District heating includes sales revenues and energy purchase related to district heating activities in Norway and Sweden.

Customers includes sales revenues and energy purchase related to market access and end-user activities which are in accordance with IFRS 15 and is mainly related to activities in Germany, UK and Norway.

Other mainly consists of:

- Revenues related to DS/DBS business model in Europe. See note 1.
- A subsea interconnector between Sweden and Germany, in the company Baltic Cable.
- Rental of power plants in Norway.
- Grid activities in Norway and Peru.
- EV charging activities in Europe.

SIGNIFICANT ACCOUNTING POLICIES

The main principle under IFRS 15 is to recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Generation and District heating

The revenues from Generation and District heating bear the characteristic of delivering power or district heating at a certain price. The performance obligation is to deliver a series of distinct goods (power or district heating) and the transaction price is the consideration Statkraft expects to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Statkraft applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer.

In arrangements where Statkraft sells power on an exchange (e.g. Nord Pool), the exchange is determined to be the customer. This is the enforceable contracts Statkraft has with the exchanges.

In certain jurisdictions, Statkraft is required by law to cede a share of the power generation to counties and municipalities where the power is generated. Statkraft has concluded that income from delivery of concessionary power does not arise from a contract with a customer under IFRS 15. However, Statkraft applies the principles and policies in IFRS 15 by analogy and presents income from sale of concessionary power as revenues.

Government grants are conditional to own generation of power from certain technologies. The right to receive the grants are obtained at the time of generation, and at the point of generation there is a reasonable assurance that Statkraft complies with the conditions related to the government grants and that the grants will be received. The grants are closely connected to the generation and the income is therefore presented as Sales revenues and revenue category generation. The recognised amount from government grants was NOK 467 million for 2022 (NOK 322 million in 2021).

For power sales contracts where Statkraft receives a fixed prepayment and where the delivery profile is not agreed, revenues are recognised on a straight-line basis over the contract period (years). Within the respective years, the revenues are recognised based on the expected production profile for the relevant power plants. See note 33.

Customers

This category includes sales revenues and energy purchase from market access activities which are in accordance with IFRS 15 (own use exemption). Other market access activities which are in accordance with IFRS 9 are presented net in the line item "Gains and losses from market activities" in the statement of profit and loss.

When other parties are involved in providing goods or services to Statkraft's customers, Statkraft has to determine whether its performance obligation is to provide the good or service itself (i.e. Statkraft is a principal) or to arrange for those goods or services to be provided by another party (i.e. Statkraft is an agent). In assessing whether Statkraft is agent or principal, Statkraft considers its contractual rights to direct the use of the electricity, balancing risk, discretion prices of the deliveries and whether Statkraft acts as the primary obligor of the deliveries. If Statkraft is a principal, the remuneration received from the customer is presented gross as sales revenues. The corresponding energy purchase is presented gross on a separate line item in the profit and loss statement. If Statkraft is an agent, the compensation for the service delivered is presented net as sales revenues.

Statkraft sells power to end-users (power consumers) in the UK. The contracts are considered as "own use" contracts and within scope of IFRS 15. Statkraft applies the same principles for end-user deliveries as for generation described above.

Note 12 continued

Other

Revenues from grid activities have the same characteristics as those described under Generation. Statkraft applies a practical expedient under IFRS 15 whereby the revenues from transportation of power are recognised at the amount to which the entity has a right to invoice.

The Group receives monetary contributions from customers in different jurisdictions in aid of construction of infrastructure connecting the customers to the grid for electricity or to district heating. Contributions to infrastructure assets represent payments which are to be evaluated together with pricing of future deliveries by Statkraft to the customer (one performance obligation) and revenue is therefore recognised over time. Statkraft has considered that it is appropriate to recognise these revenues over the expected useful life of the infrastructure assets.

The revenues from the subsea interconnector between Sweden and Germany in the company Baltic Cable are regulated, see note 35 for further details.

Revenues related to DS/DBS business model in Europe (see note1):

Engineering, procurement and construction (EPC) For some projects, Statkraft will construct a power plant subsequent of divesting it to a third party. An EPC contract contains a single performance obligation satisfied over time and the revenues will be recognised by measuring the progress towards completion. The revenues and costs from the EPC contracts are presented gross. These revenues are presented as Sales revenues.

Asset management, operation and maintenance For some of the divested power plants, Statkraft will deliver asset management, operation and maintenance services to the asset owner. Revenues are generally recognised over time but will depend on the facts and circumstances of the contract. Revenues from these services are presented as Sales revenues.

Power generation before divestment If the construction of a power plant in the DS/DBS business model is completed before divestment, the power plants will generate power and these revenues are presented as Sales revenues.

Note 12 Continued

Specification per revenue category

NOK million	Statkraft AS Group	Nordics	Europe	International	Markets	District heating	New technologies	Other	Group items
2022									
Generation - sales revenues	65 101	51 124	10 441	3 649	-	-	-	-	-112
Generation - energy purchase	-7 156	-278	-5 787	-1 206	2	-	-	-	113
Generation - net	57 945	50 846	4 654	2 443	2	-	-	-	1
District heating - sales revenues	1 203	137	-	-	-	1 076	-	-	-10
District heating - energy purchase	-384	-55	-	-	-	-339	-	-	10
District heating - net	819	82	-	-	-	737	-	-	-
Customers - sales revenues	80 296	256	-2	-	82 113	-	-	-	-2 071
Customers - energy purchase	-77 400	-251	-13	-	-79 207	-	-	-	2 071
Customers - net	2 896	5	-14	-	2 906	-	-	-	-1
Other - sales revenues	11 005	8 530	1 759	265	-125	7	655	-	-87
Other - energy purchase	-6 190	-4 384	-1 169	-173	-	-	-470	-36	42
Other - net	4 814	4 146	590	92	-125	7	185	-36	-45
Sales revenues - total	157 605	60 047	12 198	3 914	81 988	1 084	655	-	-2 280
Energy purchase - total	-91 131	-4 968	-6 969	-1 379	-79 205	-339	-470	-36	2 236
Sales revenues adjusted for energy purchase	66 476	55 079	5 230	2 535	2 783	745	185	-36	-45
2021									
Generation - sales revenues	**43 412**	36 222	5 039	2 284	13	-	-	-	-146
Generation - energy purchase	**-3 335**	-166	-2 773	-542	-1	-	-	-	146
Generation - net	**40 076**	36 057	2 266	1 742	12	-	-	-	-
District heating - sales revenues	**1 154**	128	-	-	-	1 031	-	-	-5
District heating - energy purchase	**-380**	-56	-	-	-	-330	-	-	6
District heating - net	**774**	73	-	-	-	701	-	-	-
Customers - sales revenues	**34 062**	167	-	-	35 227	-	-	-	-1 331
Customers - energy purchase	**-33 536**	-163	-1	-	-34 702	-	-	-	1 331
Customers - net	**527**	4	-1	-	524	-	-	-	-1
Other - sales revenues	**6 028**	4 415	921	264	38	2	351	-	38
Other - energy purchase	**-2 717**	-1 832	-435	-205	-23	-	-249	-	26
Other - net	**3 311**	2 584	485	60	16	2	102	-	65
Sales revenues - total	**84 656**	40 933	5 959	2 549	35 278	1 033	351	-	-1 445
Energy purchase - total	**-39 968**	-2 216	-3 209	-747	-34 726	-330	-250	-	1 509
Sales revenues adjusted for energy purchase	**44 688**	38 717	2 750	1 802	552	704	101	-	64

Specification per geographical area

External sales revenues are allocated based on the geographical origin of generating assets or activities.

Geographical areas

NOK million	Statkraft AS Group	Norway	Germany	Sweden	UK	Albania	Brazil	Peru	Other
2022									
Sales revenues external	157 605	61 759	52 780	11 219	17 757	1 597	1 496	1 393	9 604
Generation	65 101	46 190	8 781	4 723	193	1 597	1 496	1 132	989
District heating	1 203	1 072	-	132	-	-	-	-	-
Customers	80 296	12 246	43 620	-	17 159	-	-	-	7 270
Other	11 005	2 251	379	6 364	405	-	-	261	1 345
2021									
Sales revenues external	**84 656**	42 483	22 211	6 357	7 207	766	757	1 201	3 674
Generation	**43 412**	32 658	4 160	3 451	196	766	757	927	498
District heating	**1 154**	1 004	-	150	-	-	-	-	-
Customers	**34 062**	6 910	17 956	-	6 913	-	-	-	2 284
Other	**6 028**	1 911	95	2 757	98	-	-	275	892

Note 12 Continued

Further specification of sales revenues for revenue category **Generation:**

Generation - sales revenues

NOK million	2022	2021
Spot sales	56 026	37 681
Long-term contracts	8 197	4 990
Concessionary power	411	418
Environmental certificates	467	322
Generation - sales revenues	65 101	**43 412**

The **District heating** category includes district heating deliveries and waste handling in Norway and Sweden.

The **Customers** category mainly relates to market access activities in Europe. Statkraft offers market access services to small producers of renewable energy. These services include wind forecasting, nomination, balancing, settlement and necessary IT systems in order to market the power. The main objective is to achieve low imbalance costs. The market access business is a low margin activity combined with large scale, where the power is sold through the power exchanges. The most significant revenues are in Germany, UK and Norway, see specification per geographical area on previous page. In addition, there are revenues from end-user activities in UK, which are related to the supply of zero carbon, 100% renewable electricity to British businesses, along with optimisation of flexible assets (such as batteries, fridges or air conditioning) owned by the customers.

Further specification of sales revenues for revenue category **Customers:**

Customers - sales revenues

NOK million	2022	2021
Market access	71 781	29 733
End-user	8 515	4 330
Customers - sales revenues	80 296	**34 063**

Further specification of sales revenues for revenue category **Other:**

Other - sales revenues

NOK million	2022	2021
Distribution grid	1 333	1 449
Subsea cable	6 244	2 689
Revenues related to DS/DBS business model in Europe [1]	1 566	904
Rental of power plants [2]	1 198	598
EV charging	595	313
Miscellaneous	69	78
Other - sales revenues	11 005	**6 031**

[1] Most of the revenues here are from engineering, procurement and construction (EPC) contracts related to some solar projects under construction located in Cadiz in Spain.

[2] Revenues from power plants that are leased to third parties presented as Sales revenues, while expenses related to the operation of the power plants are recognised under Operating expenses.

Note 13 Gains/losses from market activities

GENERAL INFORMATION

Risk reducing activities consist of financial power contracts that mitigate price risk related to power generation in the segments Nordics and Europe, see "Financial hedging" in the table below. The activities also include the dynamic asset management portfolios in the segment Markets.

Trading and origination activities

Trading activities include buying and selling standardised and liquid products, such as power, oil and gas contracts.

Origination activities include buying and selling both standardised and structured energy-related products and services. It also includes market access activities in accordance with IFRS 9.

Embedded derivatives are related to long-term power sales agreements with industrial customers in Norway, where the contracts are nominated in euro and/or where the pricing is linked to certain commodity prices or inflation indexes.

For more information on the categories above, see note 7.

SIGNIFICANT ACCOUNTING POLICIES

Derivatives Risk reducing derivatives and most of the contracts within trading and origination are recognised at fair value through profit and loss (see note 10). The gains and losses consist of both realised and unrealised items and are presented net.

Embedded derivatives The foreign exchange exposure Statkraft takes on by nominating power sale contracts with Norwegian industrial customers in euro is considered to be an embedded derivative. In addition, some of these contracts are linked to the development of commodity prices and/or inflation indexes. These derivatives are separated from its host contract and recognised at fair value in the statement of financial position. See note 10.

Inventories Environmental certificates within the trading and origination activities are mainly recognised at fair value less costs to sell (see note 28). The gains and losses consist of both realised and unrealised items and are presented net.

Gains/losses from market activities

NOK million	2022	2021
Nordics:		
- Financial hedging	-4 074	-2 148
- Embedded derivatives indexed to industry indices or inflation	2 511	3 550
- Embedded EUR derivatives	-1 338	-1 285
- Other	-408	-
Sub-total	-3 310	117
Europe:		
- Financial hedging	-225	-359
Sub-total	-225	-359
Markets:		
- Trading & origination activities [1)]	10 831	2 424
- Dynamic asset management portfolios (DAMP)	407	-5 429
Sub-total	11 238	-3 005
Group items and other	-544	12
Gains/losses from market activities	7 159	-3 235

[1)] Includes trading, origination and market access activities which are in accordance with IFRS 9.

Note 13 continued

Gains/losses from market activities consist of the following items:

Nordics

- Financial hedging of parts of the generation revenues for the Nordics.
- Embedded derivatives for long-term power sales agreements, where the pricing is linked to certain commodity prices or inflation indices.
- Embedded derivatives for long-term power sales agreements, where the contracts are nominated in euro.
- Other.

Europe

- Financial hedging of parts of the generation revenues from gas-fired power in Germany.
- Financial hedging of parts of the generation revenues related to German and French wind power.
- Financial hedging of parts of the generation revenues from hydropower in Albania.

Markets

- Trading, origination and market access activities in accordance with IFRS 9.
- Dynamic asset management portfolios (DAMP).

Group items and other

- Interest and exchange rate derivatives towards the segment Markets.

Note 14 Other operating income

GENERAL INFORMATION

Other operating income includes gains from disposals of property, plant and equipment and insurance settlements. It also includes gains from divestment of shares, including sale of shares within the Development-Sell (DS)/Development-Build-Sell (DBS) business model.

SIGNIFICANT ACCOUNTING POLICIES

Divestments of SPVs related to the DS/DBS model are treated as loss of control in a subsidiary in accordance with IFRS 10 Consolidated Financial Statements (see note 1). A gain or loss is recognised in the profit and loss statement as either Other operating income or Other operating expenses (see note 19).

Other operating income

NOK million	Note	2022	2021
Gains from divestments of business activities	5	-	822
Gains from sale of shares in SPVs related to DS/DBS model	5	228	110
Miscellaneous other operating income [1]		1 181	624
Total		1 409	1 556

[1] Includes congestion income of NOK 621 million from the transmission system operator in Norway.

Note 15 Impairments/reversal of impairments

SIGNIFICANT ACCOUNTING POLICIES

Property, plant, equipment and intangible assets are reviewed for impairment at the end of every quarter. When there are indicators that future earnings cannot justify the carrying value, the recoverable amount is calculated to consider whether an allowance for impairment must be made. The recoverable amount is the higher of the asset's fair value less costs of disposal (FVLCOD) and its value in use (VIU). Intangible assets with indefinite useful life are not amortised but are considered for impairment once every year and when there are circumstances or indicators implying that an impairment test should be performed. Previously impaired non-financial assets, except goodwill, are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of assessing impairments, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units (CGUs)). CGUs in Statkraft are identified as follows:

Hydropower Power plants sharing the same water flow and/or being subject to the same infrastructure limitations are managed together to optimise power generation.

Wind farms The individual wind farm.

Gas-fired power plants A gas-fired power plant normally constitutes a CGU unless two or more plants are controlled and optimised together so that revenues are not independent of each other.

District heating Each plant together with associated infrastructure including distribution networks.

Electrical vehicle charging All charging stations within the same country.

Biomass power plants The individual biomass power plant.

Goodwill Goodwill is allocated to CGU or groups of CGUs identified in the acquisition of Element Power (Onshore wind), Solar Century (Solar) and MER (EV charging).

Equity accounted investments are tested for impairment when there are indicators of possible impairment. An impairment loss is recognised if the recoverable amount, estimated as the higher of fair value less cost to sell or value in use, is below the carrying value and a reversal of impairment is recognised in the opposite case. Impairments in equity accounted investments are presented as a part of Share of profit/loss in equity accounted investments in the profit and loss statement.

ACCOUNTING JUDGEMENTS

Indicator assessment In accordance with the ordinary reporting procedures, impairment of the carrying value of an asset is reviewed on a quarterly basis. Indicators that might give rise to an impairment loss are analysed and discussed by the segments and the Group's specialists. If indicators are identified, calculations will be made and if the carrying value is higher than the recoverable amount, an impairment loss is recognised in the financial statement. Analogue procedures are performed regarding reversal of earlier impairment.

Special attention is given to assets where one or more of the following situations are present:

- The difference between carrying value and recoverable amount is marginal.
- Regulatory environment is unclear, or project execution is uncertain.
- Structural changes in market conditions that lead to changes in the expected long-term power prices.
- Impairment loss has been assessed in earlier periods.

ESTIMATES AND ASSUMPTIONS

Value in use is calculated as future expected cash flows discounted by using a required rate of return equal to the market's required rate of return for corresponding assets in the same industry. The operating expenses are derived from the current year's expenses and next year's budget. Restructuring activities that the Group has not yet committed to or significant future investments that will enhance the asset's performance in the CGU being tested, are not included. Expected maintenance investments are included for commissioned power plants. Provision for decommissioning is not usually included in the value in use calculation.

When determining the value in use for property, plant and equipment under construction, remaining investments approved by Statkraft's management are included.

Assumptions applied when assessing value in use The recoverable amount is sensitive to the long-term price forecast for power, expected production volumes and the discount rate.

Power prices:

- For the short-term period, typically the first 3-5 years, observable market prices are applied as a basis for estimating future revenues.
- For the long-term period (year 2030 and later), estimated revenues are based on Statkraft's long-term price forecast for power, as described in note 2.
- For the period between short-term and long-term period the prices are interpolated, however with a profile which takes price volatility into consideration.

Production volumes The production volume used in the discounted cash flow analyses is the long-term expected production volume for any given site, taking into account all expected technical, hydrological and wake losses. Climate risks are taken into consideration when estimating the hydropower plants' inflow and expected flood mitigation actions. The volume estimate is a combination of information from turbine suppliers, third-party consultants and Statkraft's internal estimates.

Note 15 continued

Discount rate The discount rate applied when calculating value in use is based on a discount rate after tax and with differentiation between generation technologies and countries in Europe. Estimated future cash flows are discounted using a nominal post-tax discount rate which is based on Statkraft's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use will not significantly affect the amount of impairment/reversal of impairment compared with applying a pre-tax discount rate.

Assumptions applied when assessing fair value less cost to sell A fair value less cost to sell approach is applied for assets operating in a market where observable transactions for comparable assets exist. This is applied for certain onshore wind assets in Europe, where the fair value of the CGUs is derived from comparable onshore wind transactions. The valuation model applied is based on observable market prices.

Impairments/reversal of impairments recognised in the profit and loss statement

NOK million	2022	2021
Impairment of property, plant, equipment and intangible assets	2 499	83
Reversal of impairments on property, plant and equipment and intangible assets	-1 593	-3 486
Total impairments/reversal of impairments in consolidated business	907	-3 403
Equity accounted investments	-564	-393
Total impairments/reversal of impairments	343	-3 796

IMPAIRMENTS/REVERSAL OF IMPAIRMENTS IN 2022

Intangible assets, property, plant and equipment:

Hydropower in Albania A reversal of NOK 1243 million related to hydropower plants in Albania was recognised in the statement of profit and loss under the segment Europe. The reversal is explained by higher future power prices.

Hydropower in Chile An impairment of NOK 1726 million related to a hydropower project was recognised in the statement of profit and loss under the segment International. The impairment is mainly explained by expected lower power prices in the long-term horizon. The project is also impacted by delay in expected commercial operation date, resulting in lower revenues and increased estimated costs.

Wind power in Norway An impairment of NOK 692 million related to wind power plants was recognised in the statement of profit and loss under the segment Nordics. The impairment is explained by the introduction of resource rent tax on onshore wind power plants.

Equity accounted investments:

Hydropower in India A reversal of NOK 202 million related to a hydropower plant was recognised in the statement of profit and loss, mainly as a result of expected higher future power prices. The reversal is presented as Share of profit/loss in equity accounted investments under the segment International.

Hydropower in Chile A reversal of NOK 362 million related to two hydropower plants was recognised in the statement of profit and loss. The reversal is explained by expected higher future power prices in the short-term horizon. The reversal is presented as Share of profit/loss in equity accounted investments under the segment International.

NOK million

Segment	**Nordics**	**Europe**	**International**	**Other [1]**	**Total**
Geography	Norway	Albania	Chile		**consolidated**
Technology	Wind	Hydropower	Hydropower		**business**
Recoverable amount relevant assets/CGUs	3 586	11 006	2 155		
Recoverable amount applied	VIU	VIU	VIU		
Impairments/reversal of impairments (-)	692	-1 243	1 726	-268	**907**
Discount rate after tax	8.1%	7.7%	6.4%		
Discount rate before tax	14.7%	8.6%	8.7%		
Sensitivity analysis: [2]					
Power prices +10%	362	1290	n/a		
Power prices -10%	-414	-1286	n/a		
Net revenues[3] +10%	n/a	n/a	271		
Net revenues -10%	n/a	n/a	-261		
Change in tax depreciations [4]	-272	n/a	n/a		
Discount rate -1%-point	363	n/a	668		
Discount rate +1%-point	-310	n/a	-483		
Discount rate 100% Albania [5]	n/a	-891	n/a		
Discount rate 100% Hungary [5]	n/a	729	n/a		

[1] Mainly related to reversal of impairment of NOK 350 million of a hydropower pump storage in Germany.

[2] The sensitivties disclosed are the ones assumed to be the most relevant for the specific CGU.

[3] Sales revenues minus energy purchase.

[4] Due to uncertain resource rent tax rules regarding historical capital expenditures, the VIU is calculated based on a consultation draft. In the sensitivity analysis the historical tax base is unadjusted, which means lower future tax depreciations.

[5] The WACC applied in the VIU is mix of both Albanian and Hungarian input as these are the most important markets for the CGU.

Note 15 continued

IMPAIRMENTS/REVERSAL OF IMPAIRMENTS IN 2021

Intangible assets, property, plant and equipment:

Gas-fired power in Germany A net impairment reversal of NOK 1020 million related to gas-fired power plants in Germany was recognised in the statement of profit and loss under the segment Europe. The reversal is explained by improved outlook for future gas to power margin (spark spread).

Wind power in Norway A net impairment reversal of NOK 1187 million related to wind assets in Norway was recognised in the statement of profit and loss under the segment Nordics. The reversal is explained by expected higher future power prices in Norway.

Wind power in Sweden A net impairment reversal of NOK 1279 million related to wind assets in Sweden was recognised in the statement of profit and loss under the segment Nordics. The reversal is explained by expected higher future power prices in the area SE2.

Hydropower in Brazil An impairment of NOK 48 million related to hydropower plants in Brazil was recognised in the statement of profit and loss under the segment International.

Equity accounted investments:

Hydropower in Asia A net impairment reversal of NOK 617 million related to two hydropower plants was recognised in the statement of profit and loss. The reversal is due to expected higher power prices in future years. The reversal is presented as Share of profit/loss in equity accounted investments under the segment International.

Furthermore, an impairment of NOK 224 million was recognised in the statement of profit and loss. The impairment was a result of an uncertain outcome of negotiations related to future revenues and operations of a hydropower plant. The impairment is presented as Share of profit/loss in equity accounted investments under the segment International.

Estimated recoverable amounts are particularly sensitive to changes in cost of capital and future power prices or other relevant prices, such as spark spread for gas-fired power plants. See below.

NOK million					
Segment	**Nordics**	**Nordics**	**Europe**	**Other [1]**	**Total**
Geography	Norway	Sweden	Germany		**consolidated**
Technology	Wind	Wind	Gas-fired		**business**
Recoverable amount relevant assets/CGUs	5 051	2 828	6 243		
Recoverable amount applied	VIU	VIU	VIU		
Impairments/reversal of impairments (-)	-1 187	-1 279	-1 020	83	**-3 403**
Discount rate after tax	5.7%	5.7%	6.1%		
Discount rate before tax	7.3%	7.2%	8.8%		
Sensitivity analysis:					
Power prices / spark spread +10%	801	479	839		
Power prices / spark spread -10%	-804	-479	-859		
Discount rate -1%-point	617	300	330		
Discount rate +1%-point	-529	-263	-320		

[1] Mainly related to hydropower in Brazil and technical goodwill from previous acquisitions in Brazil and Sweden.

Note 16 Salaries and number of full-time equivalents

NOK million	2022	2021
Salaries	3 721	3 339
Employers' national insurance contribution	704	584
Pension costs [1]	823	443
Other benefits [2]	2 260	920
Total	7 508	5 286

[1] Pension costs are described in further detail in note 17.

[2] The increase is mainly related to performance-related remunerations.

	2022	2021
Average number of full-time equivalents Group	4 622	4 230
Number of full-time equivalents as of 31 Dec	4 859	4 385

Note 17 Pensions

GENERAL INFORMATION

Statkraft's pension benefit schemes have been established in accordance with local statutes and cover both defined contribution schemes and defined benefit schemes.

Defined contribution schemes A defined contribution scheme is a retirement benefit scheme where the Group pays fixed contributions to a separate entity without incurring further obligations once the payment has been made. The main contribution scheme in the Group is described in more detail below.

Defined contribution scheme in Norway Statkraft's pension scheme for new employees in Norway is a defined contribution scheme. The contributions are 6% of the pensionable salary up to 7.1 of the National Insurance Scheme's basic amount (G), and 18% of the pensionable salary between 7.1G and 12G. In addition to retirement pensions, the contribution schemes also entail risk coverage and private early retirement pension (AFP).

Defined benefit schemes Defined benefit schemes are post-employment benefit plans other than defined contribution plans. These plans create obligations to provide agreed benefits to current and past employees and effectively places actuarial risk on the Group. The main defined benefit schemes in the Group are closed and are described in more detail below.

Funded defined benefit scheme in the National Pension Fund (SPK) and Skagerak Energi Pension Fund (SEPK) in Norway The schemes cover retirement, disability and survivor pensions. The schemes also offer early retirement from the age of 62 under the Norwegian early retirement pension scheme. Employees in the schemes participate in public service occupational pension schemes in accordance with the Norwegian Public Service Pension Fund Act, the Norwegian Public Pension Service Pension Fund Transfer Agreement and the regulatory framework governing public service pensions.

The retirement benefit for employees born before 1963 is set as a percentage of the employee's salary. At maximum accrual, the retirement schemes provide pension benefits amounting to 66% of pensionable salary, up to 12G. The scheme benefits are coordinated with the benefits provided by the Norwegian National Insurance Scheme. From 1 January 2020 employees born in 1963 or later earn retirement benefits as a supplement to pensions in the National Insurance System.

Companies in Norway with schemes in the SPK pay an annual premium and are responsible for the financing of the scheme. Pension benefits from the SPK are guaranteed by the Norwegian state. The SPK scheme is not asset-based, but management of the pension fund assets is simulated as though the assets were invested in government bonds with 1, 3, 5 or 10-year duration, in addition to a small share in the Government Pension Fund Global. The pension benefit scheme in SPK was closed for new employees 1 January 2014.

Companies in Norway with schemes in the SEPK pay an annual premium and are responsible for financing the scheme. Pension assets are placed in a diversified portfolio of Norwegian and foreign interest-bearing securities, Norwegian and foreign shares, secured loans to members, hedge funds and properties through external asset managers. The pension benefit scheme in SEPK was closed for new employees 1 January 2016.

Unfunded defined benefit schemes in Norway Some Group companies in Norway have entered into an additional pension agreement that provides all employees whose pensionable incomes exceed 12G with a retirement and disability pension equivalent to 66% of that portion of their pensionable income exceeding 12G. This agreement was closed for new employees 30 April 2012.

SIGNIFICANT ACCOUNTING POLICIES

The liability recognised in the balance sheet which relates to the defined benefit scheme is the present value of the future retirement benefits that are reduced by the fair value of the plan assets. Net pension fund assets for overfunded schemes are classified as non-current assets and recognised in the balance sheet at fair value. Net retirement benefit liabilities for underfunded schemes and non-funded schemes that are covered by operations are classified as non-current liabilities.

The pension costs for the period are included under salaries and other payroll costs. The pension costs related to defined benefit schemes comprise the total of the retirement benefits accrued during the period, the interest on the estimated liability and the projected yield on pension fund assets. Gains and losses attributable to changes in actuarial assumptions or base data are recognised in other comprehensive income.

ESTIMATES AND ASSUMPTIONS

The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. Present value of accrued pension entitlements for defined benefit schemes and present value of accrued pension entitlements for the year are calculated using the accrued benefits method. Net pension liabilities in the balance sheet are adjusted for expected future salary increases until retirement age.

The discount rate The discount rate is based on high-quality corporate bonds (covered bonds - OMF). Statkraft is of the opinion that the market for covered bonds represents a deep and liquid market with relevant durations that qualify as a reference interest rate in accordance with IAS 19.

Actuarial gains Actuarial gains recognised in other comprehensive income in 2022 were mainly driven by an increased discount rate.

Scheme changes Scheme changes in 2022 were mainly related to change in the method for annual adjustment of pensions payments in Norway. Prior to the regulatory change, the annual regulation of pension payments was based on the national insurance scheme's basic amount (G) minus a fixed factor of 0.75 per cent. Going forward, the adjustment will be based on the average of salary adjustment and inflation.

The following assumptions are used [1]	31 Dec 2022	31 Dec 2021
Discount rate and expected return	3.10%	1.90%
Salary adjustment	3.50%	2.75%
Adjustment of current pensions in public schemes	2.60%	1.75%
Adjustment of the National Insurance Scheme's basic amount (G)	3.25%	2.50%
Demographic factors for mortality and disability	K2013/IR73	K2013/IR73

[1] The assumptions apply for Norwegian entities. Defined benefit schemes outside of Norway are not material for the Group.

Note 17 continued

Members of defined benefit schemes	2022	2021
Employees	1 274	1 345
Pensioners and people with deferred entitlements	2 910	2 861

Breakdown of net defined benefit pension liability

NOK million	2022	2021
Present value of accrued pension entitlements for funded defined benefit schemes	7 969	8 715
Fair value of pension assets	7 067	7 224
Net pension liability for funded defined benefit schemes	902	1 491
Present value of accrued pension entitlements for unfunded defined benefit schemes	787	1 003
Employers' national insurance contribution	353	448
Net pension liabilities in the balance sheet	2 041	2 942
Of which net pension assets - see note 27	886	950
Of which net pension liabilities	2 927	3 892

Movement in defined benefit pension liability

NOK million	2022	2021
Defined gross benefit pension liabilities 1 Jan	9 718	8 827
Present value of accrued pension entitlements for the year	207	208
Interest expenses	173	128
Scheme changes	293	-
Actuarial gains/losses	-1 381	815
Paid benefits	-293	-229
Currency translation effects	38	-31
Gross defined benefit pension liabilities 31 Dec	8 755	9 718

Movement in the fair value of pension assets for defined benefit pension schemes

NOK million	2022	2021
Fair value of pension assets 1 Jan	7 224	6 677
Expected return on pension assets	132	101
Actuarial gains/losses	-429	377
Total contributions	321	262
Paid benefits	-204	-176
Currency translation effects	24	-17
Fair value of pension assets 31 Dec	7 067	7 224

Pension assets comprise	2022	2021
Equity instruments	1 768	2 035
Interest-bearing instruments	4 565	4 558
Other	735	631
Fair value of pension assets 31 Dec	7 067	7 224

Actuarial gains and losses recognised in other comprehensive income

NOK million	2022	2021
Accumulated actuarial gains and losses recognised in other comprehensive income before tax 31 Dec	2 690	3 730

Pension cost recognised in the income statement

Defined benefit schemes

NOK million	2022	2021
Present value of accrued pension entitlements for the year	207	208
Interest expenses	173	128
Expected return on pension assets	-132	-101
Scheme changes	293	-
Employee contributions	-17	-17
Employers' national insurance contribution	67	37
Net pension cost defined benefit schemes	591	255

Defined contribution schemes

Employer payments	232	188
Total pension cost - see note 16	823	443

	Discount rate		Salary adjustment		Adjustment of G	
Sensitivity analysis upon changes in assumptions	1 %	-1 %	1 %	-1 %	1 %	-1 %
Increase (+)/decrease (-) in net pension cost defined benefit schemes for the period excluding scheme changes	-18%	17%	8%	-9%	20%	-18%
Increase (+)/decrease (-) in gross defined pension liability as of 31 Dec	-15%	19%	5%	-5%	13%	-12%

Note 18 Regulatory fees

GENERAL INFORMATION

Regulatory fees are operating expenses which are paid to Governments. Property tax is mainly related to hydropower plants in Norway. Owners of large hydropower plants in Norway are also required to pay licence fees to the state and the municipalities. Other regulatory fees include high-price contribution in Norway, solidarity contribution in Albania, withholding taxes on services, stamp taxes and import taxes.

A **high-price contribution (HPC)** was introduced in Norway with effect from 28 September 2022 to hydropower plants with generators with a total rated output of 10 000 kVA or more and from 1 January 2023 to other hydropower plants and onshore wind farms. The rate is set at 23 per cent of the electricity price above NOK 0.70 per kWh. See note 22.

A **solidarity contribution** imposed by law was introduced in Albania to redistribute the surplus revenues from electricity producers for the year 2022. The rate is set at 50 per cent of the electricity price above ALL 8.5 per kWh. The law is effective from 1 January 2022 to 31 December 2024 but may be terminated earlier. See note 22.

SIGNIFICANT ACCOUNTING POLICIES

Statkraft has classified the **high-price contribution** and **solidarity contribution** as operating expenses as the regulations are not based on taxable profits (see note 22). Also, these fees are not considered as a reduction in revenues as they do not impact the cash flows, the performance obligations or other elements of the contracts with the customers.

NOK million	2022	2021
Property tax	884	955
Licence fees [1]	406	380
Other regulatory fees [2]	2 119	41
Total	3 409	1 375

[1] Owners of large hydropower plants in Norway are required to pay licence fees to the state and the municipalities.

[2] Includes high-price contribution of NOK 1674 million in Norway.

Note 19 Other operating expenses

GENERAL INFORMATION

A major part of other operating expenses is related to operation of power plants. Purchase of third-party services consists of costs related to buildings, plants, transportation, mechanical and other construction work. Compensation payments consist of concession costs, grants to construction and periodic compensations. The rest is IT expenses, external consultants, and general administrative expenses.

NOK million	2022	2021
Purchase of third-party services	3 236	2 506
Materials	671	498
Power plants operated by third parties [1]	297	242
Compensation payments	150	149
IT licenses and equipment	607	468
Miscellaneous [2]	320	324
Total	5 281	**4 188**

[1] See also note 12 and section which specifies 'Other - sales revenues'.

[2] Miscellaneous includes marketing, travel expenses, insurance, rental costs, losses on divestments and losses on sale of property, plant and equipment.

Note 20 Financial items

NOK million	2022	2021
Net currency effects (A) [1]	**233**	**1 089**
Interest income	1 155	289
Interest expenses		
Interest expenses from bond debt, commercial papers, bank debt and interest derivatives [2]	-312	-439
Other interest expenses	-206	-164
Interest expenses from lease liabilities	-61	-56
Capitalised borrowing costs	293	136
Total	-786	-523
Other financial items		
Unrealised gains/losses on interest rate derivatives and securities [3]	1 421	655
Gains/losses from divestments of equity accounted investments [4]	4 242	21
Other	-155	-200
Total	5 508	476
Interest and other financial items (B) [1]	**5 878**	**242**
Net financial items (A+B)	**6 111**	**1 331**

[1] See note 21 for specification of realised and unrealised.
[2] Includes NOK 138 million in net income from interest derivatives in 2022 and NOK 204 million in 2021.
[3] Fair value changes on investments made by Statkraft Ventures GmbH of NOK 435 million in 2022 and NOK 347 million in 2021.
[4] Merger of Agder Energi AS and Glitre Energi AS. See notes 5 and 26.

Note 21 Unrealised effects recognised in the statement of profit and loss

GENERAL INFORMATION

The table below discloses the effects recognised in the statement of profit and loss from unrealised value changes of:

- **Gains/losses from market activities** includes inventories and financial instruments measured at fair value.
- **Net currency effects** includes currency gains and losses on financial instruments measured at amortised cost and fair value.
- **Interest and other financial items** includes financial instruments measured at fair value.

	2022			2021		
NOK million	Unrealised	Realised	Total	Unrealised	Realised	Total
Gains/losses from market activities:						
-of which Nordics [1]	-1 935	-1 375	-3 310	915	-799	117
-of which Europe	-628	403	-225	-1 096	737	-359
-of which Markets	4 917	6 321	11 238	2 868	-5 873	-3 005
-of which Group items and other	-487	-58	-544	-326	337	12
Split unrealised/realised in Operating profit/loss (EBIT) [1]	**1 867**	5 292	7 159	**2 362**	-5 597	-3 235
Net currency effects [2]	1 126	-893	233	770	319	1 089
Interest and other financial items	1 421	4 457	5 878	655	-412	242
Split unrealised/realised in Net financial items	**2 547**	3 564	6 111	**1 424**	-93	1 331
Total unrealised effects	**4 414**			**3 786**		

[1] Includes effects from embedded EUR derivatives that is excluded from underlying EBIT as presented in the segment disclosure, see note 4.

[2] Currency losses year to date from internal loans were NOK 162 million, of which a gain of NOK 22 million was realised. The corresponding currency gains for 2021 were NOK 27 million and NOK 406 million, respectively.

Unrealised and realised effects in the financial statement line item Gains/losses from market activities are split between the segments in the table above. For more details of this line item in the different segments, see note 13.

Note 22 Income taxes

GENERAL INFORMATION

Income tax is calculated in accordance with ordinary tax rules and by applying the adopted tax rate. The tax expense in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payables are calculated based on the taxable income for the year. Deferred tax liabilities/assets are calculated based on temporary differences between the accounting and tax values and the tax effect of losses carried forward.

Deferred tax liabilities and deferred tax assets are recognised net provided that these are expected to reverse in the same period. Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income.

Statkraft is subject to surtaxes in addition to ordinary income tax. Significant accounting policies related to such surtaxes are described below.

SIGNIFICANT ACCOUNTING POLICIES

Norway

- **Resource rent tax (RRT)** on hydropower generation is a profit-dependent tax levied on the net resource rent revenue generated by each power plant. From 2021 onwards all new investments related to hydropower generation can be deducted immediately for the purpose of resource rent tax. The effective marginal tax rate was 45 per cent for the financial year 2022 (37 per cent for the financial year 2021). Deferred tax positions connected with ordinary income tax payable cannot be offset against tax positions connected with resource rent tax.

- **A high-price contribution (HPC)** was introduced with effect from 28 September 2022 to hydropower plants with generators with a total rated output of 10 000 kVA or more and from 1 January 2023 to other hydropower plants and onshore wind farms. Statkraft has classified the high-price contribution as an operating expense as the regulation is not based on taxable profits. See note 18.

- **Natural resource tax (NRT)** on hydropower generation is a profit-independent tax that is calculated on the basis of the individual power plant's average output over the past seven years. The tax rate is NOK 0.013 per kWh. The natural resource rent tax paid can be offset against ordinary income tax and is therefore presented as an income tax.

- **Minimum taxation rules** according to Pillar II might be introduced via domestic law by 2023 or 2024. Statkraft is in scope of the rules and might be subject to top-up tax due to having operations in some countries with effective tax rates at or below the top-up tax rate of 15 per cent. However, any top-up tax originating from the Pillar II rules is not expected to be material. The Statkraft SF company, which is part of Statkraft SF group, but not Statkraft AS group, is the ultimate parent entity according to the Pillar II rules. Statkraft has applied the temporary exception according to IAS 12 and has therefore not recognised any deferred taxes with respect to this tax regime.

Albania

- **A solidarity contribution** was introduced with effect from 1 January 2022. Statkraft has classified this item as an operating expense as the regulation is not based on taxable profits. See note 18.

ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognised to the extent that it is probable that they will be utilised. In making such a determination, all available positive and negative evidence are considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The key assumptions for projected future taxable income are future expectations related to price, production and deductible expenses.

Deferred taxes initially not recognised are related to tax effect of temporary differences originating from acquisitions not being assessed as business combinations.

In Norway it is proposed to introduce an effective resource rent tax of 40 per cent from 2023 on onshore wind generations. Statkraft assess this regulatory change to be probable, but not as "substantively enacted" according to IAS 12 as of 31 December 2022. This is due to an ongoing consultation ending 15 March 2023. As such, deferred taxes have not been remeasured, but the regulatory change has had a negative impact on the value of Statkraft's onshore wind assets. See note 15.

Uncertain tax positions are described in note 35.

Note 22 continued

2022: TAX EXPENSE AND CURRENT TAX

NOK million

Nominal tax rates in the statement of comprehensive income	Norway
Income tax rate	22%
Resource rent tax rate - hydropower (effective)	45%

The tax expense in the income statement	Norway	Sweden	Europe Rest	World Rest	Group
Income tax payable (including natural resource tax payable)	8 093	711	1 166	85	10 055
Resource rent tax payable	15 949	-	-	-	15 949
Withholding tax payable	10	-	7	0	17
Previous years payable tax expense	-66	61	-41	-156	-202
Change in deferred tax net of group contributions	3 297	529	672	-90	4 409
Tax expense in the income statement	27 282	1 302	1 805	-161	30 228

Reconciliation of effective tax rate	Norway	Sweden	Europe Rest	World Rest	Group
Profit before tax	42 260	5 705	10 337	517	58 819
Tax expense at a nominal Norwegian rate	9 297	1 255	2 274	114	12 940
Effect on taxes of					
Resource rent tax	16 838	-	-	-	16 838
Foreign tax rate differences	-	-80	471	-38	354
Change in tax rates [1]	1 422	-	4	-	1 426
Share of profit/loss in equity accounted investments	162	-0	-62	-217	-117
Tax-free income	-978	-0	-161	-9	-1 148
Changes relating to previous years	42	49	-23	-161	-92
Change in unrecognised deferred tax assets [2]	1	19	-628	131	-478
Other permanent differences [3]	498	59	-71	19	504
Tax expense	27 282	1 302	1 805	-161	30 228
Effective tax rate	64.6%	22.8%	17.5%	-31.1%	51.4%

Taxes payable in the statement of financial position	Norway	Sweden	Europe Rest	World Rest	Group
Income tax payable	7 471	637	624	32	8 764
Natural resource tax payable	638	-	-	-	638
Resource rent tax payable	15 949	-	-	-	15 949
Previous years taxes payable	362	365	288	-	1 015
Taxes payable in the balance sheet	24 419	1 002	912	32	26 365

Tax included in non-current assets and receivables	Norway	Sweden	Europe Rest	World Rest	Group
Tax included in other non-current financial assets - see note 27	2 079	-	-	-	2 079
Tax included in receivables - see note 29	-	430	102	212	743
Tax included in non-current assets and receivables	2 079	430	102	212	2 822

[1] The change in tax rates is mainly related to increased resource rent tax in Norway.

[2] The change in unrecognised deferred tax assets is mainly related to Germany.

[3] Other permanent differences are mainly related to non-deductible high-price contributions in Norway. See note 18.

Note 22 continued

2021: TAX EXPENSE AND CURRENT TAX

NOK million

Nominal tax rates in the statement of comprehensive income	Norway
Income tax rate	22%
Resource rent tax rate - hydropower	37%

The tax expense in the income statement	Norway	Sweden	Europe Rest	World Rest	Group
Income tax payable (including natural resource tax payable)	5 550	509	209	96	**6 364**
Resource rent tax payable	7 749	-	-	-	**7 749**
Withholding tax payable	7	-	91	-	**98**
Previous years payable tax expense	8	3	24	24	**59**
Change in deferred tax net of group contributions	2 587	466	-774	112	**2 392**
Tax expense in the income statement	15 901	978	-449	232	**16 663**

Reconciliation of effective tax rate	Norway	Sweden	Europe Rest	World Rest	Group
Profit before tax	27 843	4 361	-447	987	**32 744**
Tax expense at a nominal Norwegian rate	6 126	959	-98	217	**7 204**
Effect on taxes of					
Resource rent tax	10 074	-	-	-	**10 074**
Foreign tax rate differences	-	-61	-40	27	**-75**
Change in tax rates	-	-	46	-	**46**
Share of profit/loss in equity accounted investments	-248	-	-1	-122	**-371**
Tax-free income	-14	-0	-271	-1	**-285**
Changes relating to previous years	-79	30	20	70	**41**
Change in unrecognised deferred tax assets [1)]	-1	-	-176	-35	**-212**
Other permanent differences [2)]	44	50	71	76	**241**
Tax expense	15 901	978	-449	232	**16 663**
Effective tax rate	57.1%	22.4%	100.4%	23.5%	**50.9%**

Taxes payable in the statement of financial position	Norway	Sweden	Europe Rest	World Rest	Group
Income tax payable	4 847	428	98	59	**5 432**
Natural resource tax payable	636	-	-	-	**636**
Resource rent tax payable	7 749	-	-	-	**7 749**
Previous years taxes payable	364	64	278	3	**708**
Taxes payable in the balance sheet	13 596	492	376	62	**14 527**

Tax included in non-current assets and receivables	Norway	Sweden	Europe Rest	World Rest	Group
Tax included in other non-current financial assets - see note 27	2 079	-	-	-	**2 079**
Tax included in receivables - see note 29	-	1	91	93	**185**
Tax included in non-current assets and receivables	2 079	1	91	93	**2 264**

[1)] The change in unrecognised deferred tax assets is mainly related to Albania and Germany.
[2)] Other permanent differences are mainly related to non-deductible expenses and withholding tax.

Note 22 continued

2022: DEFERRED TAX

NOK million

Norway	1 Jan 2022	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2022
Property, plant and equipment [1]	9 663	2 524	-	-	12 188
Tax loss carryforwards [2]	-956	159	-	-	-797
Pensions	-1 106	-55	248	-	-913
Derivatives	956	-2 400	-	-	-1 444
Other items	-383	3 069	-	-	2 686
Sum	8 174	3 297	248	-	11 719

Sweden	1 Jan 2022	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2022
Property, plant and equipment	1 565	12	-33	-0	1 544
Tax loss carryforwards	-9	6	0	-	-2
Pensions	-	-	-	-	-
Derivatives	-	-	-	-	-
Other items	280	511	-12	-	779
Sum	1 836	529	-44	-0	2 321

Europe Rest	1 Jan 2022	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2022
Property, plant and equipment	-87	873	24	-6	804
Tax loss carryforwards	-835	-141	-41	0	-1 017
Pensions	8	-42	-3	-	-37
Derivatives	-92	-103	-3	-	-196
Other items	55	85	2	-	142
Sum	-951	672	-22	-6	-307

World rest	1 Jan 2022	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2022
Property, plant and equipment	2 430	-264	323	-	2 491
Tax loss carryforwards	-439	3	-52	-	-489
Pensions	-	-	-	-	-
Derivatives	-153	105	-28	-	-75
Other items	79	67	-53	-	93
Sum	1 917	-90	190	-	2 020

Group	1 Jan 2022	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2022
Property, plant and equipment	13 571	3 145	314	-6	17 028
Tax loss carryforwards	-2 239	27	-93	0	-2 305
Pensions	-1 099	-97	246	-	-950
Derivatives	711	-2 397	-31	-	-1 718
Other items	31	3 732	-63	-	3 700
Sum	10 975	4 409	372	-6	15 752
Of which deferred tax assets	1 748				1 213
Of which deferred tax liabilities	12 723				16 964

[1] Property, plant and equipment in Norway are mainly subject to both ordinary income tax and resource rent tax.

[2] Tax loss carryforwards in Norway are mainly related to resource rent tax.

Note 22 continued

2021: DEFERRED TAX

NOK million

Norway	1 Jan 2021	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2021
Property, plant and equipment [1]	8 513	1 267	-	-117	**9 663**
Tax loss carryforwards [2]	-1 754	787	-	11	**-956**
Pensions	-917	30	-219	-	**-1 106**
Derivatives	188	767	-	-	**956**
Other items	-126	-263	-	6	**-383**
Sum	5 905	2 587	-219	-99	**8 174**

Sweden	1 Jan 2021	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2021
Property, plant and equipment	1 491	152	-79	-	**1 565**
Tax loss carryforwards	-	-9	0	-	**-9**
Pensions	-	-	-	-	**-**
Derivatives	-	-	-	-	**-**
Other items	-45	323	-1	2	**280**
Sum	1 447	466	-80	2	**1 836**

Europe Rest	1 Jan 2021	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2021
Property, plant and equipment	203	-188	3	-106	**-87**
Tax loss carryforwards	-365	-505	33	2	**-835**
Pensions	-	1	7	-	**8**
Derivatives	-0	-93	1	-	**-92**
Other items	15	11	1	28	**55**
Sum	-147	-774	45	-76	**-951**

World Rest	1 Jan 2021	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2021
Property, plant and equipment	2 104	262	64	-	**2 430**
Tax loss carryforwards	-301	-129	-5	-5	**-439**
Pensions	-	-	-	-	**-**
Derivatives	-150	-9	5	-	**-153**
Other items	80	-12	10	1	**79**
Sum	1 735	112	75	-4	**1 917**

Group	1 Jan 2021	Profit and loss	Other comprehensive income	Additions/ disposals	31 Dec 2021
Property, plant and equipment	12 311	1 493	-11	-223	**13 571**
Tax loss carryforwards	-2 419	144	29	8	**-2 239**
Pensions	-917	31	-213	-	**-1 099**
Derivatives	39	665	7	-	**711**
Other items	-75	60	10	37	**31**
Sum	8 939	2 392	-179	-177	**10 975**
Of which deferred tax assets	1 658				**1 748**
Of which deferred tax liabilities	10 596				**12 723**

[1] Property, plant and equipment in Norway are mainly subject to both ordinary income tax and resource rent tax.

[2] Tax loss carryforwards in Norway are mainly related to resource rent tax.

Note 22 continued

DEFERRED TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

NOK million

2022	Norway	Sweden	Europe Rest	World Rest	Group
Remeasurement of net pension liabilities	248	-	-4	-	244
Changes in fair value of financial instruments	-	-	1	-44	-43
Currency translation effects	-0	-44	-19	234	172
Sum	248	-44	-22	190	372

2021	Norway	Sweden	Europe Rest	World Rest	Group
Remeasurement of net pension liabilities	-219	-	7	-	-213
Changes in fair value of financial instruments	-	-	-	15	15
Currency translation effects	-	-80	39	60	19
Sum	-219	-80	45	75	-179

DEFERRED TAX ASSETS NOT RECOGNISED

NOK million	Norway	Sweden	Europe Rest	World Rest	Group
2022	198	18	600	758	1 574
2021	336	-	1 378	557	2 271

DEFERRED TAX INITIALLY NOT RECOGNISED

NOK million	Norway	Sweden	Europe Rest	World Rest	Group
2022	1 300	1 894	-578	101	2 717
2021	1 167	2 005	-584	75	2 664

UNCERTAIN TAX POSITIONS

NOK million

2022	Norway	Sweden	Europe Rest	World Rest	Group
Included in taxes payable	309	-	335	-	644
Included in accumulated taxes paid	2 079	-	537	110	2 726
Not included in taxes payable	1 560	-	51	274	1 885

2021	Norway	Sweden	Europe Rest	World Rest	Group
Included in taxes payable	214	-	302	-	516
Included in accumulated taxes paid	2 203	-	594	-	2 797
Not included in taxes payable	596	-	51	237	884

Note 23 Intangible assets

SIGNIFICANT ACCOUNTING POLICIES

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets, including goodwill, are recognised in the balance sheet when it is probable that the asset will generate future economic benefits and the costs can be measured reliably. Goodwill and intangible assets with an indefinite useful life are not amortised and are tested annually for impairment.

Research expenditures are expensed as incurred. Development costs are capitalised to the extent that a future economic benefit can be identified from the development of an identifiable intangible asset.

NOK million	Goodwill	Other [1]	Total
2022			
Balance as of 1 Jan	1 863	2 249	4 112
Additions	-	238	238
Additions from acquisition of companies	161	93	254
Reclassifications	-	-36	-36
Amortisations	-4	-220	-224
Impairments	-360	-	-360
Disposals	-	-3	-3
Currency translation effects	85	256	341
Balance as of 31 Dec	1 745	2 577	4 322
Cost as of 31 Dec	3 241	4 280	7 521
Accumulated amortisations and impairments as of 31 Dec	-1 496	-1 704	-3 200
Balance as of 31 Dec	1 745	2 577	4 322

[1] Mainly related to power sales agreements from acquisitions in the segment International. In addition to rights in connection with leasehold improvements for power plants in Norway.

NOK million	Goodwill	Other [1]	Total
2021			
Balance as of 1 Jan	1 993	2 120	4 113
Additions	4	293	298
Additions from acquisition of companies [2]	-72	37	-35
Reclassifications	-	29	29
Transfer between asset classes	5	-5	-
Amortisations	-3	-231	-234
Impairments	-34	-27	-61
Reversal of impairments	5	21	26
Derecognition from divestments	-32	-	-32
Disposals	-5	-39	-44
Currency translation effects	1	50	51
Balance as of 31 Dec	1 863	2 249	4 112
Cost as of 31 Dec	2 939	3 653	6 592
Accumulated amortisations and impairments as of 31 Dec	-1 077	-1 403	-2 480
Balance as of 31 Dec	1 863	2 249	4 112

[1] Mainly related to power sales agreements from acquisitions in the segment International. In addition to rights in connection with leasehold improvements for power plants in Norway.

[2] Includes changes in purchase price allocations for acquisitions from 2020.

Expected useful life	10–22 years

RESEARCH AND DEVELOPMENT

The Group's research and development activities are focused on investigating potential new energy sources and developing existing plants and technologies. Research activities relating to new energy sources include general research projects. These projects are intended to provide further knowledge on technologies or other areas that could provide a basis for future activities/projects.

In order to gain new knowledge and develop new methods within the fields of energy optimisation and preservation, the Group also performs research and development activities in connection with existing plants/energy sources. Research and development activities carried out in 2022 and 2021 are expensed with NOK 70 million and NOK 56 million, respectively. Capitalised development costs in 2022 and 2021 were NOK 3 million and NOK 13 million respectively.

Note 24 Property, plant and equipment

GENERAL INFORMATION

Property, plant and equipment comprise mainly power and heat producing facilities, buildings and machinery, waterfall rights, right-of-use assets, district heating network and buildings and machinery as well as landfill sites and treatment areas used in waste treatment operations.

SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment are reported as assets in the statement of financial position if it is likely that there will be future financial benefit for the company and the cost of the asset can be calculated in a reliable manner. Property, plant and equipment are recognised at cost, including borrowing cost, less accumulated depreciation and impairment.

The cost includes directly attributable expenditure incurred in bringing the assets into the location and condition to be capable of operating in the manner intended by management, such as employee benefits, site preparation, delivery and handling, installation and assembly cost, landside protection, land registration and legal and consulting fees.

Statkraft may receive revenue from sale of output generated in the period where an equipment, facility or plant is tested whether it is functioning as intended. Revenue earned from the sale of output manufactured in these periods is accounted for as revenue according to IFRS 15, as the output is seen as a result of Statkraft's ordinary activities. The cost related to the sale of output in the testing period is capitalised as a part of property, plant and equipment, as it is directly attributable to the construction of the asset. Capitalisation ceases after the testing is completed, as the asset is then ready for its intended use.

Borrowing costs directly attributable to the acquisition, construction or production of the relevant assets are added to the cost of those assets, until the asset is ready for its intended use or sale.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent expenditures related to ordinary repair and maintenances are recognised in the statement of profit and loss when incurred. Expenditures that involve replacing parts of the assets or expansions are capitalised as part of the carrying amount of the asset.

Decommissioning obligations, calculated as present value for estimated costs for dismantling and removing the plant and restoring the site where the plant is located, are included in the carrying value of the relevant assets. A provision is recognised at the time when an obligation to dismantle, remove and restore the item incurs. Decommissioning cost is estimated and recognised as part of the cost at initial recognition, assuming such costs can be recovered over the asset's useful life, even if the payments will incur at the end of the item's useful life. The equivalent estimated decommissioning obligation is presented as Other non-current liabilities.

Depreciation commences when the asset is available for its intended use and is calculated on a straight-line basis over the asset's expected useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, which means that the components' estimated useful life provides the basis for the straight-line depreciation. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), and the date that the asset is derecognised. Expected useful life, depreciation methods and residual values are assessed annually. If the expected useful life has changed the depreciations are adjusted prospectively. Estimated useful life is further disclosed below in this note.

Waterfall rights that are considered to have perpetual life and with no obligation of reversion to the authorities, are presented as property, plant and equipment and are not depreciated.

Acquired assets on the acquisition of a new subsidiary are stated at their fair values at the date of acquisition.

The Turkish economy has been defined as hyperinflationary since the second quarter 2022. For the period beginning 1 January 2022, Turkish entities' non-monetary assets and liabilities measured at historical cost have been remeasured since acquisition date. The application of IAS 29 results in an adjustment for the loss of purchasing power of the Turkish Lira. The consumer price index published by the Turkish Statistical Institute has been used when applying IAS 29. The CPI index was 686.95 in December 2021 and 1128.45 in December 2022. The main effect from the remeasurement is an increase of Property, plant and equipment of NOK 1318 million.

ESTIMATES AND ASSUMPTIONS

Property, plant and equipment are tested for impairment in accordance with the accounting policies described in Note 15 to the consolidated accounts, Impairment losses/reversal of impairment losses.

Property, plant and equipment are depreciated over its expected useful life. Expected useful life is estimated based on the Group's technical expertise and is adjusted in the event of any changes to the expectations. Useful life is normally adapted to the licence period related to the relevant asset. Residual values are estimated and included in the carrying value when applicable and depreciated over the asset's useful life.

Estimates of decommissioning obligations, which are included as part of the plant's carrying amount, are subject to annual review. The decommissioning obligation is Statkraft's best estimate of the present value of the cost of dismantling and removing an item of property, plant and equipment as well as restoring the site at the date when the operation ceases.

Note 24 continued

NOK million	Regulation plants	Turbines, generators etc.	Waterfall rights	Properties, mountain buildings, bridges and quay facilities	Plants under construction	Other	Sum	Right-of-use assets	Total
2022									
Balance as of 1 Jan	31 112	30 224	23 087	9 731	7 715	11 994	**113 865**	2 657	116 521
Additions	185	857	50	136	5 222	617	**7 067**	300	7 367
Remeasurements and other changes (IFRS 16)	-	-	-	-	-	-	**-**	20	20
Additions from acquisition of companies	-	8	-	52	-	17	**77**	-	77
Capitalised borrowing costs [1]	-	-	-	-	292	-	**292**	-	292
Reclassifications [2]	-	412	-	7	-414	30	**35**	-	35
Transfer between asset classes	637	1 211	-	311	-2 976	817	**-**	-	-
Depreciations	-871	-1 954	-1	-354	-5	-857	**-4 042**	-390	-4 432
Impairments	-	-	-1 193	-7	-206	-693	**-2 099**	-40	-2 139
Reversal of impairments	832	262	-	426	-	73	**1 593**	-	1 593
Derecognition from divestments	-	-	-	-	5	-	**5**	-228	-223
Disposals	-	-52	-	-2	-3	-36	**-93**	-13	-106
Currency translation effects [2]	1 687	800	177	614	295	109	**3 682**	124	3 803
Balance as of 31 Dec	33 582	31 768	22 120	10 914	9 925	12 071	**120 382**	2 429	122 808
Carrying value 31 Dec of assets with infinite useful life	n/a	n/a	22 120	84	n/a	5	**22 209**	n/a	22 209
Cost as of 31 Dec	51 490	66 372	23 827	23 161	10 084	25 893	**200 827**	3 485	204 312
Accumulated depreciations and impairments as of 31 Dec	-17 908	-34 604	-1 707	-12 247	-159	-13 822	**-80 447**	-1 056	-81 503
Balance as of 31 Dec	33 582	31 768	22 120	10 914	9 925	12 071	**120 382**	2 429	122 808

[1] The average interest rate applied during the year was 1.47%.

[2] Includes NOK 1318 million in inflation adjustment of Turkish entities due to hyperinflation as of 31 December 2022. Comparable figures have not been restated.

NOK million	Regulation plants	Turbines, generators etc.	Waterfall rights	Properties, mountain buildings, bridges and quay facilities	Plants under construction	Other	Sum	Right-of-use assets	Total
2021									
Balance as of 1 Jan	31 496	28 821	23 483	9 614	5 366	11 440	**110 220**	1 838	**112 057**
Additions	166	546	13	85	4 850	655	**6 316**	1 083	**7 399**
Remeasurements and other changes (IFRS 16)	-	-	-	-	-	-	**-**	-154	**-154**
Additions from acquisition of companies	-	981	-	142	-	50	**1 174**	641	**1 815**
Capitalised borrowing costs [1]	-	-	-	-	137	-	**137**	-	**137**
Reclassifications [2]	1	-3	-	-	-16	-10	**-29**	-	**-29**
Transfer between asset classes	753	728	-1	408	-2 612	725	**-**	-	**-**
Depreciations	-821	-1 686	-	-331	-	-784	**-3 623**	-256	**-3 879**
Impairments	-25	-10	34	-20	-	-	**-21**	-	**-21**
Reversal of impairments	57	3 209	-	194	-	-	**3 460**	-	**3 460**
Derecognition from divestments	-	-1 627	-	-153	-	-	**-1 780**	-347	**-2 128**
Disposals	-	-97	-	-2	-37	-11	**-147**	-107	**-254**
Currency translation effects	-514	-638	-442	-206	28	-70	**-1 841**	-41	**-1 882**
Balance as of 31 Dec	31 112	30 224	23 087	9 731	7 715	11 994	**113 865**	2 657	**116 521**
Carrying value 31 Dec of assets with infinite useful life	n/a	n/a	23 087	158	n/a	5	**23 249**	n/a	**23 249**
Cost as of 31 Dec	48 620	62 543	23 550	22 055	7 677	24 404	**188 849**	3 396	**192 245**
Accumulated depreciations and impairments as of 31 Dec	-17 508	-32 318	-463	-12 324	39	-12 410	**-74 985**	-739	**-75 724**
Balance as of 31 Dec	31 112	30 224	23 087	9 731	7 715	11 994	**113 865**	2 657	**116 521**

[1] The average interest rate applied during the year was 1.08%.

Note 24 continued

INVESTMENTS

The additions in 2022 of NOK 7367 million in property, plant and equipment, capitalised borrowing costs of NOK 292 million and NOK 238 million in intangible assets, consisted of investments in new generating capacity, maintenance investments and other investments. Maintenance and other investments amounted to NOK 5451 million (NOK 5562 million) and were primarily related to hydropower plants in Norway. Investments in new capacity amounted to NOK 2448 million (NOK 2271 million). The largest projects were related to onshore wind farms in Chile and Brazil, a solar project in India as well as hydropower projects in India and Chile.

ASSETS PLEDGED AS SECURITY TO COUNTERPARTIES

Statkraft has pledged property, plant and equipment as security to counterparties. For more information, see note 36.

INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT PER COUNTRY

			2022			2021
NOK million	Intangibles	PP&E	Total	Intangibles	PP&E	Total
Norway	1 422	63 985	65 407	1 350	65 336	66 686
Sweden	145	19 489	19 634	162	20 062	20 224
Germany	201	7 810	8 011	203	5 803	6 006
UK	669	1 418	2 087	488	1 395	1 883
Albania	1	7 579	7 580	-	5 727	5 727
Peru	203	10 106	10 309	108	9 117	9 225
Brazil	1 106	4 102	5 208	1 082	3 062	4 144
Chile	201	3 274	3 475	472	3 233	3 705
Other	374	5 045	5 419	246	2 787	3 033
Total	4 322	122 808	127 129	4 112	116 521	120 633

EXPECTED USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

A more detailed specification of the expected useful life of the various assets is provided below.

Depreciation of right-of-use assets follows contractual agreements. See note 25.

	Depreciation period (years)		Depreciation period (years)
Regulation plants		Properties, mountain halls, buildings, roads, bridges etc.	
- riprap dams, concrete dams	75	- land	perpetual
- other dams	30	- underground facilities	90
- tunnel systems	90	- roads, bridges and quays	75
		- control equipment	20
Turbines, generators etc.		- operating centre	20
- pipe trenches	75	- communication equipment	10
- generators (turbine, valve)	40		
- other mechanical installations	15	Other	
- transformer/generator	40	- transformer (grid)	25-50
- wind turbines	20-35	- switchgear, high voltage (grid)	35-40
- gas and steam generators	20-28	- buildings	25-50
- gas power plant transformers	20-28	- other fixed installations	10-20
		- miscellaneous fixtures	5
Waterfall rights	perpetual	- office and computer equipment	3
		- furnishings and equipment	5
		- vehicles	8
		- construction equipment	12
		- small watercraft	10
		- water cooling systems	20-25

Note 25 Leases

GENERAL INFORMATION

The contracts that have largely affected the recognition of the lease debt and right-of-use asset are contracts for renting of office premises and contracts for lease of land. In addition, contracts for lease of cars and equipment are identified.

SIGNIFICANT ACCOUNTING POLICIES

The definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period in exchange for consideration. At the commencement date of a lease, Statkraft as the lessee recognises a liability at the present value of future lease payments with a corresponding asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

Depreciation of right-of-use assets and interest on lease liabilities are recognised separately in the statement of profit or loss. The total amount of cash paid is separated into a principal portion and an interest portion in the statement of cash flow (both presented within financing activities).

The following practical expedients and recognition exemptions to leases are applied:

- Recognition exemption for short-term leases (defined as 12 months or less) and for low value assets (defined as less than NOK 50 thousand). These expenses are presented within Other operating expenses.
- Excluded any initial direct costs from the measurement of the right-of-use asset.
- Relied on previous assessment of whether a lease is onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and not performed an impairment review. For such leases, the right-of-use assets have been adjusted by the amount of such provisions recognised in the statement of financial position.
- Intangible assets have also been chosen to be excluded from IFRS 16, hence leased concessions or payments for power production licenses, for instance, are not treated within IFRS 16.

Measurement

A lease liability is remeasured upon the occurrence of certain events e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments. Generally, the amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

Right-of-use assets are not presented separately in the statement of financial position but are disclosed separately in the notes (see note 24).

ESTIMATES AND ASSUMPTIONS

The incremental borrowing rates are calculated as a sum of currency dependant market rates and entity specific credit spreads for each relevant year on an asset-by-asset basis. The incremental borrowing rate applied as discount rate is an average of these yearly borrowing rates for each individual leased asset, depending on the length of each contract.

Statkraft evaluates whether the Group is reasonably certain to exercise an option to renew a lease, not terminate a lease or to purchase the underlying asset. All relevant factors that can create an economic incentive for Statkraft to exercise options e.g. contract-, asset-, entity- and market-based factors are evaluated. Contracts to rent office premises are in most occasions not considered to be customised to Statkraft's use and options to renew leases are normally not included in the estimated lease liability, as it is not considered reasonably certain that the option will be exercised.

Note 25 continued

STATKRAFT AS A LESSEE

Right-of-use assets

NOK million	Office buildings	Land and other property	Vehicles, equipment and other	Total
2022				
Balance as of 1 Jan	1 126	1 460	70	2 657
Additions	102	176	22	300
Depreciations	-203	-155	-32	-390
Impairments	-	-40	-	-40
Derecognition from divestments	-	-228	-	-228
Disposals	-7	-3	-3	-13
Remeasurements and other changes	3	129	11	144
Balance as of 31 Dec	1 021	1 340	68	2 429

Right-of-use assets

NOK million	Office buildings	Land and other property	Vehicles, equipment and other	Total
2021				
Balance as of 1 Jan	1 059	586	193	**1 838**
Additions	253	808	22	**1 083**
Additions from acquisition of companies	14	627	-	**641**
Depreciations	-190	-24	-42	**-256**
Derecognition from divestments	-	-346	-1	**-347**
Disposals	-	-2	-105	**-107**
Remeasurements and other changes	-10	-189	3	**-196**
Balance as of 31 Dec	1 126	1 460	70	**2 657**

Amounts recognised in the profit and loss statement

NOK million	2022	2021
Income from sub-leasing right-of-use assets [1]	16	22
Variable lease payments not included in the measurement of lease liabilities [2]	-15	-4
Expenses relating to short-term leases, leases of low-value assets and other [2]	-70	-52
Depreciations from right-of-use assets [3]	-390	-256
Impairments [4]	-40	-
Interest expenses from lease liabilities [5]	-61	-56
Total	-560	-346

[1] Presented as Other operating income.
[2] Presented as Other operating expenses.
[3] Presented as Depreciations and amortisations.
[4] Presented as Impairments/reversal of impairments
[5] Presented as Interest and other financial items.

Amounts recognised in the statement of cash flow

NOK million	2022	2021
Principal portion of lease payments on lease liabilities [1]	-292	-261
Interest portion of lease payments on lease liabilities [1]	-61	-56
Total payments on lease liabilities	-353	-317

[1] Presented as cash flow from financing activities.

Note 25 continued

Lease liabilities

NOK million	2022	2021
Lease liabilities, current	345	303
Lease liabilities, non-current	1 687	1 861
Total lease liabilities	2 032	2 164

Current and non-current lease liability include leasing agreements entered into within the DS/DBS model with NOK 19 million and NOK 290 million, respectively. At the time of disposal of related solar and wind farm RoU assets and lease liabilities will be derecognised and reported as part of gain or loss. See also note 1.

Maturity schedule lease liabilities - contractual undiscounted cash flows

NOK million	2022	2021
0-1 year	365	321
1-5 years	1 275	1 091
5 years and later	1 213	1 227
Total undiscounted lease liabilities as of 31 Dec	2 853	2 639

Future cash flows not reflected in the measurement of lease liabilities

Extension options:
Several leases of office buildings contain extension options that can be exercised by Statkraft, where the lease of the head-quarter in Oslo is the most significant one. This lease agreement expires in 2028, with options to prolong for ten plus ten years, and the annual lease payment is NOK 111 million. The buildings included in this lease agreement are considered to be standardised office buildings, not particularly customised to Statkraft or Statkraft's business. With several years left of this contract, it is not considered reasonably certain that these extensions option will be exercised, and thus no period after 2028 has been included in the measurement of the lease liability. Similar assessment is applied to other leases as well.

Termination options:
Some early phase development projects within wind and solar, particularly in South America include land lease agreements already from early development stages. To provide operational flexibility in case projects are not deemed viable, these agreements can have termination options where Statkraft can terminate the lease agreement at any point or at several stages during the lease period, often up to 40 years. As these projects are in the development phase and no investment decision to construct the power plant has been made, it is normally not considered reasonably certain that these termination options will not be exercised. Thus, normally only the non-cancellable period or the period until investment decision is planned is included in the measurement of the lease liability.

STATKRAFT AS A LESSOR

Operating lease

Statkraft has sub-leases office buildings which are classified as operating leases. Statkraft leases out power plants to third parties, also classified as operating leases. The revenues from rental of power plants are based on a fixed and a variable part, and the income are presented as Sales revenues (see note 12).

Maturity schedule lease payments - contractual undiscounted cash flows

NOK million	2022	2021 [1)]
0-1 year	12	13
1-5 years	5	16
5 years and later	19	19
Total undiscounted lease payments as of 31 Dec	36	48

[1)] Comparable figures have been restated.

Note 26 Associates and joint arrangements

SIGNIFICANT ACCOUNTING POLICIES

The gain/loss from a transaction where the investment changes from being classified as a joint operation to be classified as a joint venture or associated company is recognised in the Group's consolidated financial statements only to the extent of other parties' interest in the joint operation. Hence, the carrying value of Statkraft's remaining ownership is recognised at continuity. In addition, changed contractual rights and obligations relating to the underlying asset or debt and changes in the shareholders agreement might lead to a change in the accounting method.

ACCOUNTING JUDGEMENTS

The degree of control over the investee is one of the key elements in the assessment to whether the investment should be accounted for as subsidiary, joint operation, joint venture or associate. The assessment of control is judgmental and entails that all facts and circumstances are evaluated.

The decisions about relevant activities that significantly affect the return of the investments are the elements that require the highest degree of judgement. In order to conclude on the degree of control, Statkraft has systematically defined the relevant activities and value drivers for each of its main type of technologies, in addition to an individual assessment per investment to reflect other facts and circumstances.

Judgement is required in assessing whether a joint arrangement is a joint operation or a joint venture. Matters to be addressed include facts and circumstances and evaluation of rights and obligations arising from the arrangement, agreements between shareholders and agreements between shareholders and the investee. Entities established to produce power and where the owners are committed to purchase all the power produced, as well as being responsible for settling of short-term and long-term financing of the company, are normally classified as joint operations. When Statkraft has rights to the net assets of the arrangement, the arrangement is a joint venture.

Co-owned power plants in which Statkraft has joint control are recognised as joint operation.

Based on size and complexity, the following associated companies and joint ventures are considered material:

2022

NOK million	Eviny AS	Å Energi AS [2]	Hidroelectrica La Higuera S.A.	Wind UK Invest Ltd.	Hidroelectrica La Confluencia S.A.	Other	Total
Opening balance as of 01 Jan	6 069	4 858	797	818	560	1 669	14 771
Additions	-	-	-	-	-	130	130
Divestments	-	-	-81	-	-	-	-81
Gains/losses from mergers	-	4 242	-	-	-	-	4 242
Share of profit/loss	563	-383	47	283	170	420	1 100
Depreciations of excess values	-352	-775	-	-2	-	-3	-1 133
Impairments/reversal of impairments [1]	-	-	269	-	93	202	564
Capital increases	-	15	-	-	-	144	159
Dividends	-398	-344	-	-270	-	-143	-1 154
Reclassifications [3]	-	-	-	-	-	-191	-191
Items recorded in other comprehensive income	-19	-6	88	-25	19	9	66
Currency translation effects	1	2	72	-3	68	34	173
Closing balance as of 31 Dec	5 864	7 609	1 191	801	911	2 269	18 645
Excess values as of 31 Dec	1 406	5 073	252	37	-	719	7 487
Of which unamortised waterfall rights	1 406	1 384	-	-	-	-	2 790

[1] See note 15 for more information.
[2] Å Energi AS was established in 2022 as a result of the merger of Agder Energi AS and Glitre Energi AS.
[3] In 2022 Statkraft's interest in Røldal-Suldal Kraft AS changed from associated company to participation in a joint operation without joint control.

2021

NOK million	Eviny AS [2]	Agder Energi AS	Hidroelectrica La Higuera S.A.	Wind UK Invest Ltd.	Hidroelectrica La Confluencia S.A.	Other	**Total**
Opening balance as of 01 Jan	6 041	4 145	700	840	479	1 287	**13 492**
Additions	-	-	-	-	-	10	**10**
Share of profit/loss	387	907	46	5	46	-15	**1 376**
Depreciations of excess values	-12	-65	-	-3	-	-3	**-83**
Impairments/reversal of impairments [1]	-	-	-	-	-	393	**393**
Capital increases	-	-	-	-	-	47	**47**
Capital decreases	-	-	-	-	-	-4	**-4**
Dividends	-348	-148	-	-32	-	-43	**-571**
Items recorded in other comprehensive income	3	16	27	-11	17	-22	**30**
Currency translation effects	-2	3	24	19	18	19	**81**
Closing balance as of 31 Dec	6 069	4 858	797	818	560	1 669	**14 771**
Excess values as of 31 Dec	1 759	1 606	-	40	-	522	**3 926**
Of which unamortised waterfall rights	1 553	314	-	-	-	-	**1 867**

[1] See note 15 for more information.
[2] During 2021 BKK AS changed name to Eviny AS.

Note 26 continued

DESCRIPTION OF THE ACTIVITIES IN SIGNIFICANT ASSOCIATES AND JOINT VENTURES

Eviny AS has operations mainly in Western Norway, with its core activities being generation, sale and transmission of electric power. Eviny also develops, builds, owns and operates infrastructure for electrification, and offer customers fibre internet access and district heating.

Å Energi AS has operations mainly in Southern and Eastern Norway, with its core activities being generation, sale and transmission of electric power, as well as other energy-related services. The company was established in 2022 as a result of the merger of Agder Energi AS, which Statkraft AS owned 45.5 per cent in, and Glitre Energi AS. See note 5 for more information about the merger.

Hidroelectrica La Higuera S.A. has operations in Chile and contains the La Higuera hydropower plant.

Wind UK Invest Ltd. (WUKI) owns the onshore wind farms Alltwalis, Baillie and Berry Burn in the UK.

Hidroelectrica La Confluencia S.A. has operations in Chile and contains the La Confluencia hydropower plant.

See note 36 for information regarding bank guarantees and parent company guarantees related to associates and joint arrangements.

FINANCIAL INFORMATION FOR SIGNIFICANT ASSOCIATED COMPANIES

The following table presents summarised financial information for significant associated companies. The figures apply to 100% of the companies' operations in accordance with IFRS 12.

2022

NOK million	Eviny AS [1]	Å Energi AS [1]	Hidroelectrica La Higuera S.A. [1]	Wind UK Invest Ltd. [1]	Hidroelectrica La Confluencia S.A [1]
Non-current assets	27 060	38 016	4 497	2 587	4 983
Current assets	10 472	22 019	517	442	356
Non-current liabilities	9 733	23 832	2 910	1 293	4 224
Current liabilities	16 445	27 593	278	213	269
Gross operating revenues and other income	10 901	11 654	883	981	703
Net profit/loss	1 490	1 917	177	555	164
Total comprehensive income	1 450	1 785	495	501	338

[1] Figures are preliminary and unaudited.

2021

NOK million	Eviny AS [1]	Agder Energi AS [1]	Hidroelectrica La Higuera S.A. [1]	Wind UK Invest Ltd. [1]	Hidroelectrica La Confluencia S.A [1]
Non-current assets	25 441	21 188	4 307	2 763	4 618
Current assets	6 469	11 299	290	535	288
Non-current liabilities	14 323	13 410	2 913	1 445	3 967
Current liabilities	6 757	11 790	262	299	366
Gross operating revenues and other income	7 300	19 789	641	533	507
Net profit/loss	949	1 994	132	10	89
Total comprehensive income	959	2 012	183	17	121

[1] Figures as shown in Statkraft's annual report 2021.

JOINT VENTURES, JOINT OPERATIONS AND ASSOCIATES

Shares in companies classified as joint ventures and associates are recognised using the equity method in the consolidated financial statements. Statkraft recognises its share of assets, liabilities, revenues and expenses of companies classified as joint operations on a line-by-line basis in the group financial statements.

Name	Segment [1]	Country	Registered office	Ownership	Voting share
JOINT VENTURES					
Vattenkraftens Miljöfond Sverige AB	NO	Sweden	Stockholm	9.06%	9.06%
Hidroelectrica La Confluencia S.A.	IN	Chile	Santiago	50.00%	50.00%
Hidroelectrica La Higuera S.A.	IN	Chile	Santiago	50.00%	50.00%
La Higuera Transmission S.A.	IN	Chile	Santiago	50.00%	50.00%
Allain Duhangan Hydro Power Ltd.	IN	India	New Delhi	49.00%	49.00%
Dugar Hydro Power Ltd	IN	India	New Delhi	50.00%	50.00%
Malana Power Company Ltd.	IN	India	New Delhi	49.00%	49.00%
Khimti HPP [2]	IN	Nepal	Kathmandu	50.00%	50.00%
Wind UK Invest Ltd.	EU	United Kingdom	London	51.00%	51.00%
KraftCERT AS	OT	Norway	Bærum	33.33%	33.33%
Silva Green Fuel AS	XE	Norway	Oslo	51.00%	51.00%
Silva Green Fuel DA	XE	Norway	Oslo	51.00%	51.00%

[1] NO: Nordics, EU: Europe, IN: International, XE: New technologies, OT: Other.
[2] The company has not yet been legally established. See note 5 for further information.

Note 26 continued

Name	Segment [1]	Country	Registered office	Ownership	Voting share
JOINT OPERATIONS					
Kraftwerksgesellschaft Herdecke, GmbH & Co. KG	EU	Germany	Hagen	50.00%	50.00%
Solbergfoss [2]	NO	Norway	Askim	33.33%	33.33%
Sima	NO	Norway	Eidfjord	65.00%	65.00%
Svartisen	NO	Norway	Meløy	70.00%	70.00%
Grytten	NO	Norway	Rauma	88.00%	88.00%
Kraftverkene i Orkla	NO	Norway	Rennebu	48.60%	48.60%
Sira-Kvina Kraftselskap DA	NO	Norway	Sirdal	46.70%	46.70%
Ulla-Førre	NO	Norway	Suldal	73.48%	73.48%
Svorka	NO	Norway	Surnadal	50.00%	50.00%
Kobbelv	NO	Norway	Sørfold	82.50%	82.50%
Stegaros	NO	Norway	Tinn	50.00%	50.00%
Aktieselskabet Tyssefaldene [3]	NO	Norway	Tyssedal	60.17%	60.17%
Vikfalli	NO	Norway	Vik	88.00%	88.00%
Gäddede	NO	Sweden	Stockholm	70.00%	70.00%
Harrsele AB	NO	Sweden	Stockholm	50.57%	50.57%
Volgsjöfors	NO	Sweden	Stockholm	73.10%	73.10%
Kabel- und Trassengemeinschaft WindStrom GmbH & Co. KG Windpark Hakenstedt I KG & Co. OHG	EU	Germany	Edemissen	71.00%	71.00%
Umspannberg Druxberge GmbH & Co. KG	EU	Germany	Edemissen	20.00%	20.00%
Umspannberg Druxberge GmbH & Co. KG, Edemissen	EU	Germany	Edemissen	12.00%	12.00%
WindStrom GmbH & Co. Winfeld Beppener Bruch Infrastruktur KG	EU	Germany	Edemissen	45.38%	45.38%
Netzanschluss Wilstemarsch GmbH	EU	Germany	Enge Sande	29.00%	29.00%
ANB Treuenbrietzen GmbH & Co. KG	EU	Germany	Zossen	31.50%	31.50%
Umspannwerk Hellberge GmbH & Co. KG	EU	Germany	Zossen	52.80%	52.80%
ANB Hellberge GmbH & Co. KG	EU	Germany	Zossen	58.30%	58.33%
Netzanschluss Genthin GbR, Uhrsleben Leitungs GbR	EU	Germany	Nielbock Gevens-Leben	48.00% 13.12%	48.00% 13.12%
Fosen Vind DA	NO	Norway	Oslo	52.10%	52.10%
ASSOCIATES					
Aursjøvegen AS	NO	Norway	Sunndalsøra	17.00%	17.00%
Companhia Energética Rio das Antas - Ceran	IN	Brazil	Florianópoli	5.00%	20.00%
Passos Maia Energética S.A.	IN	Brazil	Caçador	50.00%	50.00%
Eviny AS	NO	Norway	Bergen	43.44%	43.44%
Nape Kraftverk AS	NO	Norway	Grimstad	49.00%	49.00%
Å Energi AS	NO	Norway	Kristiansand	33.30%	33.30%
Air Liquide Skagerak AS	NO	Norway	Porsgrunn	49.00%	49.00%
Laugstol AS	NO	Norway	Porsgrunn	33.40%	33.40%

[1] NO: Nordics, EU: Europe, IN: International, XE: New technologies, OT: Other.
[2] Statkraft owns 33.33% of Solbergfoss, but controls 35.6% of the generation.
[3] Statkraft owns 60.17% of Aktieselskabet Tyssefaldene, but controls 71.4% of the generation from the Tysso II hydropower plant.

None of the companies have observable market values in the form of listed market prices or similar.

Statkraft owns 8.74% of the shares in Røldal-Suldal Kraft AS, which in turn owns 54.79% of the Røldal-Suldal hydropower plants. This gives Statkraft an indirect shareholding in the power plants of 4.79%. The interest is a participation in a joint operation, where Statkraft does not have joint control.

Note 27 Other non-current financial assets

SIGNIFICANT ACCOUNTING POLICIES

Loans to equity accounted investments are measured at amortised cost (see note 10) when the loans are interest-bearing, have a defined repayment plan and Statkraft intends to collect the contractual cash flows. There are two exceptions related to joint ventures in Chile. The loans are interest-free and measured at the net present value of future cash flows discounted with a prevailing market rate. At initial recognition, the loan receivables have a recognised value lower than its nominal value, and the difference between the present value and the nominal value is recognised as an increase in the equity accounted investment (see note 26). Subsequently, a non-cash interest income is recognised in the Profit and loss statement which increases the carrying value of the loan correspondingly. The equivalent non-cash interest expense in the equity accounted investment is recognised as a part of the Share of profit/loss in equity accounted investments in the Profit and loss statement.

All loans are subject to potential impairment losses in accordance with IFRS 9 Financial Instruments.

NOK million	2022	2021
Loans to equity accounted investments	1 496	1 402
Bonds and other long-term receivables [1)]	1 186	1 091
Net pension assets	886	950
Uncertain income tax deposit [1)]	2 079	2 079
Other shares and securities	1 719	966
Total	7 367	6 488

[1)] See note 35.

Note 28 Inventories

GENERAL INFORMATION

Statkraft's inventories consist of:

- environmental certificates
- wind- and solar projects that Statkraft intends to develop and divest to third parties either before, at the time of or shortly after construction (DS/DBS)
- inventories which are directly related to the tangible assets, whereof spare parts are the most significant group.

Environmental certificates:

Statkraft's environmental certificates consist of green certificates in the Nordics, Renewable Obligation Certificates (ROCs) in the UK, European Union Allowances (EUAs) and carbon allowances in the US. A significant part of the environmental certificates are ROCs which are purchased from origination and market access activities and in addition from own generating assets that are eligible for receiving these government grants.

Wind and solar projects:

Inventories in Statkraft comprise costs of solar and onshore wind power development or construction projects that Statkraft intends to divest to third parties. In some cases, an agreement has been entered with third parties to divest the projects when the project reaches agreed conditions. In other cases, no agreements with third parties are entered prior to construction being finalised, however the intention is always to divest the project and a selling process will be ongoing.

Statkraft has defined three categories of inventory within the DS/DBS model:

- **Development projects**: include early-stage wind- and solar projects which have not yet reached the construction phase.
- **Construction projects**: If management has decided to start construction of a wind farm or a solar park based on the developed project, the development project will be transferred to Construction projects.
- **In operation**: After the construction is completed and the project has reached commercial operation date, the wind- or solar parks is either sold to a customer or the project will be moved to the category In operation while a process to sell the completed project will be ongoing.

Statkraft currently has eleven ongoing construction projects, as well as one project where construction is completed. For three of the ongoing projects, a put/call option agreement (PCOA) or other types of sales agreements have been signed. These agreements will be closed when the projects reach the agreed conditions.

In 2022 Statkraft also divested solar park projects in Spain and The Netherlands as well as wind farm projects in the UK and Ireland, which had all been classified as inventories. See note 5 for further information about the divestments.

Note 28 continued

SIGNIFICANT ACCOUNTING POLICIES

Statkraft holds environmental certificates both for own use and for trading.

Environmental certificates held for trading

Purchased environmental certificates held for trading are acquired with the purpose of taking advantage of short-term fluctuations in the market. The certificates are classified as inventories when they are received and are measured at fair value less costs to sell. Changes in fair value of inventories related to trading activities are presented as Gains/losses from market activities in the statement of profit and loss. Environmental certificates held for trading consist mainly of ROCs received through power purchase agreements with wind power producers in UK. Other certificates included are Nordic el-certs and California Carbon Allowances.

Environmental certificates held for own use

Gas-fired power plants must purchase EUAs to settle its emission liabilities. The certificates are classified as inventories when they are received and are subsequently measured at the lower of cost or net realisable value.

Environmental certificates granted from own asset production

Certain environmental certificates, such as Nordic el-certs, Guarantees of Origin or EUAs, are granted for free from generating renewable energy or heating production. These certificates are recognised with a cost price of zero.

Wind and solar projects measured at the lower of cost price and net realisable value

The costs relating to early-stage development opportunities are recognised in the profit or loss until such point as the management is confident that the economics of the underlying project are viable, and the project expenditure is approved by the appropriate management level on the basis of its recoverability. Statkraft considers a project commercially viable if it is expected to be realised with a required positive margin once it is either fully developed or fully constructed.

Initially, inventory is recognised at cost. The costs attributed to inventories comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wind and solar projects are measured at the lower of cost and net realisable value. Net realisable value is calculated as the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. For projects where contracts with customers are not entered (merchant), the most reliable source is observable prices obtained in the market in transactions including similar assets. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. If the carrying value of the projects is not recoverable the projects are written down below cost to net realisable value. See also note 1.

Spare parts and other inventories

Spare parts and other inventories are directly related to the tangible assets and are recognised at the lowest of cost price and net realisable amount.

	2022		2021	
NOK million	Recognised value	Cost price	Recognised value	Cost price
Inventories measured at fair value less costs to sell				
Environmental certificates	7 022	6 670	3 372	3 214
Total	7 022	6 670	3 372	3 214
Inventories measured at the lower of cost price and net realisable value				
Environmental certificates	649		20	
Spare parts	216		153	
Other	270		105	
Total	1 036		277	
Wind and solar projects measured at the lower of cost price and net realisable value				
Development projects	1 298		1 006	
Construction projects [1)]	3 144		1 807	
Projects in operation [1)]	51		152	
Total	4 493		2 965	
Total	12 550		**6 614**	

[1)] PCOA or other types of sales agreements have been signed for NOK 1.5 billion of the total recognised value within construction projects and projects in operation.

Note 29 Receivables

GENERAL INFORMATION

The Group's receivables are divided into four categories:

Accounts receivable mainly related to trading activities and Nordic hydropower generation.

Income tax prepayments and receivables related to resource rent taxes, natural resource rent taxes and ordinary income taxes.

Cash collateral and margin calls related to market settlements for derivatives connected with financial and trading activities.

Other receivables includes interest-bearing loans to equity accounted investments.

See note 9 for more information.

SIGNIFICANT ACCOUNTING POLICIES

Receivables are held until maturity and therefore are carried at amortised cost. Statkraft records lifetime expected credit losses on receivables, which is the expected credit loss that result from all possible default events over the expected life of a financial instrument.

NOK million	2022	2021
Accounts receivable	24 678	20 569
Income tax prepayments and receivables	743	185
Cash collateral and margin calls	24 990	17 081
Other receivables	7 628	4 355
Total	58 040	42 190

Maturity analysis of receivables

		Receivables overdue by			
2022		Less than	More than	Receivables overdue	
NOK million	Not yet due	90 days	90 days	and impaired	Total
Accounts receivable	23 391	1 086	382	-181	24 678
Recognised as loss for the year					28

		Receivables overdue by			
2021		Less than	More than	Receivables overdue	
NOK million	Not yet due	90 days	90 days	and impaired	Total
Accounts receivable	18 283	2 197	257	-167	20 569
Recognised as loss for the year					6

Note 30 Cash and cash equivalents

GENERAL INFORMATION

In 2022, there has been an extraordinary situation with high prices and volatility in the energy market which has led to higher collateral and liquidity needs.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents includes commercial papers and other interest-bearing securities which normally are due within a period of three months. The item also includes restricted cash. Classification of cash deposit to cover margin calls related to trading activities depends on the characteristics of the exchange clearing service. If the service provider is neither a financial institution, nor part of Statkraft's daily cash management and holds no bank accounts in the name of Statkraft, the cash deposit is classified as other receivables.

Market settlements for derivatives connected with financial activities (cash collateral) are recognised in the statement of financial position as either receivables or liabilities. Bank deposits, cash and similar from joint operations are also presented under this line item.

NOK million	2022	2021
Cash and cash deposits [1) 2)]	48 307	36 862
Commercial papers and other interest-bearing securities	10 595	300
Total	58 902	37 162

[1)] Includes NOK 190 million and NOK 281 million respectively in 2022 and 2021 from companies reported as joint operations.
[2)] Includes NOK 3.3 billion in the company Baltic Cable, of which NOK 1658 million is regulated for future investments, see note 35.

Book value of cash and cash equivalents pledged as security to counterparties (restricted cash)

NOK million	2022	2021
Deposit account related to power sales on energy exchanges	329	340
Other restricted cash	3	3
Total	332	342

Note 31 Other non-current liabilities

SIGNIFICANT ACCOUNTING POLICIES

Provisions are only recognised when there is an existing obligation as a result of a past event, and when it is more than 50% probable that an obligation has arisen. It must also be possible to reliably measure the provision. Provisions are recognised with an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. If the probability is lower than 50%, the conditions will be stated in note 36, if material.

Free power and annual compensations to landowners Statkraft compensates landowners for the use of land and waterfalls. In addition, Statkraft compensates for damage caused to forests, land etc. The present value of liabilities related to annual compensation and free power are initially recognised as Other non-current liabilities and as a part of the acquisition costs of the related property, plant and equipment. Annual payments are recognised as Other operating expenses.

Concessionary power Each year, concessionary power sales are made to local authorities at statutory prices stipulated by the Norwegian Parliament. The supply of concessionary power is recognised as revenues on an ongoing basis in accordance with the established concessionary price. In the case of certain concessionary power contracts, agreements have been made regarding financial settlement in which Statkraft is invoiced for the difference between the spot price and the concessionary price. Such concessionary contracts are not recognised in the statement of financial position. The capitalised value of future concessionary power obligations is estimated and disclosed in note 36.

Deferred day one gains If a level 3 financial instrument creates a day one gain, the gain is deferred and recognised as Other non-current liabilities. See note 10.

Decommissioning Provisions related to decommissioning typically arise when Statkraft has the right to time-limited concessions. See note 24.

NOK million	2022	2021
Decommissioning [1]	1 501	969
Provisions [2]	1 088	1 077
Other [3]	1 384	1 238
Total	3 974	3 283

[1] Mainly related to wind farms and gas-fired power plants.

[2] Mainly related to annual compensations and free power to landowners.

[3] Includes monetary contributions from customers related to infrastructure assets.

Reconciliation of provisions during the period

NOK million	2022	2021
Carrying value 1 Jan	1 077	1 240
Additions	40	34
Additions due to company acquisitions	-	1
Derecognition from divestments	-	-13
Provisions used/reversed	-50	-124
Reclassifications	-4	-57
Currency translation effects	26	-5
Carrying value 31 Dec	1 088	1 077

Note 32 Contract liabilities

GENERAL INFORMATION

Statkraft has entered into two long-term power sales agreements with a duration of 15 years, for which prepayments have been received.

SIGNIFICANT ACCOUNTING POLICIES

The prepayments imply that Statkraft has effectively received financing from the customer. In determining the transaction price, the promised amount of consideration is adjusted for the effects of the time value of money applying Statkraft borrowing rate plus a credit premium as the prevailing interest rate. The financing component is recognised as interest expense as part of the line item Interest and other financial items.

NOK million	2022	2021
Contract liabilities, non-current	3 736	4 052
Contract liabilities, current	316	316
Total	4 052	4 367

Note 33 Interest-bearing liabilities

NOK million	2022	2021
Interest-bearing liabilities, current		
Bank debt	2 058	5 455
Commercial papers and bond debt	10 252	13 487
Lease liabilities	345	303
Debt to Statkraft SF	200	200
Cash collateral	3 495	10 967
Other short-term debt	15	14
Total	16 365	30 426
Interest-bearing liabilities, non-current		
Bank debt	3 627	3 811
Bond debt	21 456	15 821
Lease liabilities	1 687	1 861
Total	26 770	21 493
Total interest-bearing liabilities	43 135	51 919

NOK million	2022	2021
Cash flows from interest-bearing liabilities and derivatives allocated to the debt portfolio		
Interest-bearing liabilities and derivatives allocated to the debt portfolio as of 1 Jan [1)]	51 083	33 381
Items with cash effect		
New debt [2)]	25 911	14 935
Repayment of debt	-28 271	-5 842
Cash collateral	-7 675	9 387
Total items with cash effect	-10 036	18 480
Items with no cash effect		
Additions from lease liabilities	304	1 075
Additions from lease liabilities related to acquisition of companies	10	119
Disposals from lease liabilities	-8	-115
Disposals from lease liabilities related to divestments	-224	-340
Remeasurements of lease liabilities	27	-96
Additions from acquisition of companies	22	0
Derecognition from divestments	-3	-202
Changes in foreign exchange rates	1 647	-1 292
Changes in fair value	64	76
Other	82	-3
Total items with no cash effect	1 921	-778
Interest-bearing liabilities and derivatives allocated to the debt portfolio as of 31 Dec [3)]	42 969	51 083

[1)] In 2022, the derivatives included in the opening balance amounted to NOK -836 million. In 2021 the corresponding amount was NOK -1060 million.

[2)] In 2022, Statkraft issued its first green bonds with a total amount of NOK 10 757 million.

[3)] In 2022, the derivatives included in the closing balance amounted to NOK -166 million. In 2021 the corresponding amount was NOK -836 million.

Note 34 Other current liabilities

Other current liabilities

NOK million	2022	2021
Accounts payable[1)]	6 452	6 916
Indirect taxes payable [2)]	2 879	2 345
Debt to Statkraft SF	200	200
Accrued interest-free liabilities[1)]	17 847	13 012
Accrued interest related to long-term debt	470	277
Cash collateral	3 495	10 967
Other interest-free liabilities	5 757	2 351
Total	37 100	**36 068**
Of which interest-bearing liabilities	3 710	11 180

[1)] The main part of these liabilities is related to trading activities in energy-related products where costs have been incurred, but not yet invoiced.

[2)] Includes high-price contributions for 2022. See also notes 18 and 22.

Note 35 Disputes, contingencies and uncertain tax positions

DISPUTES AND CONTINGENCIES

The Group is involved in a number of legal proceedings in various forms. Whilst acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any adverse material effect, individually or collectively on the Group's financial position. For legal disputes, in which the Group assesses it to be probable that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate. For significant cases with uncertainty, see details below.

Brazil

On 13 July 2015, Statkraft acquired a controlling interest in the Brazilian company Desenvix Energias Renováveis S.A., which subsequently changed name to Statkraft Energias Renováveis (SKER). In the period preceding and following the acquisition, Brazil experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation, the company has contacted Brazilian authorities. On 10 February 2023, Moinho S.A. a SKER controlled subsidiary and Passos Maia Energética S.A., an associate owned 50% by SKER, executed a Leniency Agreement with the government of Minas Gerais state for one of the cases reported and has paid NOK 17 million and NOK 22 million (Statkraft AS Group's share), respectively, in fines and redress of improper advantages obtained by Desenvix prior to Statkraft's acquisition of the controlling interest.

The Brazilian Federal Prosecutor has been investigating potential crimes committed by representatives of the four main pension funds in Brazil and representatives of companies in which the pension funds invested, as well as any other individual who may have been involved in the alleged scheme, related to historical investments made by the pension funds, including FUNCEF, which invested in Desenvix (now SKER) in 2009 and 2010, and now owns 18.7% of SKER. The Prosecutor has concluded the investigation in relation to FUNCEF and filed the criminal lawsuit against the individuals, including the shareholders of Jackson and former officers of FUNCEF. In August 2017, the Federal Judge in charge of the criminal investigation issued a resolution stating that no information had been found relating to SKER with the alleged illicit activities and therefore decided to release guarantees and other precautionary measures imposed on SKER. Additionally, a civil lawsuit has been filed against the pension funds and companies and individuals related to the pension fund's investments, including SKER. It is at this stage not possible to predict if the outcome of the case could have potential negative effects on SKER.

Reporting to authorities

An investigation has been carried out following reported concerns that corruption may have taken place related to two development projects in Greece prior to Statkraft's acquisition in 2020. Direct evidence of corruption has not been found, but Statkraft has reported facts and circumstances to relevant authorities and exited the relevant projects. Any financial exposure for Statkraft is not expected to be material.

Supreme Court ruling of reindeer herding court case at Fosen wind farms

On 11 October 2021, the Norwegian Supreme Court ruled that the concessions and expropriation permits of 2013 for the Storheia and Roan wind farms at Fosen in Norway violate the Sami reindeer herders right to cultural practice under Article 27 of the UN International Covenant on Civil and Political Rights and are therefore invalid.

Statkraft owns 52.1% of Storheia through Fosen Vind DA, whereas Roan was divested in 2021. Statkraft must on certain conditions indemnify the buyers of Statkraft's 52.1% shareholding in Roan Vind for potential losses following the Supreme Court ruling.

Fosen Vind and Roan Vind have initiated dialogues with the Ministry of Petroleum and Energy and with the Sami groups following the decision. The Ministry has initiated a process to clarify whether mitigating measures can be found to safeguard the Sami groups' rights under ICCPR art. 27, with necessary changes to be made in the concessions to achieve this. In February 2022, Fosen Vind and Roan Vind sent on the Ministry's request a suggestion for a study program as well as further suggestions for concretization before the summer. Based on input from the companies and the reindeer herding, the Ministry sent on 12 September 2022 a suggestion for the study program and initiated consultations with relevant parties.

The outcome and the financial impact of the Supreme Court ruling is highly uncertain at this stage. Several potential scenarios for the impact of the ruling have been estimated and probabilities are assessed for each scenario. Statkraft has used this to calculate a weighted best estimate. The carrying value of Storheia is NOK 1300 million.

Baltic Cable – regulations of revenues

Baltic Cable AB (BC) is a subsidiary of Statkraft reported under the segment Nordics. The company is the owner of a subsea interconnector between Sweden and Germany. BC is a European transmission system operator (TSO) and is certified in accordance with the German energy legislation.

The Swedish regulator Energimarknadsinpektionen (Ei) and the German regulator BundesnetzAgentur (BNetzA) issued on 28 April 2022 and 14 June 2022 respectively decisions regarding the regulation of BC's revenues. Ei decided, for the period 1 July 2013 to 31 December 2021 and with respect to 50 per cent of BC's revenues, that revenues above a defined level of operating costs, depreciation and return on capital must be dedicated to the purposes set out in EU Regulation 714/2009 (i.e., for network investments to maintain or increase capacity). This decision has been appealed to the Swedish administrative court, i.a because BC disagrees with certain elements of the calculations.

BnetzA orders BC, with respect to 50 per cent of its revenues, to transfer cash from revenues exceeding a defined level of operating costs, depreciation and return on capital, to a neighboring German TSO for 2022. BC is of the clear view that there is no legal basis for such an order and will appeal this to the Higher Regional Court in Düsseldorf. BC will also request that the decision is suspended pending the appeal. Since such suspensive effect is not certain, NOK 1712 million has been recognised as a reduction of Sales revenues in the statement of comprehensive income. The item is recognised as Other current liabilities in the statement of financial position. As of 31 December 2022, cash and cash equivalents in BC amounted to NOK 3.3 billion and is presented under the line item Cash and cash equivalents in the statement of financial position, of which NOK 1658 million is regulated for future investments.

Note 35 continued

UNCERTAIN TAX POSITIONS

The Group is subject to income taxes in several jurisdictions. There is uncertainty related to the final tax liability for many transactions and calculations. A dispute or examination of a particular tax treatment by taxation authorities may affect the accounting for current or deferred taxes. When assessing the recognition of uncertain tax assets or liabilities, it is considered if the asset or liability is probable. If the final outcome of the tax disputes deviates from the amounts recognised in the statement of financial position, the deviations will impact the income tax expense in the profit and loss statement for the applicable period. The main uncertain tax positions in the Group are described in more detail below. See also note 22.

Uncertain tax positions in Norway

On 3 and 12 March 2020, Statkraft AS received decisions of tax reassessments from the Norwegian tax authorities. The decisions regarded the income tax returns for the fiscal years 2010-2016 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. On 24 April 2017, the major business activities in STC were transferred to Statkraft AS. All business activities in STC have been closed down.

The main issue relates to STC's capital structure and its compliance with the arm's length principle. Statkraft strongly disagrees that there is a legal basis for any reassessment and has made no provisions related to this case in the consolidated financial statements. On 8 April 2020, Statkraft appealed the decisions to the Tax Appeals Board.

Statkraft has paid NOK 2335 million to the Norwegian tax authorities in 2020 related to this case associated with the period of 2010-2016. Of this, NOK 2079 million is presented as an uncertain income tax deposit and NOK 256 million is presented as uncertain interests deposit. Both items are recognised as Other non-current assets in the statement of financial position.

Uncertain tax positions in Germany

Statkraft has significant business activities in Germany, and the taxable treatment for some transactions and acquisitions are uncertain. This includes trading contracts. Statkraft is of the opinion that certain unrealised losses on trading contracts are tax deductible while the German tax authorities are of the opinion that the same losses are only deductible at the time of realisation of the relevant contracts. The timing of deductions in combination with the minimum taxation regulations in Germany has significant effects on accumulated payable tax expense. Statkraft is in the process of challenging the tax treatment in the German tax court.

As of 31 December 2022, Statkraft has expensed NOK 810 million as taxes payable due to this tax treatment (NOK 854 million as of 31 December 2021). Of this, NOK 537 million has been paid to German tax authorities (NOK 594 million as of 31 December 2021).

Uncertain tax positions in Nepal

On 4 January 2021, The Department of Revenue Investigation (DRI) of Nepal opened an investigation against a Statkraft subsidiary in Nepal, Himal Power Ltd (HPL). DRI is investigating if HPL has a capital gains tax liability related to share transfers in the period of 2006-2017 which it may then pursue by criminal proceedings.

Statkraft is of the opinion that the relevant transactions are not subject to capital gains tax, and hence that no criminal offences have been committed. Statkraft has made no provisions related to these cases and it is at this stage not possible to quantify a potential exposure for the financial statements.

Note 36 Pledges, guarantees and obligations

PLEDGES

Under certain circumstances local authorities and publicly owned energy companies are entitled to a share of the output from power plants belonging to Statkraft in return for paying a share of the construction costs. To finance the acquisition of such rights, the local authorities/companies have been granted permission to pledge the power plant as security. The mortgage debt raised by the local authorities under this scheme totals NOK 800 million (NOK 255 million in 2021). In addition, other subsidiaries have a total of NOK 2404 million (NOK 337 million in 2021) in pledged debt. The pledged assets consist mainly of cash collateral in restricted accounts and future revenues from long-term power sales agreements.

As of 31 December 2022, the carrying value of the pledged assets in the Statkraft Group totalled NOK 570 million. The comparable value of 574 million has been restated.

GUARANTEES AND BONDS

The Statkraft Group has the following off-balance sheet guarantees:

NOK million	2022	2021
Parent company guarantees on behalf of subsidiaries [1]	58 950	30 307
Parent company guarantees on behalf of associates and joint arrangements	-	40
Other [2]	3 892	2 081
Total guarantees in Statkraft AS	62 843	32 429
Guarantees issued by subsidiaries [2]	6 763	5 355
Total guarantees	69 606	37 784

[1] The guarantees for 2022 are mainly related to energy trading of NOK 48 351 million and liabilities to suppliers of NOK 3049 million.

[2] Figures for 2022 include NOK 2394 million in grid bonds and NOK 430 million in performance bonds related to the development and construction of wind farms and solar parks. Such bonds can be called if Statkraft does not develop and construct the respective wind farms and solar parks according to the terms.

CONTRACT OBLIGATIONS

Statkraft Group has the following significant off-balance sheet obligations as of 31 December 2022:

- Statkraft is obliged to pay concession fees related to hydropower plants, mainly in Norway. The present value of the Group's future concession fee obligations, not recognised in the statement of financial position, is estimated to NOK 9307 million. The estimated amount is based on a regulated discount rate of 4.4%, annual compensation and funds etc. In 2021, the corresponding amount was NOK 14 172 million with a discount rate of 2.7%.
- Contractual obligations of NOK 4814 million related to construction of wind farms, solar parks and hydropower plants.
- A power purchase agreement with an estimated 16-year horizon. The purchase obligation is NOK 1425 million.
- Obligation regarding service agreements related to gas-fired power plants of NOK 413 million.

CONCESSIONARY POWER CONTRACTS

The Group recognises concessionary power as normal buying and selling in accordance with stipulated concessionary power prices upon delivery, regardless of whether the settlement takes place upon physical delivery or financial settlement. Concessionary power contracts are normally regarded as indefinite. The parties can however agree on financial settlement for a period of time.

At the end of 2022, the contracts with financial settlement had a yearly volume of around 4.8 GWh and an average price from the Ministry of Petroleum and Energy of 11.8 øre/kWh. For the remaining contracts with financial settlement, the estimated fair value as of 31 December 2022 was NOK -159 million.

Note 37 Fees paid to external auditors

Deloitte AS is the Statkraft Group's auditor and audits all subsidiaries subject to audit requirements, except for subsidiaries in Brasil (from 2022) and some subsidiaries in India (from 2022) and one subsidiary in Sweden. The statutory audit fee to other auditors amounts to approximately NOK 2 million.

The total fees (excluding VAT) paid for auditing and other services were as follows:

NOK thousand	2022	2021
Statutory auditing	30 863	27 392
Other attestation services	987	1 055
Tax consultancy services	-	432
Other services [1)]	992	495
Total	32 843	29 374

[1)] The main items in fees for other services in 2021 and 2022 relates to attestation of the sustainability report.

Note 38 Benefits paid to executive management and the Board of Directors

Statkraft is organised in five business areas and two staff areas. The managers of these business and staff areas report to the Group management, which comprises the executive vice presidents (EVPs) and the President and CEO.

Salary and other benefits – executive management

2022

NOK	Salary	Bonus [1]	Benefits in kind	Salaries and other benefits
Christian Rynning-Tønnesen, President and CEO	6 044 700	808 000	228 189	7 080 889
Anne Harris, Executive Vice President and CFO	3 678 065	630 000	230 520	4 538 585
Hallvard Granheim, Executive Vice President	4 783 957	851 000	226 338	5 861 295
Birgitte Ringstad Vartdal, Executive Vice President	4 413 911	735 000	232 325	5 381 236
Hilde Bakken, Executive Vice President [2]	3 552 936	-	231 135	3 784 071
Jürgen Tzschoppe, Executive Vice President	3 990 535	558 000	230 652	4 779 188
Henrik Sætness, Executive Vice President	3 195 830	402 000	228 674	3 826 505
Ingeborg Dårflot, Executive Vice President [3]	2 723 184	341 000	256 576	3 320 760
Barbara Flesche, Executive Vice President [4]	3 653 002	2 913 354	62 251	6 628 607

[1] Bonus earned in 2022, but disbursed in 2023. Includes payment, made in 2022 prior to becoming EVP, of NOK 2 229 957 to Barbara Flesche to secure continuity during the integration of the acquired company Solar Century Holdings Limited.

[2] Hilde Bakken resigned from her position as Executive Vice President on 30 June 2022.

[3] Ingeborg Dårflot was appointed Executive Vice President on 15 August 2022.

[4] Barbara Flesche was appointed Executive Vice President on 15 August 2022.

2021

NOK	Salary	Bonus [1]	Benefits in kind	Salaries and other benefits
Christian Rynning-Tønnesen, President and CEO	5 827 803	802 000	219 833	6 849 636
Anne Harris, Executive Vice President and CFO	3 315 231	573 000	227 645	4 115 876
Hallvard Granheim, Executive Vice President	4 238 838	589 000	218 997	5 046 835
Birgitte Ringstad Vartdal, Executive Vice President	3 848 931	702 000	227 898	4 778 829
Hilde Bakken, Executive Vice President	3 453 998	518 000	223 212	4 195 210
Jürgen Tzschoppe, Executive Vice President	3 876 048	586 000	143 697	4 605 745
Henrik Sætness, Executive Vice President	3 042 481	413 000	221 625	3 677 106

[1] Bonus earned in 2021, but disbursed in 2022.

The Group management has not received any compensation or financial benefits from other companies in the same Group other than those shown above. No additional compensation for special services beyond normal managerial functions has been provided, nor have any loans or surety been granted. For 2022, total salaries and other benefits paid to the executive management amounted to NOK 45 201 135. The corresponding amount in 2021 was NOK 33 269 237.

Pension costs – executive management

NOK	2022	2021
Christian Rynning-Tønnesen, President and CEO	2 880 156	2 695 286
Anne Harris, Executive Vice President and CFO	161 009	152 938
Hallvard Granheim, Executive Vice President	317 325	301 955
Birgitte Ringstad Vartdal, Executive Vice President	161 009	152 938
Hilde Bakken, Executive Vice President [1]	979 017	1 598 772
Jürgen Tzschoppe, Executive Vice President	161 009	152 938
Henrik Sætness, Executive Vice President	386 314	1 309 272
Ingeborg Dårflot, Executive Vice President [2]	328 027	-
Barbara Flesche, Executive Vice President [3]	49 153	-

[1] Hilde Bakken resigned from her position as Executive Vice President on 30 June 2022.

[2] Ingeborg Dårflot was appointed Executive Vice President on 15 August 2022.

[3] Barbara Flesche was appointed Executive Vice President on 15 August 2022. She is not a member of the Norwegian pension scheme.

The year's accounting cost for the pension scheme reflects the period during which the individual has been an executive employee. For 2022, the total pension costs for executive management were NOK 5 423 021. In 2021 the corresponding amount was NOK 6 364 099.

Note 38 continued

Remuneration to the Board, Audit Committee and Compensation Committee as well as participation in board meetings

2022

NOK	Board remuneration	Audit Committee	Compensation Committee	Participation in board meetings
Thorhild Widvey, chair	574 600	-	59 500	12
Peter Mellbye, vice chair	405 800	-	36 615	12
Marit Salte, director	333 600	80 350	-	11
Mikael Lundin, director	333 600	39 500	18 615	12
Ingelise Arntsen, director	333 600	110 850	-	10
Bengt Ekenstierna, director [1)]	164 000	-	-	6
Vilde Eriksen Bjerknes, employee-elected director [2)]	54 667	-	-	1
Thorbjørn Holøs, employee-elected director	333 600	80 350	-	12
Pål Erik Sjåtil, director [3)]	169 600	40 850	-	6
Lars Mathisen, employee-elected director [4)]	169 600	-	18 615	6
Marte Lind, employee-elected director [5)]	169 600	40 850	-	6
Asbjørn Sevlejordet, employee-elected director [6)]	164 000	-	18 000	6

[1)] Left the Board in June 2022.
[2)] Left the Board in June 2022.
[3)] Was appointed board member in June 2022.
[4)] Was appointed board member in June 2022.
[5)] Was appointed board member in June 2022.
[6)] Left the Board in June 2022.

2021

NOK	Board remuneration	Audit Committee	Compensation Committee	Participation in board meetings
Thorhild Widvey, chair	556 500	-	57 750	13
Peter Mellbye, vice chair	393 000	-	35 500	13
Marit Salte, director	323 000	116 500	-	13
Mikael Lundin, director	323 000	78 000	-	13
Ingelise Arntsen, director	323 000	107 500	-	12
Bengt Ekenstierna, director	323 000	-	-	13
Vilde Eriksen Bjerknes, employee-elected director	323 000	-	-	13
Thorbjørn Holøs, employee-elected director	323 000	78 000	-	13
Asbjørn Sevlejordet, employee-elected director	323 000	-	35 500	13

The Board has no remuneration agreements other than the directors' fee and remuneration for participation in committee work, nor have any loans or surety been granted to directors of the Board. Total remuneration paid to the Board, Audit Committee and Compensation Committee in 2022 was NOK 3 206 267, NOK 392 750 and NOK 151 345 respectively. The respective amounts in 2021 were NOK 3 210 500, NOK 380 000 and NOK 128 750.

THE BOARD'S STATEMENT REGARDING SALARIES AND OTHER REMUNERATIONS TO SENIOR EXECUTIVES – 2022

The board of Statkraft will contribute to a moderate, but competitive development of executive pay in Statkraft and principles and guidelines for executive salary and other remunerations are formed accordingly.

A separate remuneration report will be published by Statkraft. The report will encompass detailed information on executive remuneration and be published prior to the 2023 annual general meeting.

Salaries and other remuneration to senior executives as of 31 December 2022 are presented in the table "Salary and other benefits – executive management". Allocation and payment of remuneration to members of the executive management has been conducted according to the Statkraft guidelines for executive remuneration, as decided on the 2022 annual general meeting. Complete guidelines are available at statkraft.no.

Variable salary

For the CEO and corporate management, targets are defined for strategic objectives as well as financial and operational performance. The CEO's variable pay has a combined weighting of approximately 70% of these targets and 30% weighting of individual targets on strategic leadership and organisational development. Assessment of variable remuneration level for the executive vice presidents is conducted by the CEO in consultation with the compensation committee of the Statkraft board. The assessment of variable remuneration level for the CEO is conducted by the compensation committee and decided by the board.

For 2022 the main targets and related KPI's for the CEO were as described below. All targets were supported by comprehensive plans and measures. The targets are independent of the power price level.

Note 38 continued

Strategic targets	Weight	Evaluation
Safety • Targets and measures comprise safety, the duty to prevent incidents and being a workplace with no injuries. • In the case of fatalities or severe permanent disabilities an achievement score of 0% is concluded for the target in full. • Threshold for bonus is at TRI-rate better than 4.0 and full bonus is achieved on TRI-rate 3.0 or below.	15%	The company experienced in May 2022 a fatal accident at a construction project in India. *Target achievement for 2022 is 0%.*
Total cost of operations all technologies • Targets and measures comprise cost effective operations of all plants. • Target achievement is measured towards predefined cost values per kWh.	11%	2022 result for total cost of operations all technologies was below target. *The board evaluated the 2022 target achievement to be at 30%.*
Market adjusted availability all technologies • Target to optimise the availability of the plants measured towards when it is most profitable to produce. • Target achievement is measured towards predefined availability thresholds.	11%	2022 market adjusted availability all technologies was 94.5%. The result is at a higher availability level than in 2021, however below target. Main reasons encompass longer than planned outage at some hydro power plants, replacement of components on wind power plants and maintenance on the gas-fired plants. *The board evaluated the 2022 target achievement to be at 25%.*
Market operations, including DAMP • Added value from energy management and other market activities, including DAMP, compared to the market. • Target achievement is measured towards predefined profitability criteria.	12%	European market operations delivered very good 2022 results. *The board evaluated the 2022 target achievement to be at 100%.*
Hydropower • Added value from the Norwegian hydro power portfolio. It provides a socially optimal disposition of the water when power is generated when the demand is highest. • Target achievement is measured as the added value in percent created relative to competitors in Norway, hence the achievement is independent of the price level itself. Target achievement is set at a realised price margin above 3.5 %.	11%	2022 added value from the Norwegian hydro power portfolio, measured as added value in percent relative to competitors in Norway, delivered results at a very good level. *The board evaluated the 2022 target achievement to be at 100%.*
Growth • Targets and measures comprise growth in the segments International and Europe. • Target achievement is measured towards strategic growth targets and related targets in MW for projects that has passed investment or acquisition decision. • Full bonus is achieved on investment decision above a predefined level.	10%	Total project pipeline was significantly increased. The number of investment decisions and acquisitions was, however, below target. *The board evaluated the 2022 target achievement to be at 20%.*
Structural development • Targets and measures comprise establishment of a solid growth strategy including financing for the Group. • Target achievement is related to defined targets, in addition to a discretionary assessment.	15%	An updated and highly ambitious growth strategy was decided, and the financial position of the company was strengthened throughout the year. *The board evaluated the 2022 target achievement to be at 70%.*
People and Organisation • Targets and measures comprise capacity building and a high performing organisation to enable good operations and future growth. • Target achievement is related to measurable criteria as diversity and inclusion (targets for score in upper quartile in inclusion index) as well as, the annual employee satisfaction survey (target for engagement score in upper quartile) in combination with a discretionary evaluation.	10%	A successful, full-scale reorganisation of the company was conducted in 2022, and new vision and values were established and launched. The Statkraft employee satisfaction survey conducted after the reorganisation encompassed a high response rate and provided results on high engagement among employees, placing the company in the top 5% among Energy and Utilities. *The board evaluated the 2022 target achievement to be at 90%.*
External reputation • Targets and measures to maintain the company's strong external reputation in Norway throughout the power price crisis. • Target achievement is subject to a discretionary evaluation and the board emphasise the CEO's engagement to strengthen company external reputation.	5%	The CEO has positioned the company through active participation in the public debate on the power price crisis. *The board evaluated the 2022 target achievement to be at 60%.*
Total target weight and achievement 2022	100%	***Total, weighted 2022 target achievement: 54%***

Note 38 continued

The Board of Directors 2022 performance assessment of the CEO

The Board noted with sorrow that the company in May experienced a fatal accident at a construction project in India. The Board has in their assessment on the remaining main deliveries emphasised that the company has delivered at a very good level on crucial delivery areas throughout a demanding year characterised by a highly volatile market, global uncertainty and high public attention on the debate of the electricity market. In addition, a successful reorganisation of the company was conducted together with the delivery of an ambitious growth strategy.

Main targets and related KPI's for the CEO for 2023 are decided by the Board of Directors as described below. All targets are independent of the power price level.

2023 targets for the CEO's variable pay	
Strategic targets	**Weight**
Safety	
• Targets and measures comprise safety, the duty to prevent incidents and being a workplace with no injuries. • In the case of fatalities or severe permanent disabilities an achievement score of 0% is concluded for the target in full. • Threshold for bonus is at TRI-rate better than 4.0 and full bonus is achieved on TRI-rate 3.0 or below.	15%
Market operations	
• Added value from energy management and other market activities compared to the market. • Target achievement is measured towards predefined profitability criteria.	14%
Norwegian hydropower	
• Added value from the Norwegian hydro power portfolio. • Target achievement is measured as the added value in percent created relative to all other hydropower producers in Norway, hence the achievement is independent of the price level itself. Threshold for bonus is at realised price margin better than 3.5%.	9%
Total cost of operations Nordic hydropower	
• Targets and measures comprise cost effective operations of the Nordic hydropower. • Target achievement is measured towards predefined cost values per kWh.	5%
Total cost of operations International hydropower	
• Targets and measures comprise cost effective operations of the International hydropower. • Target achievement is measured towards predefined cost values per kWh.	4%
Construction run rate solar, wind and battery	
• Targets and measures comprise the construction run rate of solar, wind and battery power. • Target achievement is measured towards strategic growth targets and related targets in GW. • Full bonus is achieved at construction run rate above a predefined level.	9%
Pipeline additions solar, wind and battery (gross)	
• Targets and measures comprise gross pipeline additions for solar, wind and battery power. • Target achievement is measured towards strategic growth targets and related targets in GW. • Full bonus is achieved at gross pipeline additions above a predefined level.	9%
Offshore wind	
• Targets and measures comprise development rights secured for offshore wind power. • Target achievement is measured towards strategic targets for development rights. • Full bonus is achieved at secured development rights above a predefined level.	10%
Realised value creation at COD for completed European projects	
• Targets and measures comprise realised value creation for completed European projects when construction is completed and commercial operations starts. • Target achievement is measured towards predefined profitability criteria.	8%
Growth strategy	
• Targets and measures comprise the Group growth opportunities. • Target achievement is related to predefined goals and a discretionary evaluation.	10%
External reputation	
• Targets and measures to maintain the strong external reputation of the company throughout the power price crisis. • Target achievement is subject to a discretionary evaluation and the board emphasize the CEO's engagement to strengthen company external reputation.	7%

Terms for the CEO's fixed salary

Fixed salary paid to the CEO for 2023 is NOK 5 988 000, with other terms as set out in the Statkraft guidelines on executive remuneration.

Note 39 Related parties

GENERAL INFORMATION

All subsidiaries, associates and joint arrangements stated in note 26 and note 40 are related parties of Statkraft. Intercompany balances and transactions between consolidated companies are eliminated in Statkraft's consolidated financial statements and are not presented in this note.

The individuals stated in note 38 are members of the executive management or the Board of Directors and are also related parties of Statkraft.

The table below shows transactions with related parties classified as associates or joint ventures.

NOK million	2022	2021
Revenues	299	235
Expenses	303	150
Receivables at the end of the period	1 615	1 503
Liabilities at the end of the period	33	19

Significant transactions with the owner and companies controlled by the owner

The shares in Statkraft AS are all owned by Statkraft SF, which is a company wholly owned by the Norwegian State.

NOK million	2022	2021
Gross operating revenues and other income includes:		
Concessionary sales at statutory prices	411	418
Net operating revenues and other income includes:		
Energy purchases from Equinor	3 686	611
Transmission costs to Statnett	5	1 241
Operating expenses includes:		
Regulatory fees to Norwegian authorities	2 860	1 236
Financial expenses includes:		
Interest expenses to Statkraft SF	4	2
Income tax expenses includes:		
Payable income tax expense to Norwegian authorities	23 985	13 315
Proposed dividend to Statkraft SF	17 213	10 214

Transmission costs to Statnett are mainly grid tariff. The prices in this market are stipulated by the Norwegian Water Resources and Energy Directorate. Other transactions with related parties are conducted at commercial terms and conditions.

Except for interest-bearing debt and other current liabilities covered in notes 33 and 34, there are no other significant items between Statkraft AS and Statkraft SF in the statement of financial position.

Statkraft also has transactions and balances with other enterprises controlled by the Norwegian state, but their size, neither individually nor combined, have significance for Statkraft's financial statements.

Note 40 Consolidated companies

Name	Segment [1]	Country	Registered office	Parent company	Shareholding and voting share[2]
Statkraft Varme AS	DI	Norway	Trondheim	Statkraft Energi AS	100.00%
Stjørdal Fjernvarme AS	DI	Norway	Trondheim	Statkraft Varme AS	85.00%
Statkraft Värme AB	DI	Sweden	Kungsbacka	Statkraft Asset Holding AS	100.00%
Statkraft European Wind and Solar Holding AS	EU	Norway	Oslo	Statkraft AS	100.00%
Devoll Hydropower Sh.A.	EU	Albania	Tirana	Statkraft Markets B.V.	100.00%
Statkraft Renewables Albania Sh.p.k.	EU	Albania	Tirana	Statkraft Markets B.V.	100.00%
Fotovoltaico Dulima S.A.S	EU	Colombia	Ibagué	Solarcentury Projects Latin America, S.A.	100.00%
Fotovoltaico Flandes S.A.S.	EU	Colombia	Ibagué	Solarcentury Projects Latin America, S.A.	100.00%
Fotovoltaico Yuma S.A.S	EU	Colombia	Ibagué	Solarcentury Projects Latin America, S.A.	100.00%
Statkraft OIE d.o.o.	EU	Croatia	Zagreb	Statkraft European Wind and Solar Holding AS	100.00%
Solar Century Alpha d.o.o.	EU	Croatia	Zagreb	Statkraft European Wind and Solar Holding AS	100.00%
Helioceres IV SAS	EU	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 2 SAS	EU	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 3 SAS	EU	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 4 SAS	EU	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 5 SAS	EU	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
Solarcentury France SAS	EU	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft France SAS	EU	France	Lyon	Statkraft Asset Holding AS	100.00%
Statkraft Renouvelables SAS	EU	France	Lyon	Statkraft Asset Holding AS	100.00%
Knapsack Power GmbH & Co KG	EU	Germany	Düsseldorf	Statkraft Holding Knapsack GmbH	100.00%
Knapsack Power Verwaltungs GmbH	EU	Germany	Düsseldorf	Knapsack Power GmbH & Co KG	100.00%
SK Wind GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Solar Banzendorf GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Windpark Zinser Rücken Verwaltungs GmbH	99.00%
Solar Grünlichtenberg GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Windpark Alte Schlag Verwaltungs GmbH	99.00%
Solar Hohenfelde GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Windpark Titz Verwaltungs GmbH	99.00%
Solar Schmarsau GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Windpark Zinse Verwaltungs GmbH	99.00%
Solar Zerbst GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 1 GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 1 Verwaltungs GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 2 GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 2 Verwaltungs GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Germany GmbH	EU	Germany	Düsseldorf	Statkraft AS	100.00%
Statkraft Holding Herdecke GmbH	EU	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Holding Knapsack GmbH	EU	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Holding Wind & Solar Deutschland	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Solar 1 GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Erneuerbare 1 Verwaltungs GmbH	99.00%
Statkraft Solar 2 GmbH & Co.KG	EU	Germany	Düsseldorf	Statkraft Erneuerbare 2 Verwaltungs GmbH	99.00%
Statkraft Windpark Alte Schlag GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Alte Schlag Ver. GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Rappenhagen GmbH & Co. KG	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Rappenhagen Verwaltungs GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Titz GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Titz Verwaltungs GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinse GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinse Verwaltungs GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinser Rücken GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinser Rücken Ver. GmbH	EU	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Ballymacarney Renewable Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Ballyvatta Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Behy Renewables Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Boolyvannanan Renewable Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Bore Array Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Cloghan Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Cloncant Renewable Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Clonfad Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Coole Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Coolglass Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Dernacart Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Dungeeha Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
East Laois Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Featherbed Lane Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Glencloosagh Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Gorman Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Greenwire Transmission Pentir Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Greenwire Transmission South Wales Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Harristown Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
HC Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Irishtown Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Jupiter Energy Supply Company Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Kilcush Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Killeena Stability Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Kilpaddoge Green Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%

Note 40 continued

Kilsallaghan Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Knockanarragh Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Mayne Stability Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Meath Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Mill Farm Solar Project Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Milltownpass Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Moanvane Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Monaraha Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
North Irish Sea Array Windfarm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
North Kildare Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
North Meath Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Pinewood Wind Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Rathleague Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
South Meath Solar Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Sronagh Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Statkraft Asset Management Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Statkraft Development Projects Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Statkraft Ireland Ltd.	EU	Ireland	Cork	Statkraft Asset Holding AS	100.00%
Statkraft Ireland Project Company Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Taghadoe Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Tomsallagh Solar Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Ummeras Wind Farm Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
WXD Energy Ltd.	EU	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Winter Winds Ltd.	EU	Ireland	Limerick	Statkraft Ireland Ltd.	100.00%
Cisterna di Latina Fotov.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Cupello Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Gobetto Solare S.R.L.	EU	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Latina B Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Latina C Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Latina D Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Latina Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Melfi Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Montenero Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Sessa Aurunca Fotovoltaico S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 01 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 02 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 03 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 04 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 05 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 06 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 07 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 08 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 09 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 10 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 11 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 12 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 13 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 14 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 15 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 16 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 17 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 18 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 19 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 20 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 21 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 22 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 23 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 24 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 25 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 26 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 27 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 28 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 29 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 30 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 31 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 32 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 33 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 34 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 35 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 36 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 37 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 38 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 39 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 40 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 41 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 42 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L	100.00%
SKI B A0 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A1 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A2 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%

Note 40 continued

SKI B A3 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A4 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A5 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A6 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A7 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A8 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI B A9 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI S A0 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI S A1 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI S A2 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI S A3 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI S A4 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI S A5 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A0 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A1 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A2 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A3 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A4 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A5 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A6 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A7 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A8 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W A9 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W AB S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W AC S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W AD S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W AE S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI W AA S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 1 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 2 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 3 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 4 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 5 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 6 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 7 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 8 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 9 S.R.L.	EU	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Statkraft Italia S.R.L.	EU	Italy	Milan	Statkraft European Wind and Solar Holding AS	100.00%
Solarcentury Mexico	EU	Mexico	Mexico City	Solar Century Holdings Ltd.	100.00%
Statkraft European Wind and Solar Holding AS	EU	Norway	Oslo	Statkraft AS	100.00%
Solarcentury Projects Latin America, S.A.	EU	Panama	Panama City	SCH Projects Ltd.	100.00%
Solarcentury Projects Panama S.A.	EU	Panama	Panama City	SCH Projects Ltd.	100.00%
Statkraft Poland sp. z o.o.	EU	Poland	Warsaw	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Portugal U.LDA.	EU	Portugal	Lisbon	Statkraft European Wind and Solar Holding AS	100.00%
Des. Ren. Iberia Alpha S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Beta S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Delta S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Dzeta S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Epsilon S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Gain S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Gamma S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Kappa S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Lambda S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Lota S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Mem S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia My S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Ny S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Omega S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Omicron S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Pi S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Psi S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Rasha S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Rho S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Sade S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Sigma S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Tau S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Theta S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Taana S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Des. Ren. Iberia Xi S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Development Spain S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Iberia Cinco S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Iberia Cuatro S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Iberia Dos S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Iberia Tres S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Iberia Uno S.L.	EU	Spain	Madrid	Statkraft Spain S.L.	100.00%
Statkraft Spain S.L.	EU	Spain	Madrid	Statkraft European Wind and Solar Holding AS	100.00%
Arada Solar S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
El Refugio Fotovoltaico, S.L.U. (PFV El Refugio)	EU	Spain	Valencia	Solar Century Holding España	100.00%
Fotovoltaica El Casar S.L.	EU	Spain	Valencia	Solar Century Holding España	100.00%

Note 40 continued

Guadalsolar Cuatro, S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Guadalsolar Dos, S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Guadalsolar Tres, S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Guadalsolar Uno, S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Maragato HoldCo S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Maragato Solar Cinco S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Maragato Solar Cuatro S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Maragato Solar Dos S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Maragato Solar Tres S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Maragato Solar Uno S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Oroneta Solar S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Oropesa Solar S.L.	EU	Spain	Valencia	Solar Century Holding España	51.00%
Parpadeo Solar S.L.	EU	Spain	Valencia	Solar Century Holding España	100.00%
PFV Albufera S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
PFV La Barraca S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
PFV Los Hierros S.L.	EU	Spain	Valencia	Solar Century Holding España	100.00%
PFV Los Predios S.L.	EU	Spain	Valencia	Solar Century Holding España	100.00%
PFV Pla de LLum S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
PFV Prado Gris S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Proyecto Fotovoltaico Tendetes S.L.U.	EU	Spain	Valencia	Solar Century Holding España	100.00%
Statkraft Holding España S.L.	EU	Spain	Valencia	SCH Projects Ltd.	100.00%
SC Benelux HoldCo B.V.	EU	The Netherlands	's-Hertogenbosch	SCH Projects Ltd.	100.00%
Statkraft Renewables Benelux B.V.	EU	The Netherlands	's-Hertogenbosch	Solar Century Holdings Ltd.	100.00%
Zonnepark Bollendonk B.V.	EU	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Budel Dorplein II B.V.	EU	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Wilbertoord Noordstraat B.V.	EU	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Winterswijk Arresveldweg B.V	EU	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Winterswijk Masterveldweg B.V.	EU	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Kekerdom B.V.	EU	The Netherlands	's-Hertogenbosch	Statkraft European Wind and Solar Holding AS	100.00%
Storage Bollendonk B.V.	EU	The Netherlands	's-Hertogenbosch	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Roerdalen Hobertsveldweg	EU	The Netherlands	's-Hertogenbosch	Statkraft European Wind and Solar Holding AS	100.00%
Ons Zonnepark A50 B.V.	EU	The Netherlands	's-Hertogenbosch	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Schootseweide BV	EU	The Netherlands	's-Hertogenbosch	Statkraft European Wind and solar holding AS	100.00%
Zonnepark A50 B.V.	EU	The Netherlands	's-Hertogenbosch	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Blaakweg Harskamp B.V.	EU	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark de Horst B.V.	EU	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Het Bossenbroek B.V.	EU	The Netherlands	Amsterdam	Statkraft European Wind and solar holding AS	100.00%
Zonnepark Loenen Molenalle BV	EU	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Wenumse Veld B.V.	EU	The Netherlands	Amsterdam	Statkraft Germany GmbH	100.00%
Ackron Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Alleston Solar Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Dulais Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Artfield Forrest Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Balwen Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
BB2 Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Brake Shetland Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Bush Hill Stability Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Bylgja Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Car Duibh Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Coylton Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Craig Watch Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Elwy Clean Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Energy Isles Shetland Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Faughan Stability Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Little South Clean Energy Ltd	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Greybarn Clean Energy	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Keith Storage Solutions Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Knockronal Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Lister Drive Solutions Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Loch Liath Wind Farm Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Logi Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
LyG SPV Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	79.00%
Neilston Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Oliver forest Wind Farm	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Rheidol 2008 Trustees Ltd.	EU	United Kingdom	London	Statkraft Energy Ltd.	100.00%
SCH Projects Ltd.	EU	United Kingdom	London	Solar Century Holdings Ltd.	100.00%
Sheepwash Clean Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Slickly Wind Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Soay Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Solar Century Holdings Ltd.	EU	United Kingdom	London	Statkraft European Wind and Solar Holding AS	100.00%
Stargoose Clean Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Statkraft Energy Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Statkraft UK Ltd.	EU	United Kingdom	London	Statkraft AS	100.00%
Statkraft WindCo 1 Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Thornton Grid Solutions Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
Twentyshilling Ltd.	EU	United Kingdom	London	Statkraft UK Ltd.	100.00%
West Andershaw Wind Farm Ltd.	EU	United Kingdom	South Lanarkshire	Statkraft UK Ltd.	100.00%
Energen Energias Renováveis S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Esmeralda S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%

Note 40 continued

Macaúbas Energética S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Moinho S.A.	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Novo Horizonte Energética S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo I S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo II S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo III S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo IV S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo IX S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo V S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo VI S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo VII S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo VIII S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo X S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XI S/A	IN	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XII S/A	IN	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XIII S/A	IN	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XIV S/A	IN	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Santa Fé Energia S.A.	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Santa Laura S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Santa Rosa S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Seabra Energética S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Serra da Mangabeira S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Statkraft Comercialização de Energia S/A	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Statkraft Energia do Brasil Ltda.	IN	Brazil	Florianopolis	Statkraft Investimentos Ltda.	100.00%
Statkraft Energias Renováveis S/A	IN	Brazil	Florianopolis	Statkraft Investimentos Ltda.	81.31%
Statkraft Investimentos Ltda.	IN	Brazil	Florianopolis	Statkraft Brasil AS	100.00%
Ventos de Santa Eugênia Energias Renováveis S.A.	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Ventos de São Vitorino S.A.	IN	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Morro Do Cruzeiro I S/A	IN	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Morro Do Cruzeiro II S/A	IN	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Chacabuco 18 Solar SpA	IN	Chile	Santiago	Solarcentury Projects SpA	100.00%
Empresa Eléctrica Pilmaiquén S.A.	IN	Chile	Santiago	Statkraft Chile Inversiones Eléctricas Ltda.	99.62%
Empresa Eléctrica Rucatayo S.A.	IN	Chile	Santiago	Empresa Eléctrica Pilmaiquén S.A.	100.00%
Parina Solar SpA	IN	Chile	Santiago	Solarcentury Projects SpA	100.00%
Pauna Solar SpA	IN	Chile	Santiago	Solarcentury Projects SpA	100.00%
Solarcentury Chile SpA	IN	Chile	Santiago	Solar Century Holdings Ltd.	100.00%
Solarcentury Projects SpA	IN	Chile	Santiago	SCH Projects Ltd.	100.00%
Statkraft Chile Inversiones Eléctricas Ltda.	IN	Chile	Santiago	Statkraft Holding Chile Pte. Ltd.	100.00%
Statkraft Chile Tinguiririca SCC	IN	Chile	Santiago	Statkraft Chile Inversiones Electricas Ltda.	100.00%
Statkraft Eólico S.A.	IN	Chile	Santiago	Statkraft Holding Chile Pte. Ltd.	100.00%
Tamarugo Solar SpA	IN	Chile	Santiago	Solarcentury Projects SpA	100.00%
Transrucatayo S.A.	IN	Chile	Santiago	Empresa Eléctrica Rucatayo S.A.	100.00%
Vientos del Desierto SpA.	IN	Chile	Santiago	Empresa Eléctrica Pilmaiquén S.A.	100.00%
Cannice Renewables Energy Pvt Ltd.	IN	India	New Delhi	Stakraft IH Holding AS	100.00%
Foxtrot Solar Renewables Energy Pvt. Ltd.	IN	India	New Delhi	Stakraft IH Holding AS	100.00%
Mullai Renewables Pvt. Ltd.	IN	India	New Delhi	Statkraft IH Holding AS	74.00%
Nellai Renewables Pvt. Ltd.	IN	India	New Delhi	Statkraft IH Holding AS	74.00%
Sourya Manthan Renewable Energy Pvt Ltd.	IN	India	New Delhi	Stakraft IH Holding AS	100.00%
Statkraft India Pvt. Ltd.	IN	India	New Delhi	Statkraft Holding Singapore Pte. Ltd.	100.00%
Vishnupriya Farms Pvt. Ltd.	IN	India	New Delhi	Stakraft IH Holding AS	74.00%
Tidong Power Generation Pvt. Ltd.	IN	India	Shimla	Statkraft IH Holding AS	100.00%
Himal Power Ltd.	IN	Nepal	Kathmandu	Statkraft Holding Singapore Pte. Ltd.	57.07%
Statkraft Brasil AS	IN	Norway	Oslo	Statkraft IH Invest AS	100.00%
Statkraft IH Holding AS	IN	Norway	Oslo	Statkraft IH Invest AS	100.00%
Statkraft IH Invest AS	IN	Norway	Oslo	Statkraft AS	100.00%
Inversiones Shaqsa S.A.C.	IN	Peru	Lima	Statkraft Peru S.A.	100.00%
Statkraft Peru Holding S.A.C.	IN	Peru	Lima	Statkraft Holding Peru Pte. Ltd.	100.00%
Statkraft Peru S.A.	IN	Peru	Lima	Statkraft Peru Holding S.AC.	100.00%
Statkraft Holding Chile Pte. Ltd.	IN	The Netherlands	Amsterdam	Statkraft Holding Singapore Pte. Ltd.	100.00%
Statkraft Holding Peru Pte. Ltd.	IN	The Netherlands	Amsterdam	Statkraft Holding Singapore Pte. Ltd.	100.00%
Statkraft Holding Singapore Pte. Ltd.	IN	The Netherlands	Amsterdam	Statkraft IH Holding AS	100.00%
Çakıt Enerji A.S.	IN	Türkiye	Istanbul	Statkraft Enerij A.S.	100.00%
Kargi Kizirlmak Enerji A.S.	IN	Türkiye	Istanbul	Statkraft Enerij A.S.	100.00%
Statkraft Enerji A.S.	IN	Türkiye	Istanbul	Statkraft AS	100.00%
Statkraft (China) Energy Ltd.	MK	China	Beijing	Statkraft Markets B.V.	100.00%
Knapsack Power Admin GmbH	MK	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Markets GmbH	MK	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Trading GmbH	MK	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Markets Pvt. Ltd.	MK	India	New Delhi	Statkraft Holding Singapore Pte. Ltd.	100.00%
Statkraft US Holding AS	MK	Norway	Oslo	Statkraft Asset Holding AS	100.00%
Statkraft Financial Energy AB	MK	Sweden	Stockholm	Statkraft AS	100.00%
Statkraft Markets B.V.	MK	The Netherlands	Amsterdam	Statkraft Asset Holding AS	100.00%
Statkraft Elektrik Enerjisi Toptan Satis Ltd. Sti.	MK	Türkiye	Istanbul	Statkraft AS	100.00%
Bryt Energy Ltd.	MK	United Kingdom	Birmingham	Statkraft Pure Energy	100.00%
Bryt Energy Storage Ltd.	MK	United Kingdom	Birmingham	Statkraft Pure Energy	100.00%
Statkraft Pure Energy Ltd.	MK	United Kingdom	Birmingham	Statkraft UK Ltd.	100.00%
Statkraft US LLC	MK	USA	San Francisco	Statkraft US Holding AS	100.00%
Sauland Kraftverk AS	NO	Norway	Hjartdal	Skagerak Kraft AS	67.00%
Statkraft Vind Utvikling DA	NO	Norway	Kristiansand	Statkraft AS	100.00%

Note 40 continued

Hitra Vind AS	NO	Norway	Oslo	Statkraft AS	100.00%
Kjøllefjord Vind AS	NO	Norway	Oslo	Statkraft AS	100.00%
Smøla Vind 2 AS	NO	Norway	Oslo	Statkraft AS	100.00%
Statkraft Asset Holding AS	NO	Norway	Oslo	Statkraft AS	100.00%
Statkraft Energi AS	NO	Norway	Oslo	Statkraft AS	100.00%
Statkraft Industrial Holding AS	NO	Norway	Oslo	Statkraft AS	100.00%
Statkraft Vind Holding AS	NO	Norway	Oslo	Statkraft AS	100.00%
Gjuvåa Kraftverk AS	NO	Norway	Porsgrunn	Skagerak Kraft AS	100.00%
Grunnåi Kraftverk AS	NO	Norway	Porsgrunn	Skagerak Kraft AS	55.00%
Lede AS	NO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Skagerak Energi AS	NO	Norway	Porsgrunn	Statkraft Industrial Holding AS	66.62%
Skagerak Energipartner AS	NO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Skagerak Kraft AS	NO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Skagerak Varme AS	NO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Baltic Cable AB	NO	Sweden	Malmö	Statkraft Asset Holding AS	100.00%
Gidekraft AB	NO	Sweden	Stockholm	Statkraft Sverige AB	90.10%
Statkraft Sverige AB	NO	Sweden	Stockholm	Statkraft Asset Holding AS	100.00%
Statkraft Sverige Vind Elnät AB	NO	Sweden	Stockholm	Vindkraftnorr AB	100.00%
Statkraft Vind AB	NO	Sweden	Stockholm	Statkraft Asset Holding AS	100.00%
Vindkraftnorr AB	NO	Sweden	Stockholm	Statkraft Vind AB	100.00%
Statkraft Brussel Sprl	OT	Belgium	Brussels	Statkraft AS	100.00%
Statkraft Treasury Centre SA	OT	Belgium	Brussels	Statkraft AS	100.00%
Statkraft Forsikring AS	OT	Norway	Oslo	Statkraft AS	100.00%
Mer Germany Holding GmbH	XE	Germany	Düsseldorf	Statkraft Mer Holding AS	100.00%
Statkraft Ventures GmbH	XE	Germany	Düsseldorf	Statkraft Ventures AS	100.00%
Mer Services Gmbh	XE	Germany	München	Mer Solutions Gmbh	100.00%
Mer Solutions Gmbh	XE	Germany	München	Statkraft Germany GmbH	100.00%
Mer Germany GmbH	XE	Germany	Teisnach	Mer Germany Holding GmbH	100.00%
Mer Norway AS	XE	Norway	Kristiansand	Statkraft Mer Holding AS	100.00%
Statkraft Biofuel Holding AS	XE	Norway	Oslo	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Green Ammonia Holding 1 AS	XE	Norway	Oslo	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Hydrogen Holding AS	XE	Norway	Oslo	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Hydrogen Norway Holding AS	XE	Norway	Oslo	Statkraft Hydrogen Holding AS	100.00%
Statkraft Mer Holding AS	XE	Norway	Oslo	Statkraft AS	100.00%
Statkraft Tofte AS	XE	Norway	Oslo	Statkraft Energi AS	100.00%
Statkraft Ventures AS	XE	Norway	Oslo	Statkraft Asset Holding AS	100.00%
Mer Sweden AB	XE	Sweden	Helsingborg	Mer Sweden Holding AB	51.00%
Mer Sweden Holding AB	XE	Sweden	Stockholm	Statkraft Mer Holding AS	100.00%
Statkraft Heavy Charging Sweden AB	XE	Sweden	Stockholm	Statkraft Hydrogen Sweden AB	100.00%
Statkraft Hydrogen Sweden AB	XE	Sweden	Stockholm	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Hydrogen Sweden Holding AB	XE	Sweden	Stockholm	Statkraft Hydrogen Holding AS	100.00%
Mer Charging UK Ltd.	XE	United Kingdom	London	Mer UK Holding Ltd.	100.00%
Mer fleet services Ltd.	XE	United Kingdom	London	Mer UK Holding Ltd.	100.00%
Mer UK Holding Ltd.	XE	United Kingdom	London	Statkraft Mer Holding AS	100.00%
Statkraft Hydrogen UK Holding Limited	XE	United Kingdom	London	Statkraft Hydrogen Holding AS	100.00%

[1] EU: Europe, MK: Markets, IN: International, NO: Nordics, DI: District heating, XE: New Technologies, OT: Other.

[2] Shareholding share applies for the parent company listed here.

Statkraft AS Financial Statements

Statement of comprehensive income

Statkraft AS parent company

NOK million	Note	2022	2021
Profit and loss			
Operating revenues and other income	26	2 191	**1 666**
Energy purchase		-36	-
Salaries and payroll costs	6, 7	-1 278	-1 041
Depreciations and amortisations	11, 12	-144	-131
Other operating expenses	8, 24, 25	-1 540	-1 297
Operating expenses		-2 998	**-2 469**
Operating profit/loss (EBIT)		-807	**-803**
Income from investments in subsidiaries	9, 26	15 279	9 149
Financial income	9, 26	1 309	612
Financial costs	9, 26	-1 413	-423
Net realised and unrealised securities	9, 26	-388	348
Net realised and unrealised currency and derivatives	9	-2 882	1 272
Net financial items		11 905	**10 958**
Profit/loss before tax		11 098	**10 155**
Tax expense	10	-135	-287
Net profit/loss		10 963	**9 868**
OTHER COMPREHENSIVE INCOME (OCI)			
Items in other comprehensive income that will not recycle over profit/loss:			
Estimate deviation pension, net of tax		232	-217
Total		232	**-217**
Total comprehensive income		11 195	**9 651**
Appropriation of net profit/loss and equity transfers			
Dividends payable	18	17 213	10 214
Transfer to/from retained earnings	18	-6 018	-563

Statement of financial position

Statkraft AS parent company

NOK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Deferred tax asset	10	354	153
Intangible assets	11	84	62
Property, plant and equipment	12	751	845
Investments in subsidiaries	13	106 688	105 277
Derivatives	14, 26	786	284
Other non-current assets	15, 26	15 932	17 167
Non-current assets		124 595	**123 788**
Receivables	16, 26	18 912	15 099
Derivatives	14, 26	524	1 165
Cash and cash equivalents	17	51 197	30 028
Current assets		70 633	**46 292**
Assets		195 228	**170 080**
EQUITY AND LIABILITIES			
Paid-in capital	18	56 402	56 402
Retained earnings	18	16 513	22 531
Equity		72 915	**78 933**
Pension liabilities	7	1 259	1 498
Bond and bank debt	4, 20, 26	21 918	15 677
Lease liabilities	20, 21	456	557
Derivatives	14, 26	617	120
Other non-current liabilities	19	3 811	4 127
Non-current liabilities		28 061	**21 979**
Commercial papers, bond and bank debt	4, 20, 26	38 447	18 182
Lease liabilities	20, 21	136	115
Taxes payable	10	402	345
Derivatives	14, 26	927	305
Other current liabilities	21, 26	54 339	50 221
Current liabilities		94 251	**69 168**
Equity and liabilities		195 228	**170 080**

Statement of cash flow

Statkraft AS parent company

NOK million	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss before tax		11 098	10 155
Depreciations and amortisations	11, 12	144	131
Write-downs/reversal of write-downs from previous years	9	388	-423
Gain/loss on sale of shares		-	67
Unrealised changes in value		3 246	-512
Changes in non-current items		338	260
Changes in other current items		244	252
Booked income from dividend and group contribution with no cash effects		-14 842	-9 150
Group contribution and dividend received		9 707	3 240
Income taxes paid	11, 23	-344	-44
Cash flow from operating activities (A)		9 980	3 976
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment and intangible assets		-41	-99
Proceeds from sale of property, plant and equipment and intangible assets		1	-
Loans to subsidiaries		-116	-
Repayment of loans from subsidiaries		780	-2
Investments in subsidiaries		-3 125	-2 878
Capital reduction in subsidiaries		770	-
Divestments of shares		-	1 133
Cash flow from investing activities (B)		-1 731	-1 846
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in cash pool debt		24 823	15 899
New debt		17 242	11 369
Repayment of debt		-18 931	-3 728
Dividend paid		-10 214	-3 673
Cash flow from financing activities (C)		12 920	19 867
Net change in cash and cash equivalents (A)+(B)+(C)		21 169	21 997
Cash and cash equivalents 01 Jan	18	30 028	8 031
Cash and cash equivalents 31 Dec	18	51 197	30 028
Unused commited credit lines		13 668	9 167
Unused overdraft facilities		2 000	2 000

SIGNIFICANT ACCOUNTING POLICIES

The cash flow statement has been prepared using the indirect method. The statement starts with the company's result for the year in order to show cash flow generated by regular operating, investing and financing activities respectively.

Notes
Statkraft AS parent company

Index of notes to Statkraft AS parent company financial statements

General		Page
Note 1	Significant accounting policies	191
Note 2	Subsequent events	192
Note 3	Transactions and other significant agreements	192
Financial risk and instruments		
Note 4	Market risk	192
Note 5	Analysis of market risk	194
Income statement		
Note 6	Salaries and payroll costs	195
Note 7	Pensions	196
Note 8	Other operating expenses	197
Note 9	Financial items	198
Note 10	Income taxes	199

Statement of financial position		Page
Note 11	Intangible assets	200
Note 12	Property, plant and equipment	201
Note 13	Shares in subsidiaries and associates	202
Note 14	Derivatives	203
Note 15	Other non-current assets	205
Note 16	Receivables	205
Note 17	Cash and cash equivalents	206
Note 18	Equity	206
Note 19	Other non-current liabilities	207
Note 20	Interest-bearing liabilities	207
Note 21	Leases	208
Note 22	Other current liabilities	211
Other information		
Note 23	Disputes, contingencies and uncertain tax positions	211
Note 24	Obligations and guarantees	211
Note 25	Fees paid to external auditors	212
Note 26	Related parties	212

Note 1 Significant accounting policies

GENERAL INFORMATION

The financial statements of Statkraft AS has been prepared in accordance with the Norwegian accounting act and regulation on simplified application of international financial reporting standards (IFRS) ("forskrift om forenklet anvendelse av internasjonale regnskapsstandarder").

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies:

• Statement of cash flow	
• Pensions	Note 7
• Income taxes	Note 10
• Intangible assets	Note 11
• Property, plant and equipment	Note 12
• Investment in subsidiaries	Note 13
• Derivatives	Note 14
• Other non-current assets	Note 15
• Receivables	Note 16
• Cash and cash equivalents	Note 17
• Interest-bearing liabilities	Note 20
• Leases	Note 21

MEASUREMENT, RECOGNITION AND CLASSIFICATION PRINCIPLES

Principles for recognition of revenues The main principle of IFRS 15 is to measure revenues at an amount equal to the amount that Statkraft AS expect to receive in exchange for transfer of goods or providing services to a customer. Statkraft AS use the five-step model in IFRS 15 to recognise revenues from contracts with customers. The main part of Statkraft AS' operating revenues consists of intragroup IT services, general management services and HR services where revenue is recognized over time.

Classification and valuation of assets and debt Assets intended for lasting ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that will be repaid within 12 months are classified as current assets. Corresponding criteria are used to classify current and non-current liabilities.

Provisions are recognised when a present obligation because of a past event is identified and it is more likely than not that Statkraft AS will be required to settle the obligation and that the provision can be measured in a reliable way. Provisions are measured at the present value of estimated future cash flows required to settle the obligation.

Foreign currency Statkraft AS's functional currency is Norwegian kroner (NOK). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. Realised and unrealised currency effects are presented in the line item net realised and unrealised currency and derivatives in the income statement.

TRANSITION FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED (NGAAP) IN NORWAY TO SIMPLIFIED IFRS

Statkraft AS has elected to apply simplified IFRS in the financial statement of the parent company from the fiscal year of 2022. The change is a response to increased differences between IFRS as applied in the group financial statement and NGAAP which were applied by Statkraft AS up until the fiscal year of 2021. The transition is applied retrospectively meaning that comparable information from 2021 has been reviewed for recognition and measurement differences. See note 18 for a reconciliation of changes in equity following the transition to simplified IFRS.

Statkraft AS has decided to utilise the option in the regulations of simplified application of international financial reporting standards ("regulations") which allows Statkraft to continue accounting for dividends and group contributions according to NGAAP. See note 13.

Statkraft AS has decided to utilise the option in the regulations related to IFRS 16 for intercompany leases and will not apply IFRS 16 for intragroup leases where Statkraft AS is the lessee.

JUDGEMENT AND ESTIMATION UNCERTAINTY

Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses as well as disclosures. Actual results may differ from estimates. In Statkraft AS' financial statements, significant judgement is applied in estimating need for impairment/reversal of impairment related to investment in subsidiaries and to measure the net pensions liability. We refer to note 2 in the group financial statements for a more thorough description of key accounting estimates and judgements that affects the value of Statkraft AS' investments.

Note 2 Subsequent events

There have been no significant subsequent events.

Note 3 Transactions and other significant agreements

2022: Statkraft AS is debtor of a loan from a financial institution to cover security to Nasdaq. Statkraft AS has a back-to-back agreement with Statkraft Energi AS transferring the rights and obligations of the loan, and Statkraft AS therefore has no net exposure due to the loan. At the end of 2022, total EUR 277 million in securities was posted as initial margin at Nasdaq. Because the financial institution finances the margin requirements and retains substantially all risks and rewards to the securities, the arrangement is not included in the statement of financial position.

2021: Statkraft AS has sold its shares in Roan Vind Holding AS to TrønderEnergi AS and Stadtwerke München GmbH for a cash consideration of NOK 1133 million. A loss of NOK 67 million has been recognised and is presented as part of Net financial items.

Note 4 Market risk

RISK AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS GENERALLY

The risk management policy is based upon assuming taking the right risk based on the Group's ability and willingness to take risks, expertise, financial strength and development plans. The purpose of risk management policy is to identify threats and opportunities for the Group, and to manage the risk within an acceptable level. The central Treasury function in Statkraft AS coordinates and manages the financial risks relating to currency, interest rates, credit and liquidity of the Group. A more detailed explanation of how these are managed will be provided in the following.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Statkraft is exposed to foreign exchange and interest rate risk. Statkraft uses interest rate and foreign currency derivatives in addition to debt in foreign currency to mitigate these risks. Funding, forwards and swaps in foreign currency in combination with interest rate swaps are used to achieve the desired currency and interest structure of the company's debt portfolio.

Statkraft's methods for managing these risks are described below:

Foreign exchange risk Statkraft AS manages the Group's currency risk. Statkraft incurs currency risk in the form of transaction risk, mainly in connection with sale of power, investments and divestments.

Statkraft's settlement currency at the Nordic power exchange Nord Pool is mainly euro, and the power contracts traded in the Nordic power exchange Nasdaq are denominated in euro. In addition, most of Statkraft's bilateral power sales agreements in Norway and all power purchase and sales abroad are denominated in foreign currency. The objective of Statkraft's currency hedging is to secure the values of the future cash flow in Norwegian kroner exposed to foreign exchange risk. Hedging of foreign exchange risk is primarily done by allocating appropriate volumes of currency debt to the relevant cash flows. The foreign exchange risk is subject to continuous assessment and treated in accordance with the Group Treasury strategy.

Interest rate risk Statkraft's interest rate exposure is mainly related to its debt portfolio. The management of interest rate risk is based on a balance of keeping interest cost low over time and contributing to stabilise the Group's cash flows with regards to interest rate changes. The interest rate risk is monitored by having duration as the measure. Statkraft shall at all times keep the average duration of its debt portfolio within the range of two to five years.

Compliance with the limit for currency and interest rate risk is followed up continuously by the middle-office function. Responsibility for entering into and following up the various positions has been delegated and allocated to separate organisational units.

Interest rate benchmark reform Statkraft has during 2022 taken measures to be prepared for the transition from Interbank offered rates (IBORs) to alternative risk-free reference rates (RFRs). This means necessary implementation and requirements related to systems, processes and contracts.

GBP LIBOR ceased 31 December 2021 and was replaced by Sterling Overnight Index Average (SONIA). One-week and two-month settings for USD LIBOR ceased at 31 December 2021 and the remaining settings will end 30 June 2023. USD LIBOR will be replaced by Secured Overnight Financing Rate (SOFR). The key difference between the rates is that IBORs are forward looking rates published at the beginning of a borrowing period, while RFRs are backward looking rates published each day in the borrowing period with final settlement of the rate two to five days before the end of the relevant borrowing period.

Statkraft's main exposure is interest rate swaps and cross-currency interest rate swaps referencing EURIBOR and NIBOR. There is no indication that EURIBOR and NIBOR will cease in the near future.

The benchmark reform is not expected to have material effects on the market value of the affected instruments.

LIQUIDITY RISK

The purpose of Statkraft' s liquidity management is to always secure fulfilment of payment obligations at all times. Statkraft has incorporated a separate target figure for short term liquidity to ensure that Statkraft has a satisfactory level of liquidity sources, consisting of cash and cash equivalents, short-term financial investments and unused committed credit facilities.

Note 4 continued

The liquidity risk is further mitigated through liquidity forecasts and access to different borrowing sources and markets. Statkraft plans for an evenly distributed debt redemption profile to keep refinancing risk low.

Statkraft issues debt primarily under its EUR 6.0 billion Euro Medium Term Note Programme listed on the Irish Stock Exchange. In addition, Statkraft has a backup facility of EUR 1.3 billion supported by the Group's core banks. The backup facility is maturing in 2031. Statkraft has an unused overdraft facility of NOK 2.0 billion which is also renewed on an annual basis.

The main cash outflows include the annual dividend payment, debt redemption, tax payments in addition to planned investments and margin requirements related to commodity trading and hedging and foreign exchange and interest rate hedging.

Very volatile commodity markets with record-high prices have resulted in significantly higher margin requirements. To manage the market volatility, Stakraft has taken precautionary measures to secure liquidity through increased level of cash and cash equivalents.

CREDIT RISK

Credit risk is the risk that Statkraft incurs losses due to the failure of counterparties to honour their financial obligations. Statkraft is facing credit risk when entering into transactions with financial institutions, corporates and providers of clearing services. Credit risk against financial institutions arises from cash or current account, deposits, investment of interest-bearing securities, derivative transactions and incoming guarantees.

Credit risk against providers of clearing services arises from margin requirements settled as cash payments. Statkraft also assumes credit risk when providing loans to associates and joint ventures. In addition, Statkraft assumes credit risk in connection with energy trading and physical sales contracts. Historically, Statkraft's credit losses have been limited. In 2022, there has been an extraordinary situation with high prices and volatility in the energy market which has led to higher collateral and liquidity needs. The liquidity needs required extension of credit limits to Statkraft's core relationship banks. The core relationship banks have very solid credit rating. Specific counterparties that could be significantly affected by the market turmoil have been monitored continuously regarding default risk. Despite the volatility and uncertainty in the market the credit losses have been limited.

Excess liquidity is defined as Cash and cash equivalents and is managed in a conservative manner with regard to credit risk, diversification and duration. Statkraft's excess liquidity is mainly held in Norwegian kroner and invested across various short-term financial instruments such as commercial papers, time deposits and bank deposits. Credit and duration limits are stipulated for each counterparty based on credit ratings and total assets.

As of 31 December 2022, approximately 2% of Statkraft's excess liquidity (including cash in subsidiaries participating in the cash pool) were held in time deposits, 21% in commercial paper and 77% in overnight bank deposits.

Statkraft AS has entered into agreements under which collateral is transferred or received based on the mark-to-market value of interest rate and foreign exchange derivatives between counterparties. Collateral is transferred or received on a weekly basis. Counterparty credit risk is significantly mitigated by collateral under these agreements.

CLIMATE RISK

Statkraft AS is directly exposed to climate change through its investments in subsidiaries, as changes in precipitation will change the average output from hydropower plants, as well as the increased fluctuations. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on the value and income from Statkraft AS' investments in subsidiaries. More information on climate risks and how these are managed can be found in the sustainability report.

Note 5 Analysis of market risk

Specification of debt by currency [1]	2022	2022	2021	2021
NOK million	Debt by currency before the effect of derivatives [1]	Debt by currency adjusted for the effect of derivatives [3]	Debt by currency before the effect of derivatives [2]	Debt by currency adjusted for the effect of derivatives [3]
Debt in NOK	11 250	1 388	7 250	401
Debt in EUR	20 920	26 380	26 609	30 205
Debt in USD	-	3 558	-	2 708
Total	32 170	31 326	33 859	33 314

[1] Management of foreign exchange risk and interest rate risk are presented in note 4.

[2] Includes bond debt, commercial papers and bank debt.

[3] Includes bond debt, commercial papers and bank debt, effects from allocated forward exchange rate contracts and combined interest rate and currency swaps since Statkraft AS uses these derivatives to achieve the desired currency structure for the debt portfolio.

Specification of interest by currency [1]	2022	2022	2021	2021
	Interest by currency before the effect of derivatives [2]	Interest by currency adjusted for the effect of derivatives [3]	Interest by currency before the effect of derivatives [2]	Interest by currency adjusted for the effect of derivatives [3]
Nominal average interest rate, NOK [4]	2.80%	n.a	4.00%	n.a.
Nominal average interest rate, EUR	1.80%	1.00%	1.80%	0.70%
Nominal average interest rate, USD	n.a.	3.20%	n.a.	2.30%
Nominal average interest rate, GBP	n.a.	n.a.	n.a.	1.00%

[1] Management of foreign exchange risk and interest rate risk are presented in note 4.

[2] Includes bond debt, commercial papers and bank debt.

[3] Includes bond debt, commercial papers and bank debt, allocated forward exchange rate contracts, interest rate swaps and combined interest rate and currency swaps.

[4] Nominal average interest rate in NOK is not applicable because the figure was negative in parts of 2021 and 2022.

Fixed interest rate debt portfolio [1]	Future interest rate adjustments				
NOK million	0-1 year	1–3 years	3–5 years	5 years and later	Total
Debt in NOK	-8 862	1 450	3 550	5 250	1 388
Debt in EUR	13 253	2 710	3 558	6 860	26 380
Debt in USD	3 558	-	-	-	3 558
Total fixed interest 2022	7 948	4 160	7 108	12 110	31 326
Total fixed interest 2021	21 508	488	2 607	8 711	33 314

[1] Includes bond debt, commercial papers and bank debt, the currency effect of allocated forward exchange rate contracts and the currency effect of combined interest rate and currency swaps. The split between years also take into account maturity of allocated forward exchange rate contracts, interest rate adjustments in interest rate swaps and combined interest rate and currency swaps. Negative figures reflect that Statkraft AS receives fixed interest from interest rate swaps.

Repayment schedule

NOK million	0-1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and later	Total
Instalments on bank debt	-	-	-	-	-	-	-
Instalments on bond debt	10 252	-	5 701	-	2 800	13 418	32 170
Currency effect of allocated forward exchange rate contracts and currency effects of combined interest rate and currency swaps	-844	-	-	-	-	-	-844
Total repayment schedule 2022	9 407	-	5 701	-	2 800	13 418	31 326
Total repayment schedule 2021	17 636	4 983	-	5 436	-	5 259	33 314

Note 6 Salaries and payroll costs

NOK million	2022	2021
Salaries	768	684
Employers' national insurance contribution	146	127
Pension costs [1)]	263	132
Other benefits	101	98
Total	1 278	1 041

[1)] Pension costs are described in further detail in note 7.

See note 38 to the consolidated financial statements for further information on remuneration to the chairman and the board of directors.

	2022	2021
Average number of full-time equivalents	635	588
Number of full-time equivalents as of 31 Dec	668	601

Note 7 Pensions

GENERAL INFORMATION

Statkraft AS is obligated to and fulfils the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

Defined contribution schemes A defined contribution scheme is a retirement benefit scheme where Statkraft AS pays fixed contributions to a fund manager without incurring further obligations for the company once the payment has been made.

Statkraft AS' pension scheme for new employees from 1 January 2014 is a defined contribution scheme. The contributions are 6% of the pensionable salary up to 7.1 of the National Insurance Scheme's basic amount (G), and 18% of the pensionable salary between 7.1G and 12G. In addition to retirement pensions, the contribution scheme also entails risk coverage and private early retirement pension (AFP).

Defined benefit schemes Defined benefit schemes are post-employment benefit plans other than defined contribution plans. These plans create obligations to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the company.

Funded defined benefit schemes in the National Pension Fund (SPK) Statkraft AS has organised their defined benefit scheme in the National Pension Fund (SPK). The scheme covers retirement, disability and survivor pensions. The scheme also offers early retirement from the age of 62 under the Norwegian early retirement pension scheme. Employees in the scheme participate in public service occupational schemes in accordance with the Norwegian Public Service Pension Fund Act, the Norwegian Public Pension Service Pension Fund Transfer Agreement and the regulatory framework governing public service pensions.

The retirement benefit for employees born before 1963 is set as a percentage of the employee's salary. At maximum accrual, the retirement scheme provides pension benefits amounting to 66% of pensionable salary, up to 12G.The scheme benefits are coordinated with the benefits provided by the Norwegian National Insurance Scheme. From 1 January 2020 employees born in 1963 or later earn retirement benefits as a supplement to pensions in the National Insurance System.

Statkraft AS pays an annual premium and is responsible for the financing of the scheme in the National Pension Fund (SPK). Pension benefits from the SPK are guaranteed by the Norwegian state (Section 1 of the Pension Act). The SPK scheme is not asset based, but management of the pension fund assets is simulated as though the assets were invested in Norwegian government bonds with 1, 3, 5 or 10-year duration, in addition to a small share in the Government Pension Fund Global. The pension benefit scheme in SPK was closed for new employees 1 January 2014.

Unfunded defined benefit schemes In addition to the above, Statkraft AS has entered into an additional pension agreement that provides all employees whose pensionable incomes exceed 12G with a retirement and disability pension equivalent to 66% of that portion of their pensionable income exceeding 12G. The agreement was closed 30 April 2012.

SIGNIFICANT ACCOUNTING POLICIES

The liability recognised in the balance sheet which relates to the defined benefit scheme is the present value of the future retirement benefits that are reduced by the fair value of the plan assets. Net pension fund assets for overfunded schemes are classified as non-current assets and recognised in the balance sheet at fair value. Net retirement benefit liabilities for underfunded schemes and non-funded schemes that are covered by operations are classified as long-term liabilities.

The net retirement benefit cost for the period is included under salaries and payroll costs and comprises the total of the retirement benefits accrued during the period, the interest on the estimated liability and the projected yield on pension fund assets. Gains and losses attributable to changes in actuarial assumptions or base data are recognised in other comprehensive income.

ESTIMATES AND ASSUMPTIONS

The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. Present value of accrued pension entitlements for defined benefit schemes and present value of accrued pension entitlements for the year are calculated using the accrued benefits method. Net pension liabilities in the balance sheet are adjusted for expected future salary increases until retirement age. Calculations are based on staff numbers and salary data at the end of the year.

The discount rate The discount rate is based on high-quality corporate bonds (covered bonds – OMF). Statkraft AS of the opinion that the markets for covered bonds represent a deep and liquid market with relevant durations that qualify as a reference interest rate in accordance with IAS 19.

Scheme changes Scheme changes in 2022 were mainly related to change in the method for annual adjustment of pensions payments in Norway. Prior to the regulatory change, the annual regulation of pension payments was based on the national insurance scheme's basic amount (G) minus a fixed factor of 0.75 per cent. Going forward, the adjustment will be based on the average of salary adjustment and inflation.

Actuarial gains Actuarial gains recognised in other comprehensive income in 2022 were mainly driven by increased discount rates.

Note 7 continued

The following assumptions are used	31.12.2022	31.12.2021
Discount rate and expected return on pension assets	3.10%	1.90%
Salary adjustment	3.50%	2.75%
Adjustment of current pensions	2.60%	1.75%
Adjustment of the National Insurance Scheme's basic amount (G)	3.25%	2.50%
Demographic factors for mortality and disability	K2013/IR73	K2013/IR73

Members of defined benefit schemes	2022	2021
Employees	233	247
Pensioners and people with deferred entitlements	482	470

Pension cost recognised in the income statement

Defined benefit schemes

NOK million	2022	2021
Present value of accrued pension entitlements for the year	63	63
Interest costs	42	30
Expected return on pension assets	-19	-14
Scheme changes	83	-
Employee contributions	-5	-5
Employer's national insurance contribution	23	10
Net pension cost defined benefit schemes	188	84

Defined contribution schemes

Employer's payments	76	48
Total pension costs	263	132

Breakdown of net defined benefit pension liability

NOK million	2022	2021
Present value of accrued pension entitlements for funded defined benefit schemes	1 667	1755
Fair value of pension assets	1 079	1019
Net pension liability for funded defined benefit schemes	588	736
Present value of accrued pension entitlements for unfunded defined benefit schemes	515	577
Employer's national insurance contribution	156	185
Net pension liabilities	1 259	1498

Actuarial gains and losses recognised through other comprehensive income

NOK million	2022	2021
Accumulated actuarial gains and losses recognised through other comperehensive income 31 Dec	528	825

Note 8 Other operating expenses

NOK million	2022	2021
Purchase of third-party services [1]	804	677
Materials	38	27
IT licenses and equipment	286	206
Miscellaneous [2]	411	387
Total	1 540	1 297

[1] Purchase of third-party services mainly includes consultants and other services.

[2] Miscellaneous includes marketing, travel expenses, insurance, rental, regulatory fees, intercompany and freight.

Note 9 Financial items

Income from investments in subsidiaries

NOK million	2022	2021
Dividend from group companies	10 979	8 649
Group contribution	4 300	500
Total	15 279	9 149

Financial income

NOK million	2022	2021
Interest income from group companies	512	395
Interest income	520	67
Other financial income from group companies	276	150
Total	1 309	612

Financial costs

NOK million	2022	2021
Interest expenses to group companies	-803	-86
Interest expenses external debt	-568	-315
Other financial costs	-42	-22
Total	-1 413	-423

Net realised and unrealised securities

NOK million	2022	2021
Impairments/reversal of impairments from previous years	-388	423
Gains and losses on securities, realised and unrealised	-	-75
Total	-388	348

Net realised and unrealised currency and interest rates derivatives

NOK million	2022	2021
Currency gains and losses, realised	-443	961
Currency gains and losses, unrealised	-2 510	364
Gains and losses interest rate derivatives, realised	-142	-138
Gains and losses interest rate derivatives, unrealised	213	85
Total	-2 882	1 272

Net financial items	11 905	10 958

In 2022, impairments/reversal of impairments from previous years are related to shares in Statkraft Vind Holding AS and Statkraft Enerji A.S.

An updated valuation of Statkraft Vind Holding AS' ownership in Fosen Vind DA, impacted by introduction of resource rent tax on onshore wind in Norway, has lead to an impairment in 2022 of NOK 623 million. In 2021 previous years impairment of NOK 605 million was reversed based on updated valuation of Statkraft Vind Holding AS' ownership in Fosen Vind.

In 2022 previous years impairments of the shares in Statkraft Enerji A.S. have been reversed by NOK 235 million, mainly due to higher expected power prices. In 2021 the value of shares were impaired with NOK 171 million mainly based on currency effects.

The value of shares in Statkraft Vind Utvikling DA were impaired with NOK 10 million in 2021 due to regulatory uncertainty of whether Kvinesheia project could be realised.

Note 10 Income taxes

SIGNIFICANT ACCOUNTING POLICIES

Statkraft AS is subject to tax on profits that is calculated in accordance with ordinary tax rules. The tax charge in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. Deferred tax assets are only recognised in the balance sheet to the extent it is probable that the assets will be realised in the future. Tax related to equity transactions is recognised in other comprehensive income..

The tax expense in the income statement

NOK million	2022	2021
Income tax payable	401	345
Withholding tax	1	3
Previous years payable tax expense	-	48
Change in deferred tax	-266	-109
Tax expense in the income statement	135	287

Taxes payable in the balance sheet

NOK million	2022	2021
Income tax payable	402	345
Taxes payable	402	345

Reconciliation of nominal tax rate and effective tax rate

NOK million	2022	2021
Profit before tax	11 098	10 155
Expected tax expense at a nominal rate of 22%	2 442	2 234
Effect on taxes of		
Tax-free income	-2 418	-1 908
Withholding tax	-	3
Impairment/reversal of impairment previous years	85	-93
Other permanent differences, net	26	50
Tax expense	135	287
Effective tax rate	1%	3%

Breakdown of deferred tax

NOK million	2022	2021
Current assets/current liabilities	-85	162
Derivatives	-271	717
Other long-term items	104	29
Property, plant and equipment	495	565
Lease liabilities	-592	-673
Pension liabilities	-1 259	-1 498
Total temporary differences and tax loss carry forward	-1 608	-698
Total deferred tax (+)/deferred tax asset (-)	-354	-153
Applied tax rate	22%	22%
Deferred tax (+)/deferred tax asset (-) as of 1 Jan	-153	-231
Changes to deferred tax assets 1 Jan 2021 following transition to simplified IFRS [1]	-	248
Recognised in profit and loss	-266	-109
Recognised in other comprehensive income [2]	65	-61
Deferred tax (+)/deferred tax asset (-) as of 31 Dec	-354	-153

[1] See note 18 for a breakdown of the after tax effects of the transition to simplified IFRS.

[2] Tax effect of estimate deviation, see note 7.

Note 11 Intangible assets

SIGNIFICANT ACCOUNTING POLICIES

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets are recognised in the balance sheet when it is probable that the asset will generate future economic benefits and the costs can be measured reliably. Intangible assets are assessed to have a definite useful life and are amortised.

Research expenditures are expensed as incurred. Development costs are capitalised to the extent that a future economic benefit can be identified from the development of an identifiable intangible asset.

NOK million	Software and licenses	Assets under development[1)]	Total
2022			
Balance as of 01 Jan 2022	8	54	62
Additions	25	4	29
Reclassifications	-	-	-
Transfer between asset classes	25	-25	-
Amortisations	-6	-	-6
Balance at 31 Dec 2022	51	33	84
Cost 31 Dec 2022	61	33	94
Accumulated amortisations as of 31 Dec 2022	-9	-	-9
Balance as of 31 Dec 2022	51	33	84
Period of amortisation	3 years		

[1)] Intangible assets under development are related to IT systems.

NOK million	Software and licenses	Assets under development[1)]	Total
2021			
Balance as of 01 Jan 2021	-	-	-
Additions	5	52	57
Reclassifications	2	3	5
Transfer between asset classes	1	-1	-
Amortisations	-1	-	-1
Balance at 31 Dec 2021	8	54	62
Cost 31 Dec 2021	11	54	65
Accumulated amortisations as of 31 Dec 2021	-3	-	-3
Balance as of 31 Dec 2021	8	54	62
Period of amortisation	3 years		

[1)] Intangible assets under development are related to IT systems.

Note 12 Property, plant and equipment

SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment are recognised in the balance sheet and depreciated on a straight-line basis over the expected useful life from the time the property, plant or equipment starts regular operations. The acquisition cost consists solely of directly attributable costs. Gains/losses from sale of property, plant and equipment are treated as operating revenues or expenses.

NOK million	Buildings, office equipment and other	Assets under construction	**Sum**	Right-of-use assets	Total
2022					
Balance as of 01 Jan 2022	199	3	**202**	643	845
Additions	7	12	**19**	-	19
Remeasurement and other changes	-	-	**-**	25	25
Reclassifications	-	-	**-**	-	-
Transfer between asset classes	-	-	**-**	-	-
Depreciations	-30	-	**-30**	-107	-137
Disposals	-1	-	**-1**	-	-1
Balance as of 31 Dec 2022	175	15	**190**	561	751
Cost 31 Dec 2022	660	15	**675**	616	1 291
Accumulated depreciations as of 31 Dec 2022	-486	-	**-486**	-54	-540
Balance as of 31 Dec 2022	174	15	**189**	562	751
Period of depreciation	3–75 years	n/a		9-11 years	

NOK million	Buildings, office equipment and other	Assets under construction	**Sum**	Right-of-use assets	Total
2021					
Balance as of 01 Jan 2021	190	4	**194**	739	933
Additions	38	3	**41**	-	41
Remeasurement and other changes	-	-	**-**	6	6
Reclassifications	-2	-3	**-5**	-	-5
Transfer between asset classes	1	-1	**-**	-	-
Depreciations	-28	-	**-28**	-102	-130
Balance as of 31 Dec 2022	199	3	**202**	643	845
Cost 31 Dec 2021	655	3	**658**	945	1 603
Accumulated depreciations as of 31 Dec 2021	-456	-	**-456**	-302	-758
Balance as of 31 Dec 2021	199	3	**202**	643	845
Period of depreciation	3–75 years	n/a		9-11 years	

Note 13 Shares in subsidiaries and associates

SIGNIFICANT ACCOUNTING POLICIES

Investment in subsidiaries and associated companies The degree of control over the investee is one of the key elements in the assessment to whether the investment should be accounted for as subsidiary, joint operation, joint venture or associate. The assessment of control is judgmental and entails that all facts and circumstances are evaluated.

The decisions about relevant activities that significantly affect the return of the investments are the elements that require the highest degree of judgement. In order to conclude on the degree of control, Statkraft has systematically defined the relevant activities and value drivers for each of its main type of technologies, in addition to an individual assessment per investment to reflect other facts and circumstances.

Judgement is required in assessing whether a joint arrangement is a joint operation or a joint venture. Matters to be addressed include facts and circumstances and evaluation of rights and obligations arising from the arrangement, agreements between shareholders and agreements between shareholders and the investee. Entities established to produce power and where the owners are committed to purchase all the power produced, as well as being responsible for settling of shortterm and long-term financing of the company, are normally classified as joint operations.

The investment is valued at cost for the shares unless impairment has been recognised. Impairment is done when the reduction in value is due to reasons that cannot be considered transitory. Impairment is reversed when the basis for the impairment no longer exists.

Dividends and group contributions received are recognised as income in the same year as allocated by the subsidiary, while dividends from other companies are recognised in accordance with the cash principle. If the dividend exceeds the share of retained profits after the purchase, the excess part represents repayment of invested capital and the disbursements received are deducted from the value of the investment in the balance sheet. Statkraft AS has decided to utilise the option in the regulations of simplified application of international financial reporting standards ("regulations") which allows Statkraft to continue accounting for dividends and group contributions according to NGAAP.

NOK million	Country	Registered office	Shareholding and voting share	Equity 31 Dec 2022 [1]	Net profit 2022 [1]	Carrying value
Shares in subsidiaries						
Statkraft Brussels SPRL	Belgium	Brussels	99.90%	1	-	1
Statkraft Treasury Centre SA	Belgium	Brussels	100.00%	19	-1	1
Statkraft Germany GmbH	Germany	Düsseldorf	100.00%	1 682	-1 162	12 070
Statkraft Mer Holding AS	Norway	Kristiansand	100.00%	2 747	-56	2 660
Hitra Vind AS	Norway	Oslo	100.00%	111	-4	95
Kjøllefjord Vind AS	Norway	Oslo	100.00%	91	-4	102
Smøla Vind 2 AS	Norway	Oslo	100.00%	33 904	13	150
Statkraft Asset Holding AS	Norway	Oslo	100.00%	32 886	-22	27 748
Statkraft Energi AS	Norway	Oslo	100.00%	23 073	17 023	14 295
Statkraft European Wind and Solar Holding AS	Norway	Oslo	100.00%	4 225	1	4 249
Statkraft Forsikring AS	Norway	Oslo	100.00%	464	-25	80
Statkraft IH Invest AS	Norway	Oslo	100.00%	18 358	-178	20 291
Statkraft Industrial Holding AS	Norway	Oslo	100.00%	11 985	1 466	17 056
Statkraft Vind Holding AS	Norway	Oslo	100.00%	3 441	435	3 437
Statkraft Vind Utvikling DA [2]	Norway	Oslo	62.00%	1	-5	4
Statkraft Financial Energy AB	Sweden	Stockholm	100.00%	111	3	1
Statkraft Elektrik Enerjisi Toptan Satış¸ Ltd. Sirketi	Türkiye	Istanbul	100.00%	33	-2	53
Statkraft Enerji A.S.	Türkiye	Istanbul	100.00%	2 475	-1 049	2 393
Statkraft UK Ltd.	United Kingdom	London	100.00%	3 888	296	2 005
Total subsidiaries						106 688

[1] Based on preliminary unaudited financial statements 2022.

[2] Statkraft Asset Holding AS owns the remaining 38% of Statkraft Vind Utvikling DA.

Note 14 Derivatives

GENERAL INFORMATION

Statkraft AS trades in financial derivatives for different purposes, and the accounting treatment is based on the fair value principle as described below.

SIGNIFICANT ACCOUNTING POLICIES

Interest rate derivatives Statkraft AS uses interest rate derivatives to balance interest rate exposure to the Group's debt portfolio. Interest rate derivatives are recognised at fair value including accrued interests. Interest rate derivatives are classified as non-current assets or non-current liabilities if the remaining duration is longer than one year.

Currency derivatives In order to hedge against fluctuations in the foreign currency rates, Statkraft AS uses currency derivatives in line with approved treasury strategy. Forward exchange rate contracts are valued at fair value. Changes in value are recorded in the income statement as net realised and unrealised currency and derivatives. Combined interest rate and currency swaps are recognised at fair value including accrued interests.

ESTIMATES AND ASSUMPTIONS

The fair value of interest rate swaps, as well as combined interest rate and currency swaps, is determined by discounting expected future cash flows to present value through use of observed market interest rates and quoted exchange rates from European Central Bank (ECB). The valuation of forward currency exchange contracts is based on quoted exchange rates, from which the forward exchange rate is extrapolated. Estimated present value is subject to a test of reasonableness against calculations made by the counterparties to the contracts.

The interest rate swaps, including the interest portion of combined interest rate and currency swaps, are part of risk management and are accounted for according to the fair value principle including accrued interests.

TRANSITION TO SIMPLIFIED IFRS

Following the transition to simplified IFRS from NGAAP, Statkraft AS has changed measurement principle regarding interest rate swaps and combined interest rate and currency swaps from applying hedging or the lowest value principle to account for these instruments at fair value including accrued interest. The effect from this transition on the statement of financial position as of 1 January 2021 is recognised directly in equity and consists of a change in the measurement principle of NOK 1578 million. The effect is offset by a deferred gain on a novated interest rate swap contract of NOK 430 million. The combined after-tax effect of the transition is NOK 896 million, see note 18. The corresponding figures as of 31 December 2021 are NOK 916 million of unrealised gains and NOK 205 million in deferred gain on a novated interest swap contract. The after tax-effect of the net change in comparable figures for 2021 is NOK 555 million.

ACCUMULATED GAINS DUE TO CHANGES IN FAIR VALUE

Accumulated gains due to changes in fair value recognised in the statement of financial position as of 31 December 2022 was NOK -234 million including accrued interest and as of 31 December 2021 NOK 1024 million including accrued interests. For gains and losses due to changes in fair value recognised in statement of comprehensive income specified per accounting line, see note 9.

Note 14 Continued

Currency and interest rate agreements

Fair value of currency and interest rate derivatives:

	31 Dec 2022	31 Dec 2021
Derivatives – non-current assets	Fair	Fair
NOK million	value [1)]	value [1)]
Currency and interest rate derivatives		
Interest rate swaps	769	280
Forward exchange rate contracts	17	5
Total	786	284

Derivatives – current assets		
NOK million		
Currency and interest rate derivatives		
Interest rate swaps	-	237
Forward exchange rate contracts	524	391
Combined interest rate and currency swaps	-	536
Total	524	1 165

Derivatives – non-current liabilities		
NOK million		
Currency and interest rate derivatives		
Interest rate swaps	534	103
Forward exchange rate contracts	83	16
Total	617	120

Derivatives – current liabilities		
NOK million		
Currency and interest rate derivatives		
Interest rate swaps	73	8
Forward exchange rate contracts	854	235
Combined interest rate and currency swaps	-	62
Total	927	305

[1)] Fair value includes accrued interests.

Note 15 Other non-current assets

SIGNIFICANT ACCOUNTING POLICIES

Loan to group companies and other shares and securities. Loans to group companies are measured at amortised cost. All loans are subject to potential impairment losses in accordance with IFRS 9 Financial Instruments. Other shares and securities are measured at fair value.

NOK million	2022	2021
Loans to group companies	9 821	10 750
Non-current receivables related to long-term power sales agreements [1]	3 736	4 052
Other shares and securities	6	6
Uncertain income tax deposit [2]	2 079	2 079
Other non-current assets [3]	289	281
Total	15 932	17 167

[1] Back-to-back agreements with Statkraft Energi AS related to prepayments of long term power sales. See note 19.

[2] See note 23.

[3] Mainly consists of uncertain interest deposit. See note 23.

Note 16 Receivables

SIGNIFICANT ACCOUNTING POLICIES

Receivables are carried at amortised cost. Statkraft records lifetime expected credit losses on receivables, which is the expected credit loss that result from all possible default events over the expected life of a financial instrument

NOK million	2022	2021
Dividend and Group contribution from subsidiaries	14 842	9 150
Short-term receivables from group companies [1]	1 171	4 771
Group cash receivables	1 830	598
Short-term receivables related to long-term power sales agreements [2]	316	316
Receivables related to cash collateral	438	39
Accounts receivable	18	23
Other receivables	297	203
Total	18 912	15 099

[1] Consists mainly of short-term loans.

[2] Back-to-back agreements with Statkraft Energi AS related to prepayments of long term power sales. See note 22.

As of 31 December 2022 Statkraft AS has not recognised any expected credit loss.

Note 17 Cash and cash equivalents

GENERAL INFORMATION

In 2022, there has been an extraordinary situation with high prices and volatility in the energy market which has led to higher collateral and liquidity needs.

SIGNIFICANT ACCOUNTING POLICIES

The line item cash and cash equivalents also includes commercial papers and bonds with short residual terms at the time of acquisition. Cash pool deposits and loans to subsidiaries are reported as net values, and the corresponding items are classified gross either as cash pool receivable or cash pool debt (note 16 and 21).

NOK million	2022	2021
Cash and cash deposits	40 602	29 728
Commercial papers and other interest-bearing securities	10 595	300
Total	51 197	30 028

Statkraft AS has unused committed credit lines of EUR 1300 million and unused overdraft facilities of NOK 2000 million.

Note 18 Equity

Transition to simplified IFRS

The effects from the transition from accounting principles generally accepted in Norway (NGAAP) to simplified IFRS in the 2022 financial statements are specified separately in the equity reconciliation.

	Paid-in capital			
NOK million	Share capital	Share premium account	Retained earnings	Total equity
Equity as of 1 Jan 2021 according to NGAAP	33 600	22 802	19 879	76 282
Transition effect recognition of uncertain tax positions [1)]	-	-	2 335	2 335
Transition effect IFRS 16 right-of-use-assets and lease liabilities [2)]	-	-	-17	-17
Transition effect fair value accounting of interest rate derivatives [3)]	-	-	896	896
Equity as of 1 Jan 2021 according to simplified IFRS	33 600	22 802	23 093	79 496
Total comprehensive income 2021	-	-	9 651	9 651
Dividends 2021	-	-	-10 214	-10 214
Equity as of 31 Dec 2021	33 600	22 802	22 531	78 933
Total comprehensive income 2022	-	-	11 195	11 195
Dividends 2022	-	-	-17 213	-17 213
Equity as of 31 Dec 2022	33 600	22 802	16 513	72 915

[1)] See note 23 for a description of the Transition effects related to uncertain tax positions.
[2)] See note 21 for a description of the Transition effects related to IFRS 16.
[3)] See note 14 for a description of the Transition effects related to fair value accounting for interest rate derivatives.

Reconcilation of 2021 NGAAP equity towards 2021 equity according to simplified IFRS

	Paid-in capital			
NOK million	Share capital	Share premium account	Retained earnings	Total equity
Equity as of 31 Dec 2021 according to NGAAP	33 600	22 802	19 643	76 045
Difference related to uncertain tax positions [1)]	-	-	2 356	2 356
Difference related to IFRS 16 right-of-use-assets and lease liabilities [2)]	-	-	-23	-23
Difference related to fair value accounting of interest rate derivatives [3)]	-	-	555	555
Equity as of 31Dec 2021 according to simplified IFRS	33 600	22 802	22 531	78 933

[1)] See note 23 for a description of the changes related to uncertain tax positions.
[2)] See note 21 for a description of the changes related to IFRS 16.
[3)] See note 14 for a description of the changes related to Fair value accounting for interest rate derivatives.

Share capital

The parent company has a share capital of NOK 33.6 billion, divided into 200 million shares, each with a par value of NOK 168. All shares have the same voting rights and are owned by Statkraft SF, which is a Norwegian state-owned company, established and domiciled in Norway. Statkraft SF is wholly owned by the Norwegian state, through the Ministry of Trade, Industry and Fisheries.

Fund for unrealised gains

The restricted share of retained earnings (fund for unrealised gains) in Statkraft AS represented NOK -234 million as of 31 December 2022 and NOK 916 million as of 31 December 2021.

Note 19 Other non-current liabilities

NOK million	2022	2021
Prepayments related to long-term power sales agreements	3 736	4 052
Other non-current liabilities	75	75
Total	3 811	4 127

Note 20 Interest-bearing liabilities

SIGNIFICANT ACCOUNTING POLICIES

Non-current liabilities Funding costs and premiums or discount are recognised in accordance with the effective interest rate method (amortised cost). The first year's repayments relating to long-term debt are presented as current liabilities.

Current liabilities Market settlements for derivatives connected with financial activities (Cash collateral) are recognised in the balance sheet as receivable or current liabilities. Cash collateral is a transfer to/from counterparties as security for the net unrealised gains and losses that Statkraft AS has on interest rate swaps, combined interest rate and currency swaps and forward exchange contracts (see also note 16 and note 22).

Repurchase of debt Repurchase of issued bonds are recognised as repayment of debt and any gain or loss is recognised up front in the net financial items.

NOK million	2022	2021
Current interest-bearing liabilities		
Bank debt	-	4 695
Commercial papers and bond debt	10 252	13 487
Lease liabilities	136	115
Group cash debt	63 107	37 525
Cash collateral	775	958
Debt to Statkraft SF	200	200
Total	74 469	56 980
Non-current interest-bearing liabilities		
Bond debt	21 918	15 678
Lease liabilities	455	557
Total	22 374	16 235
Total interest-bearing liabilities	96 843	73 215

Note 21 Leases

GENERAL INFORMATION

The contracts that have largely affected the recognition of the lease debt and right-of-use asset are contracts for renting of office premises.

SIGNIFICANT ACCOUNTING POLICIES

The definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period in exchange for consideration. At the commencement date of a lease, Statkraft as the lessee recognises a liability at the present value of future lease payments with a corresponding asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). Statkraft AS measures the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

Depreciation of right-of-use assets and interest on lease liabilities are recognised separately in the statement of profit or loss. The total amount of cash paid is separated into a principal portion and an interest portion in the statement of cash flow (both presented within financing- and operational activities).

The following practical expedients and recognition exemptions to leases are applied:

- Recognition exemption for short-term leases (defined as 12 months or less) and for low value assets (defined as less than NOK 50 thousand). These expenses are presented within Other operating expenses.
- Excluded any initial direct costs from the measurement of the right-of-use asset.
- Intangible assets have also been chosen to be excluded from IFRS 16.

Measurement

A lease liability is remeasured upon the occurrence of certain events e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments. Generally, the amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

Right-of-use assets are not presented separately in the statement of financial position but are disclosed separately in note 12.

ESTIMATES AND ASSUMPTIONS

The incremental borrowing rates are calculated as a sum of currency dependent market rates and Statkraft AS credit spreads for each relevant year on an asset-by-asset basis. The incremental borrowing rate applied as discount rate is an average of these yearly borrowing rates for each individual leased asset, depending on the length of each contract.

Statkraft evaluates whether Statkraft AS is reasonably certain to exercise an option to renew a lease, not terminate a lease or to purchase the underlying asset. All relevant factors that can create an economic incentive for Statkraft to exercise options e.g. contract-, asset-, entity- and market-based factors are evaluated. Contracts to rent office premises are in most occasions not considered to be customised to Statkraft's use and options to renew leases are normally not included in the estimated lease liability, as it is not considered reasonably certain that the option will be exercised.

TRANSITION TO SIMPLIFIED IFRS

Following the transition to simplified IFRS in the financial statements of 2021 Statkraft AS has recognised Right-of-use-assets of NOK 738 million and lease liabilities of NOK 761 million as an adjustment to the statement of financial position as of 1 January 2021. The after tax-effect of NOK -17 million is recognised through equity, see note 18. The corresponding figures as of 31 December 2021 are NOK 643 million for the Right-of-use-assets and NOK 672 million for the lease liabilities. The after tax-effect of the net change in comparable figures for 2021 is NOK - 23 million. When recognising the opening balance for lease liabilities and right-of-use assets on the date of transition to simplified IFRS Statkraft AS has used the same figures as is reported for Statkraft AS' lease contracts in the group financial statements.

Note 21 continued

STATKRAFT AS A LESSEE

Right-of-use assets

NOK million	Office buildings	Total
2022		
Balance as of 01 Jan 2022	643	643
Depreciations	-107	-107
Remeasurements and other changes	26	26
Balance as of 31 Dec 2022	562	562

Right-of-use assets

NOK million	Office buildings	Total
2021		
Balance as of 01 Jan 2021	739	**739**
Depreciations	-102	**-102**
Remeasurements and other changes	6	**6**
Balance as of 31 Dec 2021	643	**643**

Amounts recognised in the profit and loss statement

NOK million	2022	2021
Income from sub-leasing right-of-use assets [1]	14	15
Variable lease payments not included in the measurement of lease liabilities	-	-
Expenses relating to short-term leases, leases of low-value assets and other [2]	-5	-4
Depreciations from right-of-use assets [3]	-107	-102
Interest expenses from lease liabilities [4]	-15	-21
Total	-113	-112

[1] Presented as Operating revenues and other income.
[2] Presented as Other operating expenses.
[3] Presented as Depreciations.
[4] Presented as Financial costs.

Amounts recognised in the statement of cash flow

NOK million	2022	2021
Principal portion of lease payments on lease liabilities [1]	-77	-94
Interest portion of lease payments on lease liabilities [1]	-15	-21
Total payments on lease liabilities	-92	-115

[1] Presented as Cash flow from financing activities.

Note 21 continued

Lease liabilities

NOK million	2022	2021
Lease liabilities, current	136	115
Lease liabilities, non-current	455	557
Total lease liabilities	591	672

Maturity schedule lease liabilities - contractual undiscounted cash flows

NOK million	2022	2021
0-1 year	120	115
1-5 years	488	460
5 years and later	11	163
Total undiscounted lease liabilities as of 31 Dec	619	738

Future cash flows not reflected in the measurement of lease liabilities

Extension options:

Several leases of office buildings contain extension options that can be exercised by Statkraft, where the lease of the head-quarter in Oslo is the most significant one. This lease agreement expires in 2028, with options to prolong for ten plus ten years, and the annual lease payment is NOK 111 million. The buildings included in this lease agreement are considered to be standardised office buildings, not particularly customised to Statkraft or Statkraft's business. With several years left of this contract, it is not considered reasonably certain that these extensions option will be exercised, and thus no period after 2028 has been included in the measurement of the lease liability. Statkraft also leases offices in Trondheim. This lease agreement expires in 2030, with options to prolong for five plus years, and the annual lease payment is NOK 9 million.

STATKRAFT AS A LESSOR

Operating lease

Statkraft has sub-leases office buildings which are classified as operating leases.

Maturity schedule lease payments - contractual undiscounted cash flow

NOK million	2022	2021
0-1 year	-11	-11
1-5 years	-1	-12
5 years and later	-	-
Total undiscounted lease payments as of 31 Dec	-12	-23

Note 22 Other current liabilities

NOK million	2022	2021
Accounts payable	282	351
Accounts payable group companies	3	50
Indirect taxes payable	85	69
Debt to Statkraft SF	200	200
Dividends payable	17 213	10 214
Prepayments related to long-term power sales agreements	316	316
Group cash debt	34 911	37 525
Accrued interest-free liabilities	209	309
Accrued interest related to long-term debt	345	230
Cash collateral	775	958
Total	54 339	50 221
Of which interest-bearing liabilities	35 886	38 683

Note 23 Disputes, contingencies and uncertain tax positions

On 3rd and 12th of March 2020, Statkraft AS received decisions of tax reassessment from the Norwegian tax authorities. The decisions regard the income tax return for the fiscal years 2010-2016 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. The main issue relates to STC's capital structure and its compliance with the arm's length principle. Statkraft strongly disagrees that there is a legal basis for any reassessment and has made no provisions related to this case in the financial statements. Although no provision has been made according to IFRS, Statkraft AS has paid NOK 2335 million to the Norwegian tax authorities in 2020 related to this case and the period 2010-2016. The paid amount was expensed in the 2020 NGAAP financial statements of Statkraft AS. Following the transition to simplified IFRS the paid tax amount of NOK 2079 million and paid interest of NOK 256 million has been recognised in the balance sheet as an uncertain tax deposit and uncertain interest deposit and presented as part of the line-item other non-current assets in the IFRS opening statement of financial position. The effect of recognising the expensed amount is presented as a transition effect from NGAAP to simplified IFRS in note 18. In 2021, NOK 21 million in interest income on the uncertain tax positions was recognised.

Note 24 Obligations and guarantees

Statkraft AS has the following guarantees and other off-balance-sheet obligations:

NOK million	2022	2021
Parent company guarantees on behalf of subsidiaries [1]	58 950	30 307
Parent company guarantees on behalf of associates and joint arrangements	-	40
Other [2]	3 892	2 081
Total guarantees in Statkraft AS	62 843	32 429

[1] The guarantees are mainly related to energy trading of NOK 48 351 million in 2022 and NOK 21 297 million in 2021, and liabilities to suppliers of NOK 3049 million in 2022 and NOK 1687 million in 2021.
[2] Figures for 2022 include NOK 1148 million in grid bonds related to the development and construction of wind farms and solar parks. Such bonds can be called if Statkraft does not develop and construct the respective wind farms and solar parks according to the terms.

Note 25 Fees paid to external auditors

Deloitte AS is the Statkraft Group's auditor. The total fees paid for auditing and other services for Statkraft AS (excluding VAT) were as follows:

NOK thousand	2022	2021
Statutory auditing	5 051	5 473
Other attestation services	322	250
Tax consultancy services	-	11
Other services [1]	527	399
Total	5 900	6 133

[1] Mainly related to the attestation of the sustainability report.

Note 26 Related parties

The Company's related parties are considered to be:

- Directly owned subsidiaries, see specification in note 13
- Other group companies, see specification in note 26 and 39 to the Consolidated Financial Statements
- The parent company of the Group, Statkraft SF
- Group management and the board of directors, see specification in note 38 to the Consolidated Financial Statements

Transactions with subsidiaries, associated companies and joint arrangements mainly relate to the following:

- Statkraft AS sells intra-group services from centralised service centers.
- Dividends and group contributions are accrued through Statkraft AS' own shareholdings.
- Statkraft AS is also the borrower for the majority of the Group's external debts and is the owner of the cash pooling facilities. The central treasury function in Statkraft AS coordinates and manages the financial risks relating to currency, interest rates and liquidity of the Group.
- Statkraft AS finances subsidiaries through loans.

All intra-group transactions are conducted at market terms.

Guarantees related to group companies are listed in note 24.

In 2022, Statkraft Enerji A. S has reduced its share capital by TRY 290 million and the amount has reduced Statkraft AS' cost price of the shares in the company.

In 2022, Statkraft UK Ltd. has reduced its share capital by GBP 135 million. Of the share capital reduction, GBP 84 million has been recognised as income from investments in subsidiaries while GBP 51 million has reduced the cost price of the shares in the company.

In 2022, Statkraft AS booked dividends of 577 MNOK from Statkraft Industrial Holding AS as reduced cost price of the shares in the company.

Note 26 continued

Transactions and balances within the Group are presented below:

Income statement - NOK million	2022	2021
Operating revenues		
Statkraft Energi AS	878	751
Statkraft Markets GmbH	263	145
Fosen Vind DA	87	87
Statkraft Peru S.A.	96	86
Statkraft Sverige AB	62	43
Statkraft Varme AS	41	40
Other	657	410
Total	2 084	1 562
Other operating expenses		
Statkraft Energi AS	141	117
Statkraft Markets GmbH	24	17
Other	113	58
Total	278	192
Dividend and group contribution from group companies (recognised as financial income)		
Statkraft Energi AS	10 699	7 456
Statkraft Industrial Holding AS	1 684	1 190
Statkraft Asset Holding AS	2 000	500
Other	996	3
Total	15 279	9 149
Financial income from group companies		
Statkraft Energi AS	371	235
Statkraft Markets GmbH	175	135
Skagerak Energi AS	68	90
Other	174	85
Total	788	545
Financial costs to group companies		
Statkraft Energi AS	467	57
Statkraft Asset Holding AS	14	7
Statkraft Industrial Holding AS	8	2
Statkraft SF	4	2
Statkraft UK Ltd.	14	1
Other	296	16
Total	803	85

Balance sheet - NOK million	2022	2021
Non-current assets		
Loan to Statkraft Energi AS	8 000	8 000
Loan to Skagerak Energi AS	1 700	2 350
Loan to Baltic Cable AB	-	400
Loan to other	121	-
Other non-current financial assets	9 821	10 750
Statkraft Energi AS	3 736	4 052
Other long-term receivables	3 736	4 052
Statkraft Markets GmbH	1	1
Statkraft Energi AS	4	4
Derivatives	5	5

Note 26 continued

Current assets		
Knapsack Power GmbH & CO. KG	1	303
Zonnepark Winterswijk Arrasveldweg	-	43
Statkraft Renouvelables SAS	-	31
Statkraft Energi AS	1 110	-
Other	719	221
Group cash receivables	1 830	598
Statkraft Energi AS	10 831	11 850
Statkraft Industrial Holding AS	2 141	1 192
Skagerak Energi AS	265	522
Statkraft Asset Holding AS	2 000	500
Statkraft Varme AS	3	3
Other	577	168
Short-term receivables group companies	15 817	14 235
Statkraft Markets GmbH	74	74
Statkraft Energi AS	58	58
Derivatives	132	132
Non-current liabilities		
Statkraft Energi AS	9	9
Statkraft Markets GmbH	5	5
Derivatives	14	14
Current liabilities		
Statkraft Energi AS	32 024	12 273
Statkraft Markets GmbH	4 823	7 027
Skagerak Energi AS	5 610	3 109
Statkraft Sverige AB	3 295	1 727
Statkraft Holding Singapore Pte Ltd	-125	1 724
Statkraft UK Ltd	1 048	2 150
Statkraft Ireland Ltd.	508	1 421
Statkraft Germany GmbH	880	1 057
Statkraft Asset Holding AS	350	582
Other	14 694	6 455
Group cash debt	63 107	37 525
Debt to Statkraft SF	200	200
Current interest-bearing liabilities to group companies	200	200
Statkraft Markets GmbH	5	5
Statkraft Energi AS	36	36
Derivatives	41	41
Statkraft SF	17 213	10 214
Other	-124	49
Current interest-free liabilities to group companies	17 089	10 263

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of Statkraft AS

INDEPENDENT AUDITOR'S REPORT

Opinion
We have audited the financial statements of Statkraft AS, which comprise:

- The financial statements of the parent company Statkraft AS (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Statkraft AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 18 years from the election by the general meeting of the shareholders on 25 June 2004 for the accounting year 2004 with renewed elections on 30 June 2010 and on 27 June 2017.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial

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statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairments and reversal of prior years' impairments

Key audit matter	How the matter was addressed in the audit
Refer to note 15 to the group's financial statements for description of Statkraft's impairment process and key assessments. Refer also to note 2 for a description of Statkraft's process to determine its long term forecasts for energy prices in the markets in which they operate and the judgements and estimates that are involved in this process. The total carrying value of intangible assets, property, plant and equipment and investments in associates and joint ventures amounted to NOK 145.8 billion as at 31 December 2022. The recoverability of these non-current assets are assessed for impairment or reversal of impairment at the end of each reporting period if indicators are identified. Impairment recognized in the year amounts to NOK 2.5 billion and reversal of prior years' impairment amounts to NOK 2.9 billion. To calculate and assess recoverability of these non-current assets, management must make assumptions about future energy prices, discount rates as well as future production levels, future capital expenditures and operating costs. The recoverable amount is in particular sensitive to changes in future energy prices and discount rates. Due to the level of complexity in assessing the appropriate accounting for impairment and the level of management judgement involved, this has been identified as a key audit matter.	We assessed Statkraft's impairment process and tested the design and implementation of internal controls established. We challenged management's assessment as to whether indicators of impairment or impairment reversal exist for these assets. For assets where indicators were identified we obtained the valuation models used to determine the recoverable amount. We evaluated and challenged management's judgements applied to the inputs in the models, in particular: • the models used by management to establish its forecasts for energy prices, • the significant assumptions on which the price forecasts are built, and • the discount rate applied. To assess estimated future energy prices, we compared inputs to relevant information from third party documentation where available, made use of Deloitte valuation specialists and considered sensitivity analyses in order to challenge management's estimates. To assess discount rates, we utilized Deloitte valuation specialists, obtained and assessed underlying calculations and compared inputs to relevant information from third part documentation where available We utilized Deloitte valuation specialist to perform audit procedures on the mathematical integrity of the models used to determine the value in use. We assessed the adequacy of the related disclosures in the financial statements.

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Page 5
Independent Auditor's Report
Statkraft AS

Valuation of energy contracts

Key audit matter

How our audit addressed the key audit matter

Refer to note 10 in the group financial statements for description of Statkraft's portfolio of energy contracts, the process and judgments to estimate fair values, presentation in the financial statements and how judgements related to the use of Statkraft's business models affect the accounting treatment.
The carrying value of energy derivative assets measured at fair value amounted to NOK 56.8 billion at 31 December 2022, and the carrying value of energy derivative liabilities measured at fair value amounted to NOK -27.8 billion at 31 December 2022. Refer to note 10 in the group financial statements for a breakdown of the derivative positions as of 31 December 2022.

The nature and risk of the energy contracts vary. The main area of audit focus is on long-term industry contracts, long-term energy purchase contracts and origination contracts, with high degree of estimation uncertainty and judgments, involving management assessments.

Key risks relate to:

- Valuation of embedded derivatives,
- Judgments applied to assess whether the physical long-term contracts are for own use, and
- Valuation of long-term power contracts.

Due to the level of complexity in assessing the appropriate accounting for energy contracts and the level of management judgement involved, this has been identified as a key audit matter.

We assessed Statkraft's processes for identification, classification and valuation of energy contracts and tested the design and implementation of internal controls.

We utilised Deloitte energy valuation specialists to assess the appropriateness of management's valuation models, and tested the mathematical integrity of the models used.

We tested a sample of contracts regarding whether classification as own use comply with the evant accounting standard.

We tested a sample of contracts and em bedded derivatives measures at fair value, where we specifically tested and challenged the evidence supporting unobservable inputs at level 3 and 3 measurements in the fair value hierarchy as outlined in note 10 to the financial statements.

We also assessed the adequacy of the related disclosures in the financial statements.

Other information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 1 March 2023
Deloitte AS

Trond E. Hov

Trond Edvin Hov
State Authorised Public Accountant

Sustainable Finance Statement

EU Taxonomy

Net revenue

Economic activities	Code(s)	Absolute net revenue	Proportion of net revenue	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change adaptation	DNSH CRITERIA: Climate change mitigation	DNSH CRITERIA: Climate change adaptation	DNSH CRITERIA: Water and marine resources	DNSH CRITERIA: Circular economy	DNSH CRITERIA: Pollution	DNSH CRITERIA: Biodiversity and ecosystems	Minimum Social Safeguards	Category (enabling/transitional activity)
	NACE	TNOK	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation using solar photovoltaic technology	D35.11	1 146 286	2	100			Y	-	Y	-	Y	Y	
Electricity generation from wind power	D35.11	2 448 427	3	100			Y	Y	Y	-	Y	Y	
Electricity generation from hydropower	D35.11	50 807 765	69	100			Y	Y	-	-	Y	Y	
Transmission and distribution of electricity	D35.12	1 357 587	2	100			Y	-	Y	Y	Y	Y	E
District heating/cooling distribution	D35.30	212 183	0	100			Y	Y	-	Y	Y	Y	
Installation and operation of electric heat pumps	D35.30	7 073	0	100			Y	Y	Y	Y	-	Y	
Cogeneration of heat/cool and power from bioenergy	D35.11	0	0	100			Y	Y	-	Y	Y	Y	
Production of heat/cool from bioenergy	D35.30	189 360	0	100			Y	Y	-	Y	Y	Y	
Production of heat/cool using waste heat	D35.30	15 750	0	100			Y	-	Y	Y	Y	Y	
Infrastructure enabling low-carbon road transport and public transport	F42.22	184 000	0	100			Y	Y	Y	Y	Y	Y	E
Acquisition and ownership of buildings	L68.20	0	0	100			Y	-	-	-	-	-	
Manufacture of hydrogen	C20.11	0	0	100			Y	Y	-	Y	Y	Y	
Net revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**56 368 432**											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Electricity generation using solar photovoltaic technology	D35.11	0	0										
Electricity generation from wind power	D35.11	0	0										
Electricity generation from hydropower	D35.11	3 451 295	5										
Transmission and distribution of electricity	D35.12	0	0										
District heating/cooling distribution	D35.30	0	0										
Installation and operation of electric heat pumps	D35.30	0	0										
Cogeneration of heat/cool and power from bioenergy	D35.11	429 427	1										
Production of heat/cool from bioenergy	D35.30	0	0										
Production of heat/cool using waste heat	D35.30	0	0										
Electricity generation from fossil gaseous fuels	D35.11	1 088 563	1										
Infrastructure enabling low-carbon road transport and public transport	F42.22	0	0										
Acquisition and ownership of buildings	L68.20	47 629	0										
Manufacture of hydrogen	C20.11	0	0										
Net revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**5 016 914**											
Total (A.1. + A.2.)		**61 385 346**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
Net revenue of Taxonomy-non-eligible activities (B)		12 554 654	17										
Total (A + B)		**73 940 000**											
Net revenue share of elegible economic activities		**83%**											
Net revenue share of elegible and aligned economic activities		**76%**											

CapEx

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change adaptation	DNSH CRITERIA: Climate change mitigation	DNSH CRITERIA: Climate change adaptation	DNSH CRITERIA: Water and marine resources	DNSH CRITERIA: Circular economy	DNSH CRITERIA: Pollution	DNSH CRITERIA: Biodiversity and ecosystems	DNSH CRITERIA: Minimum Social Safeguards	Category (enabling/transitional activity)
	NACE	TNOK	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation using solar photovoltaic technology	D35.11	2 302 116	20	100		Y	-	Y	-	Y	Y		
Electricity generation from wind power	D35.11	3 865 345	34	100		Y	Y	Y	-	Y	Y		
Electricity generation from hydropower	D35.11	2 353 709	21	100		Y	Y	-	-	Y	Y		
Transmission and distribution of electricity	D35.12	976 390	9	100		Y	-	Y	Y	Y	Y		E
District heating/cooling distribution	D35.30	40 346	0	100		Y	Y	-	Y	Y	Y		
Installation and operation of electric heat pumps	D35.30	889	0	100		Y	Y	Y	Y	-	Y		
Cogeneration of heat/cool and power from bioenergy	D35.11	0	0	100		Y	Y	-	Y	Y	Y		
Production of heat/cool from bioenergy	D35.30	39 457	0	100		Y	Y	-	Y	Y	Y		
Production of heat/cool using waste heat	D35.30	0	0	100		Y	-	Y	Y	Y	Y		
Infrastructure enabling low-carbon road transport and public transport	F42.22	381 951	3	100		Y	Y	Y	Y	Y	Y		E
Acquisition and ownership of buildings	L68.20	0	0	100		Y	-	-	-	-	-		
Manufacture of hydrogen	C20.11	0	0	100		Y	Y	-	Y	Y	Y		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**9 960 202**											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Electricity generation using solar photovoltaic technology	D35.11	0	0										
Electricity generation from wind power	D35.11	0	0										
Electricity generation from hydropower	D35.11	146 543	1										
Transmission and distribution of electricity	D35.12	0	0										
District heating/cooling distribution	D35.30	0	0										
Installation and operation of electric heat pumps	D35.30	0	0										
Cogeneration of heat/cool and power from bioenergy	D35.11	11 428	0										
Production of heat/cool from bioenergy	D35.30	0	0										
Production of heat/cool using waste heat	D35.30	0	0										
Electricity generation from fossil gaseous fuels	D35.11	71 596	1										
Infrastructure enabling low-carbon road transport and public transport	F42.22	0	0										
Acquisition and ownership of buildings	L68.20	21 907	0										
Manufacture of hydrogen	C20.11	0	0										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		251 574											
Total (A.1. + A.2.)		**10 211 676**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
CapEx of Taxonomy-non-eligible activities (B)		1 239 324	11										
Total (A + B)		**11 451 000**											
CapEx share of elegible economic activities		**89%**											
CapEx share of elegible and aligned economic activities		**87%**											

SUSTAINABLE FINANCE

OpEx

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change adaptation	DNSH CRITERIA: Climate change mitigation	DNSH CRITERIA: Climate change adaptation	DNSH CRITERIA: Water and marine resources	DNSH CRITERIA: Circular economy	DNSH CRITERIA: Pollution	DNSH CRITERIA: Biodiversity and ecosystems	DNSH CRITERIA: Minimum Social Safeguards	Category (enabling/transitional activity)
	NACE	TNOK	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (Taxonomy-aligned)													
Electricity generation using solar photovoltaic technology	D35.11	221 110	20	100		Y	-	Y	-	Y	Y		
Electricity generation from wind power	D35.11	591 659	34	100		Y	Y	Y	-	Y	Y		
Electricity generation from hydropower	D35.11	4 744 476	21	100		Y	Y	-	-	Y	Y		
Transmission and distribution of electricity	D35.12	355 565	9	100		Y	-	Y	Y	Y	Y		E
District heating/cooling distribution	D35.30	77 312	0	100		Y	Y	-	Y	Y	Y		
Installation and operation of electric heat pumps	D35.30	2 774	0	100		Y	Y	Y	Y	-	Y		
Cogeneration of heat/cool and power from bioenergy	D35.11	0	0	100		Y	Y	-	Y	Y	Y		
Production of heat/cool from bioenergy	D35.30	70 243	0	100		Y	Y	-	Y	Y	Y		
Production of heat/cool using waste heat	D35.30	4 296	0	100		Y	-	Y	Y	Y	Y		
Infrastructure enabling low-carbon road transport and public transport	F42.22	523 262	3	100		Y	Y	Y	Y	Y	Y		E
Acquisition and ownership of buildings	L68.20	0	0	100		Y	-	-	-	-	-		
Manufacture of hydrogen	C20.11	0	0	100		Y	Y	-	Y	Y	Y		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**6 590 697**											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)													
Electricity generation using solar photovoltaic technology	D35.11	0	0										
Electricity generation from wind power	D35.11	0	0										
Electricity generation from hydropower	D35.11	721 604	3										
Transmission and distribution of electricity	D35.12	0	0										
District heating/cooling distribution	D35.30	0	0										
Installation and operation of electric heat pumps	D35.30	0	0										
Cogeneration of heat/cool and power from bioenergy	D35.11	125 218	1										
Production of heat/cool from bioenergy	D35.30	0	0										
Production of heat/cool using waste heat	D35.30	0	0										
Electricity generation from fossil gaseous fuels	D35.11	334 644	2										
Infrastructure enabling low-carbon road transport and public transport	F42.22	0	0										
Acquisition and ownership of buildings	L68.20	58 693											
Manufacture of hydrogen	C20.11	89 358	0										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**1 329 516**											
Total (A.1. + A.2.)		**7 920 213**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
OpEx of Taxonomy-non-eligible activities (B)		13 842 787	64										
Total (A + B)		**21 763 000**											
OpEx share of elegible economic activities		**36%**											
OpEx share of elegible and aligned economic activities		**30%**											

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

o the Board of Directors

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON STATKRAFT'S GREEN FINANCE IMPACT REPORT

This Independent Auditor's Limited Assurance Report to the Board of Directors of Statkraft AS (Statkraft) relates to information set out in table "Impact and allocation of green financing proceeds per Eligible Project" in the section "Green Finance Impact Report" (the "Selected Information") within the Statkraft Annual Report for the reporting period ended 31 December 2022.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as listed below has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Statkraft has engaged Deloitte AS to provide an Independent Limited Assurance Report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in the Annual Report, for the period ended 31 December 2022 is as follows:

Selected Information in the Annual Report	Applicable Criteria
Table *Impact and allocation of green financing proceeds per Eligible Project*, limited to: Column *Proceeds allocated 2022 (NOK million)*	Whether the proceeds have been allocated to the Eligible Projects as communicated in the table *Impact and allocation of green financing proceeds per Eligible Project*.
Table Impact and allocation of green financing proceeds per Eligible Project, limited to: Column *Project*	Whether the Eligible Projects comply with the criteria in Statkraft Green Finance Framework, "Use of Proceeds".

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

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The Board of Director's responsibilities

The Board of Directors are responsible for:

- ensuring that the Use of Proceeds follows the Statkraft Green Finance Framework
- ensuring that the project evaluation and selection, management of proceeds and reporting described in the Green Finance Impact Report are in accordance with the purpose defined within the Statkraft's Green Finance Framework.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the services.
- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an Independent Limited Assurance Report to the Board of Directors.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards, IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Obtained an understanding of Statkraft's systems and processes for the identification, processing and controls associated with the Selected Information.
- Made inquiries with relevant personnel to obtain an understanding of the process for collecting and reporting the Selected Information and relevant internal controls, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed limited substantive testing on a selective basis of the Applicable Criteria to test whether data has been appropriately measured, recorded, collated and reported.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 1 March 2023
Deloitte AS

Trond E. Hov

Trond Edvin Hov
State Authorised Public Accountant (Norway)

Sustainability statement

Reporting principles

Statkraft's sustainability reporting follows the same key principles as the company's financial reporting for subsidiaries, partly-owned power plants and associated companies. This implies that quantitative data include consolidated companies and projects, and these data are included 100%. There are some minor deviations between the financial and the sustainability statement related to joint ventures and joint operations.

- Joint ventures: Silva Green Fuel AS, Silva Green Fuel DA and Wind UK Invest Ltd (all 51%) are fully included in the sustainability statement. In the consolidated financial statements, the companies are recognised according to the equity method meaning that the Group's share of the companies' profit after tax, adjusted for amortisation of excess value and any deviations from Statkrafts's accounting policies, is presented as share of profit/loss in equity accounted investments.
- Joint operations: Aktieselskabet Tyssefaldene (60.17%), Fosen Vind DA (52.1%), Harrsele AB (50.57%), Grytten (88%), Gäddede (70%), Kobbelv (82.5%), Sima (65%), Svartisen (70%), Vikfalli (88%), Volgsjöfors (73.1%) and Ulla-Førre (73.48%) are fully included in the sustainability statement, but only proportionately consolidated in the financial statement.

Health and safety data are included for companies and projects with >20% ownership.

Key sustainability targets

Area	Target
Health and safety	Zero serious injuries
	TRI rate < 3.5
	Sick leave < 3.5%
Environment	Zero serious environmental incidents
Compliance	Zero serious compliance incidents
Human rights	Zero confirmed instances where we are causing, contributing, or are directly linked to breaches of internationally human rights as per the UN Guiding Principles

Area	Target
Climate	< 50 g CO_2e/kWh by 2025
	< 35 g CO_2e/kWh by 2030
	Carbon neutrality by 2040
Diversity	35% women in top management positions by 2025, and 40% by 2030
	30% women in management positions by 2025
	> 85% favourable score on inclusion index by 2023

Promoting responsible business practice

Health and safety

Fatal accidents	Unit of measurement	2022	2021	2020
Consolidated operations [1]				
Employees	Number	0	0	0
Contractor employees	Number	2 [3]	0	2
Third party	Number	0	0	0
Associates [2]				
Employees	Number	0	0	0
Contractor employees	Number	0	0	1
Third party	Number	0	0	0

[1] Activities where Statkraft has > 50% ownership.
[2] Activities where Statkraft has 20 - 50% ownership
[3] In 2022 there was one fatal accident. The accident occurred at the Tidong Hydropower project in India, where two contractor employees lost their lives.

Serious incidents	Unit of measurement	2022	2021	2020
Serious injuries [1]	Number	12	7	7
Of which employees	Number	3	3	2
Of which contractor employees	Number	9	4	5
Of which in Norway	Number	5	3	3
Of which in other Nordic countries	Number	0	0	0
Of which in other European countries	Number	1	3	1
Of which in the rest of the world	Number	6	1	3
Serious injuries per million hours worked [2]	SI rate	0.4	0.3	0.4
Employees	SI rate	0.2	0.2	0.4
Contractor employees	SI rate	0.4	0.3	0.5
Incidents and observations with high potential for serious consequences [3]	Number	94	43	14
Employees	Number	28	-	-
Contractor employees	Number	66	-	-

[1] Fatalities are included in serious injuries.
[2] Hours worked is based on actual hours worked, overtime included.
[3] Serious injuries not included. High potential observations are included from 2021.

Injuries	Unit of measurement	2022	2021	2020
Statkraft employees				
Lost-time injuries (LTI) [1]	Number	31	31	26
Lost-time injuries per million hours worked [2]	LTI rate	2.2	2.0	2.2
Total recordable injuries (TRI) [3]	Number	55	56	44
Total recordable injuries per million hours worked [2]	TRI rate	3.9	3.7	3.7
Contractor's employees				
Lost-time injuries (LTI) [1]	Number	41	25	23
Lost-time injuries per million hours worked [2]	LTI rate	2.4	2.3	2.9
Total recordable injuries (TRI) [3]	Number	71	40	40
Total recordable injuries per million hours worked [2]	TRI rate	4.3	3.6	5.0
Third parties				
Injuries [4]	Number	0	0	0
Statkraft, total				
Lost-time injuries per million hours worked [2]	LTI rate	2.3	2.1	2.5
Total recordable injuries per million hours worked [2]	TRI rate	4.1	3.6	4.2

[1] Work-related injuries which have resulted in absence extending beyond the day of the injury.
[2] Hours worked is based on actual hours worked, overtime included.
[3] Includes work-related injuries which resulted in absence, medical treatment or need for alternative work assignments.
[4] Injuries requiring treatment by a doctor.

Sick leave [1]	Unit of measurement	2022	2021	2020
Sick leave, total	%	3.1	2.4	2.4
Of which short-term absence (16 days or less)	%	1.6	1.0	1.0
Of which long-term absence (more than 16 days)	%	1.5	1.4	1.4

[1] Sick leave due to illness or injuries, as percentage of normal working hours.

Judicial sanctions and fines, health and safety	Unit of measurement	2022	2021	2020
Cases where judicial or administrative sanctions have been applied due to material non-compliance with health and safety legislation	Number	0 [1]	0 [1]	0 [1]
Judicial fines applied due to material non-compliance with health and safety legislation	NOK million	0	0	0
Administrative fines applied due to material non-compliance with health and safety legislation	NOK million	0	0	0

[1] A civil case related to fatal accident in Devoll Hydropower Moglicë (Albania) in 2018 is pending in the court.

Labour practices

Employees as of 31.12	Unit of measurement	2022	2021	2020 [1]
Employees	Number	5 312	4 782	4 467
Of which in Norway	%	48.1	50.5	51.6
Of which in other Nordic countries	%	5.1	5.5	5.0
Of which in other European countries	%	29.8	26.3	25.9
Of which in the rest of the world	%	17.0	17.7	17.5
Of which < 30 years old	%	12.5	-	-
Of which 30-50 years old	%	59.2	-	-
Of which > 50 years old	%	28.3	-	-
Share of full-time employees	%	96	95	95
In Norway	%	96	-	-
In other Nordic countries	%	98	-	-
In other European countries	%	92	-	-
In the rest of the world	%	100	-	-
Share of permanent employees	%	92	-	-
Of which in Norway	%	97	-	-
Of which in other Nordic countries	%	99	-	-
Of which in other European countries	%	93	-	-
Of which in the rest of the world	%	75	-	-
Apprentices employed	Number	104	101	89
Trainees employed	Number	20	23	15
Service time for all employees	Years	10.6 [3]	9.8	10.4
Service time for employees resigned or dismissed [2]	Years	3.9 [3]	4.0	6.2
Nationalities represented among Statkraft's employees	Number	73	66	64

[1] The reported number of employees as of 31.12.20 includes employees in Solarcentury (168), that Statkraft acquired in November 2020. For all other indicators in the sustainability statement 2020, Solarcentury is not included.
[2] Retirements are not included.
[3] Mer is not included.

Employees in management positions as of 31.12	Unit of measurement	2022	2021	2020 [1]
Employees in management positions [2]	Number	1 034	885	-
Of which in Norway	%	43	-	-
Of which in other Nordic countries	%	4	-	-
Of which in other European countries	%	34	-	-
Of which in the rest of the world	%	19	-	-
Of which < 30 years old	%	3	-	-
Of which 30-50 years old	%	67	-	-
Of which > 50 years old	%	30	-	-
Employees in top management positions [3]	Number	60	53	-
Of which in Norway	%	82	-	-
Of which in other Nordic countries	%	2	-	-
Of which in other European countries	%	13	-	-
Of which in the rest of the world	%	3	-	-
Of which < 30 years old	%	0	-	-
Of which 30-50 years old	%	42	-	-
Of which > 50 years old	%	58	-	-
Employees in Corporate Management positions	Number	8	7	7
Of which under 30 years old	%	0	-	-
Of which 30-50 years old	%	38	-	-
Of which over 50 years old	%	62	-	-
Persons in Statkraft's Board of Directors	Number	9	9	9
Of which < 30 years old	%	0	-	-
Of which 30-50 years old	%	22	-	-
Of which > 50 years old	%	78	-	-

[1] The reported number of employees as of 31.12 includes employees in Solarcentury (168), that Statkraft acquired in November 2020. For all other indicators in the sustainability statement 2020, Solarcentury is not included.

[2] Management positions include all positions with a manager role.

[3] Top management positions include CEO, EVPs, and SVPs in the mother company.

New hires and turnover	Unit of measurement	2022	2021	2020
Total new hires	Number	895	-	-
Of which in Norway	%	35	-	-
Of which in other Nordic countries	%	3	-	-
Of which in other European countries	%	42	-	-
Of which in the rest of the world	%	20	-	-
Of which < 30 years old	%	27	-	-
Of which 30-50 years old	%	67	-	-
Of which > 50 years old	%	6	-	-
Total employee turnover rate	%	6.7	5.9	4.6
In Norway	%	4.0	-	-
In other Nordic countries	%	5.6	-	-
In other European countries	%	11.0	-	-
In the rest of the world	%	7.3	-	-
For < 30 years old [1]	%	10.6	-	-
For 30-50 years old [1]	%	6.7	-	-
For > 50 years old [1]	%	2.1	-	-

[1] Mer is not included in the reported figures.

Gender equality	Unit of measurement	2022	2021	2020
Percentage of women	%	31	29	28
In Norway	%	29	28	27
In other Nordic countries	%	21	20	18
In other European countries	%	32	30	28
In the rest of the world	%	37	36	34
In management positions [1]	%	28	28	26
In Norway	%	29	29	28
In other Nordic countries	%	20	16	6
In other European countries	%	24	25	22
In the rest of the world	%	31	33	29
In top management positions [2]	%	33	30	29
In Corporate Management	%	50	43	43
In Statkraft's Board of Directors	%	44	44	44
Among employees recruited in the reporting year	%	41	40	36
Among managers recruited in the reporting year	%	39	46	40
Among employee turnover rate [3]	%	26	-	-
Among permanent employees [3]	%	29	-	-
Among temporary employees [3]	%	28	-	-
Among full-time employees [3]	%	28	28	26
Among part-time employees [3]	%	39	48	54

[1] Management positions include all positions with a manager role.

[2] Top management positions include CEO, EVPs, and SVPs in the mother company.

[3] Mer is not included in the reported figures.

Equal salary [1]	Unit of measurement	2022	2021	2020
Salary ratio among employees	Ratio	0.89	0.95	0.94
In Norway	Ratio	0.98	1.01	1.00
In other Nordic countries	Ratio	0.90	1.03	1.00
In other European countries	Ratio	0.71	0.84	0.82
In the rest of the world	Ratio	1.01	0.96	0.91
Salary ratio among managers [2]	Ratio	0.97	0.94	0.95
In Norway	Ratio	1.03	1.03	1.03
In other Nordic countries	Ratio	0.86	0.91	1.02
In other European countries	Ratio	0.91	0.88	0.77
In the rest of the world	Ratio	0.94	-	-
Salary ratio among top management positions [3]	Ratio	0.94	-	-
Salary ratio among Corporate Management	Ratio	0.91	-	-
Remuneration ratio among Statkraft's Board of Directors [4]	Ratio	1.16	-	-

[1] Average fixed salary for women in relation to average fixed salary for men. Mer is not included in the figures.
[2] Managers include positions with a manager role.
[3] Top management positions include CEO, EVPs, and SVPs in the mother company.
[4] Not including Board members being members for only part of the year.

Compensation and salary increase ratio [1]	Unit of measurement	2022	2021	2020
Annual total compensation CEO / Median annual total compensation for employees in Norway, excluding CEO	Ratio	6.18	-	-
Percentage increase in annual fixed salary CEO / Median percentage increase in annual fixed salary for employees in Norway, excluding CEO	Ratio	0.89	-	-

[1] Annual total compensation includes salary, bonus and other benefits.

Statkraft as employer	Unit of measurement	2022	2021	2020
Employee engagement survey [1]				
Employee engagement	Scale 0-10	8.6	-	-
Response rate	%	88	-	-
Goal and development process [2]				
Employees that have completed a goal and development dialogue	%	89	89	88
Employees with documented performance and behavior goals	%	82	-	-

[1] From Statkraft's internal Pulse survey conducted in Q4 2022. The score of 8.6 is in the top 5 percentile within the survey benchmark, including approx. 50 companies in the energy & utilities sector. Engagement surveys have been completed also for 2020-2021, but these are not comparable with the 2022 Pulse survey.
[2] Includes employees from 100% owned activities (4156 employees), not including Mer and Bryt.

Gender equality results for wholly owned subsidiaries in Norway	Unit of measurement	Women	Men
2021			
Total employees (1653 people)	%	29	71
Part-time employees (23 people)	%	43	57
Temporary employees (21 people)	%	52	48
Average parental leave	Days	163	81
Top management positions [1]	%	30	70
All management positions [2]	%	28	72
2022			
Total employees (1782 people)	%	30	70
Part-time employees (18 people)	%	50	50
Temporary employees (28 people)	%	29	71
Average parental leave	Days	170	66
Top management positions [1] (49 people)	%	41	59
All management positions [2] (340 people)	%	31	69

[1] Top management positions include CEO, EVPs, and SVPs in wholly owned subsidiaries in Norway.
[2] All management positions include all positions with a manager role.

Gender equality per Hay Grade for wholly owned subsidiaries in Norway	Unit of measurement	Women	Men	Ratio [1]
2021				
Hay Grade 11	Number, ratio	10	15	0.98
Hay Grade 12	Number, ratio	28	153	0.98
Hay Grade 13	Number, ratio	25	125	0.92
Hay Grade 14	Number, ratio	26	71	0.74
Hay Grade 15	Number, ratio	35	73	0.81
Hay Grade 16	Number, ratio	53	115	0.91
Hay Grade 17	Number, ratio	64	191	0.92
Hay Grade 18	Number, ratio	122	213	0.86
Hay Grade 19	Number, ratio	48	115	0.79
Hay Grade 20	Number, ratio	34	53	0.86
Hay Grade 21	Number, ratio	10	35	0.93
Hay Grade 23	Number, ratio	9	19	0.96
All levels	Number, ratio	478	1 200	0.94
2022				
Hay Grade 11	Number, ratio	5	7	0.84
Hay Grade 12	Number, ratio	24	132	0.89
Hay Grade 13	Number, ratio	26	138	0.93
Hay Grade 14	Number, ratio	30	74	0.79
Hay Grade 15	Number, ratio	46	76	0.84
Hay Grade 16	Number, ratio	64	129	0.88
Hay Grade 17	Number, ratio	84	199	0.87
Hay Grade 18	Number, ratio	125	220	0.86
Hay Grade 19	Number, ratio	52	134	0.78
Hay Grade 20	Number, ratio	36	58	0.90
Hay Grade 21	Number, ratio	9	33	0.78
Hay Grade 22	Number, ratio	7	7	0.93
Hay Grade 23	Number, ratio	11	19	1.03
All levels	Number, ratio	519	1 226	0.93

[1] Ratio average total compensation for women to average total compensation for men.

Human rights

Training on human rights	Unit of measurement	2022	2021	2020
Employees that have received training on human rights issues in the reporting year	%	11 [1]	20	16
Employees in management positions that have received training on human rights issues in the reporting year	%	18 [1]	40	40
Statkraft's Board members have received training on human rights issues in the last two years	Yes/No	Yes	Yes	Yes

[1] The scope of this indicator has in 2022 been adjusted to include human rights-specific trainings. Other related trainings such as on diversity & inclusion, privacy, etc. have not been included. Therefore, 2022 numbers and the previous years are not comparable. Training is mandatory for Board members and members of Corporate Management, and strongly encouraged for all employees.

Consultations with indigenous peoples	Unit of measurement	2022	2021	2020
Projects with ongoing consultations involving rights of indigenous peoples	Number	5 [1]	12	16
Projects in construction phase with ongoing consultations involving rights of indigenous peoples related to the total number of projects in the construction phase	%	20	-	-

[1] 2022 numbers only include assets under construction. The ongoing consultations with indigenous people are related to projects in Norway, Sweden, Chile and Brazil.

Incidents of violations involving rights of indigenous peoples	Unit of measurement	2022	2021	2020
New confirmed incidents of violations involving the rights of indigenous peoples	Number	0 [1]	1 [2]	0

[1] The incident reported in 2021 (see footnote 2)) is still ongoing, but since the incident took place in 2021, the 2022 figure is 0.

[2] In October 2021, the Norwegian Supreme Court found that the licences awarded for the Roan and Storheia wind farms as part of the Fosen development were in violation of international human rights. The Supreme Court established that the wind power development would have a significant adverse effect on the reindeer herders' possibility to practice their culture on Fosen, which was deemed by the court to be the relevant threshold under Article 27 of the ICCPR. Against that background, the Supreme Court found that the herders' rights would ultimately be violated if satisfactory remedial actions are not implemented. See the "Human Rights" section in the Sustainability chapter for more information.

Breaches of internationally recognised human rights	Unit of measurement	2022	2021	2020
New confirmed instances in the fiscal year where we are causing, contributing, or directly linked to breaches of human rights as per the UN Guiding Principles	Number	9 [1]	1	0

[1] The term "directly linked to" is of the purposes of this indicator limited to instances connected to our construction sites, power plants, and operations. We have increased monitoring of working conditions at our sites, particularly in Norway. As a consequence, we have seen an increase in confirmed instances of breaches of internationally recognised human rights that Statkraft is directly linked to. Based on this adjusted approach, the numbers from one year to the next are not comparable. The instances reported for 2022 are mainly linked to wages and working hours breaches caused by our contractors or sub-contractors at Statkraft sites.

Local communities	Unit of measurement	2022	2021	2020
Projects with implemented local community engagement, impact assessments, and/or development programs related to human rights [1]	%	76	-	-

[1] Include assets under construction.

Judicial sanctions and fines, human rights [1]	Unit of measurement	2022	2021	2020
Cases where judicial or administrative sanctions have been applied due to material non-compliance with human rights legislation	Number	0	1 [2]	0
Judicial fines applied due to material non-compliance with human rights legislation	NOK million	0	0	0
Administrative fines applied due to material non-compliance with human rights legislation	NOK million	0	0	0

[1] Material judicial sanctions for discrimination, forced labour, child labour or violations of the freedom of association, indigenous peoples rights or labour rights.

[2] Ruling by Supreme Court in Chile to halt archaeological investigations due to lack of indigenous peoples' consultations for Los Lagos. This case has been closed in 2022, and the Chilean authorities will carry out indigenous consultations related to the characterization and rescue of the archaeological findings.

Business ethics and anti-corruption

Training on anti-corruption	Unit of measurement	2022	2021	2020
Employees that have received training on anti-corruption in the last two years [1]	%	89	95	100
Of which in Norway	%	88	-	-
Of which in other Nordic countries	%	90	-	-
Of which in other European countries	%	85	-	-
Of which in the rest of the world	%	96	-	-
Employees in top management positions that have received training on anti-corruption in the last two years	%	98 [2]	100	100
Statkraft's Board members have received training on anti-corruption in the last two years	Yes/No	Yes	Yes	Yes

[1] Affiliated entities Skagerak Energi, MER, Bryt, HPL and Silva Green Fuel have received equivalent e-learning, but statistics for those employees are not included in the data. The percentage reflects the number of employees that have completed all e-learning modules within two years, adjusted for employees being on leave/long-term sick leave and employees leaving the company in the period.

[2] The results include the new management organisation in 2022.

Incidents of corruption	Unit of measurement	2022	2021	2020
Confirmed breaches of Statkraft's Code of Conduct related to corruption	Number	0	0	2 [1]
Public legal cases regarding corruption [2]	Number	0	0	0

[1] The registered two cases in 2020 were related to third party contractors offering small facilitation payment. The cases did not involve Statkraft employees. Actions were taken and the contracts were terminated.

[2] Cases brought against the organisation or its employees.

Judicial sanctions and fines, business ethics [1]	Unit of measurement	2022	2021	2020
Cases where judicial or administrative sanctions have been applied due to material non-compliance with business ethics legislation	Number	0	1 [2]	0
Judicial fines applied due to material non-compliance with business ethics legislation	NOK million	0	28 [2]	0
Administrative fines applied due to material non-compliance with business ethics legislation	NOK million	0	0	0

[1] Material judicial sanctions for fraud, corruption or anti-competitive behaviour.

[2] In 2021, Statkraft signed an agreement with the Federal Comptroller General (CGU) and the Federal Attorney General (AGU). As part of the agreement, Statkraft admitted that prior to Statkraft taking over control of Desenvix Energias Renováveis S.A. in 2015, Desenvix made illegal payments to speed up public entity approvals in 2011-2014.

Reported concerns covering the scope of the Code of Conduct

Reported concerns (whistleblowing) [1]	Unit of measurement	2022	2021	2020
Total number of reported concerns	Number	84	57	46
Of which related to business ethics and corruption	Number	29	13	11
Of which related to discrimination	Number	7	3	5
Investigations and inquiries initiated by Corporate Audit in the reporting year	Number	5	5	5

[1] The scope of the whistleblowing procedures relates to the full scope of Statkraft's Code of Conduct, e.g. human rights, environment, health and safety, business ethics and anti-corruption.

According to Statkraft's procedures for handling of reported concerns, the decision on how to follow up a reported concern shall be made by the Head of Corporate Audit. When a reported concern is received, a risk assessment is performed. Low risk cases are generally referred to the respective business areas for handling. For medium-high risk cases a broader clarification of facts is often necessary. There are two main categories for further clarification of facts according to Statkraft's procedures for handling of reported concerns: investigations and inquiries, depending on the nature of the case and the risk categorisation. Corporate Audit is responsible for inquiries and investigations.

Contribution to society

Value creation	Unit of measurement	2022	2021	2020
Gross operating revenues	NOK million	167 513	83 440	38 060
Unrealised changes in the value of energy contracts	NOK million	-1 338	-1 285	339
Paid to suppliers for goods and services [1]	NOK million	97 515	45 874	21 434
Gross value added	NOK million	68 660	36 281	16 965
Depreciations, amortisations and impairments	NOK million	5 564	710	5 445
Net value added	NOK million	63 096	35 571	11 520
Financial income	NOK million	6 896	1 855	354
Gain or loss from divestments	NOK million	-1	817	119
Share of profit from associates	NOK million	531	1 686	835
Minority interests	NOK million	624	558	213
Deferred tax	NOK million	624	2 391	-1 039
Values for distribution	NOK million	69 898	36 980	13 654

[1] Includes energy purchases, transmission costs and operating expenses.

Distribution of value created	Unit of measurement	2022	2021	2020
Employees				
Gross salaries and benefits	NOK million	6 804	4 702	4 115
Lenders/owners				
Interest	NOK million	786	523	1 984
Dividend [1]	NOK million	17 213	10 214	3 673
Taxes [2]	NOK million	34 341	16 231	4 236
Change in equity	NOK million	10 755	5 309	-354
Total wealth distributed	NOK million	69 899	36 979	13 654

[1] Includes dividend and Group contribution from Statkraft AS to Statkraft SF.

[2] Includes employer's national insurance contribution, regulatory fees and payable income tax expense.

Taxes [1]	Unit of measurement	2022	2021	2020
Total	NOK million	26 365	14 527	3 412
Of which in Norway	NOK million	24 419	13 597	2 381
Of which in other Nordic countries	NOK million	1 002	492	77
Of which in other European countries	NOK million	912	376	948
Of which in the rest of the world	NOK million	32	62	6

[1] Taxes payable in the statement of financial position.

Statkraft's country-by-country tax reporting for 2021 and 2022 is disclosed in the table 'Country-by-country tax reporting'.

Country-by-country tax reporting

Country-by-country general information 2022

Country	Consolidated entities	Eq acc entities	Number of employees	Tangible assets other than cash	Gross operating income	Third party sales	Intra-group transactions within own country	Intra-group transactions with other jurisdictions
Norway	**35**	**6**	**2 553**	**80 132**	**48 246**	**44 108**	**2 548**	**1 590**
Sweden	**13**	**1**	**270**	**27 994**	**12 153**	**6 429**	**131**	**5 593**
Albania	2	-	38	9 020	1 345	375	-	970
Belgium	2	-	1	22	5	- 1	-	5
Croatia	2	-	-	0	- 0	-	-	- 0
France	12	-	34	164	73	55	11	6
Germany	37	-	700	101 090	86 193	77 664	2 750	5 779
Greece	5	-	-	-	-	-	-	-
Ireland	50	-	98	6 978	1 420	227	1 046	147
Italy	117	-	39	343	25	10	14	1
Poland	1	-	-	0	-	-	-	-
Portugal	1	-	-	5	-	-	-	-
Spain	57	-	114	816	149	63	73	13
The Netherlands	23	-	84	1 263	436	95	86	255
Türkiye	4	-	42	2 386	262	265	-	- 2
United Kingdom	49	1	453	9 803	11 354	10 113	127	1 114
Europe Rest	**362**	**1**	**1 608**	**131 891**	**101 262**	**88 866**	**4 107**	**8 289**
Brazil	33	2	308	9 420	1 868	1 868	-	0
Chile	13	3	139	10 735	693	689	-	3
China	1	-	-	0	-	-	-	-
India	9	3	167	4 097	206	182	-	24
Nepal	1	1	38	79	-	-	-	-
Peru	3	-	215	10 560	1 393	1 389	-	4
United States	1	-	14	2 245	353	352	-	1
Other	7	-	5	-	-	-	-	-
World Rest	**68**	**9**	**881**	**37 136**	**4 512**	**4 480**	**-**	**33**
Group adj	**-**	**-**	**-**	**-**	**-**	**22 291**	**-6 786**	**-15 504**
Total Group	**478**	**17**	**5 312**	**277 153**	**166 174**	**166 174**	**-**	**-**

Country-by-country tax reporting 2022

Country*	Profit/loss before tax	Income tax expense	Payable income tax expense	Income taxes paid	Effective tax rate	Taxes payable
Norway	**42 260**	**27 282**	**23 985**	**13 162**	**64.6%**	**24419** [1]
Sweden	**5 705**	**1 302**	**773**	**664**	**22.8%**	**1 002**
Albania	1 836	251	66	119	13.6%	-
Belgium	0	0	0	-	7.5%	0
Croatia	-13	-	-	-	0.0%	-
France	-93	-14	0	0	15.0%	0
Germany	7 784	1 480	928	329	19.0%	835 [2]
Greece	0	-	-	-	-	-
Ireland	133	-1	0	0	-0.4%	- [3]
Italy	-111	-27	-	-	24.3%	-
Poland	-3	-	-	-	0.0%	-
Portugal	-2	-	-	-	0.0%	-
Spain	-125	-29	2	3	23.5%	-
The Netherlands	-9	20	16	12	-231.3%	-
Türkiye	355	53	41	91	15.0%	0
United Kingdom	586	71	78	65	12.2%	76 [4]
Europe Rest	**10 337**	**1 805**	**1 133**	**619**	**17.5%**	**912**
Brazil	644	206	86	82	32.0%	10
Chile	-1 173	-338	0	0	28.8%	1
China	-1	0	0	-	-0.1%	-
India	279	0	0	0	0.1%	- [5]
Nepal	-12	-3	0	2	28.0%	-
Peru	463	129	2	-2	27.8%	2
United States	267	-162	-162	-9	-60.6%	- [6]
Other	49	7	1	1	13.1%	19
World Rest	**517**	**-161**	**-72**	**74**	**-31.1%**	**32**
Total Group	**58 819**	**30 228**	**25 819**	**14 519**	**51.4%**	**26 365**

[1] Deviation from the nominal tax rate (22%) mainly due to resource rent tax on hydropower generation.

[2] Deviation from the nominal tax rate (31,2%) mainly due to changes in unrecognised deferred tax assets.

[3] Deviation from the nominal tax rate (12,5%) mainly due to changes in unrecognised deferred tax assets.

[4] Deviation from the nominal tax rate (19%) mainly due to share of profits from equity accounted investments.

[5] Deviation from the nominal tax rate (25%) mainly due to share of profits from equity accounted investments.

[6] Deviation from the nominal tax rate (21%) mainly due to adjustment of previous years taxes.

*Financial effects from branches are reported as part of the parent company.

Country-by-country general information 2021

Country	Consolidated entities	Eq acc entities	Number of employees	Tangible assets other than cash	Gross operating income	Third party sales	Intra-group transactions within own country	Intra-group transactions with other jurisdictions
Norway	**30**	**5**	**2 414**	**115 686**	**49 131**	**43 759**	**2 437**	**2 934**
Sweden	11	1	262	23 675	6 870	2 821	176	3 872
Albania	2	-	42	6 305	124	-234	0	359
Belgium	2	-	0	18	5	0	-	5
Croatia	2	-	0	1	-2	-	-	-2
France	9	-	26	203	22	13	3	7
Germany	31	-	610	117 260	30 584	28 537	1 524	523
Greece	5	-	0	3	2	-	-	2
Ireland	46	-	77	4 271	146	41	62	43
Italy	40	-	19	156	60	0	50	10
Spain	52	-	83	192	61	53	4	4
The Netherlands	22	-	78	2 650	511	76	216	220
Türkiye	4	-	38	990	132	131	4	-3
United Kingdom	42	1	309	9 463	5 886	5 119	72	695
Europe Rest	**257**	**1**	**1 282**	**141 514**	**37 531**	**33 733**	**1 935**	**1 863**
Brazil	33	1	279	5 486	1 039	857	182	0
Chile	12	2	137	8 321	388	342	39	7
China	1	-	0	0	-	-	-	-
India	5	3	157	2 944	82	38	22	22
Nepal	1	1	40	78	-	-	-	-
Peru	3	-	204	9 453	1 190	1 177	7	6
United States	1	-	7	575	326	326	-	-
Other	12	-	0	58	16	16	-	0
World Rest	68	7	824	26 915	3 040	2 756	250	35
Group Adjusted	-	-	-	-40 808	-13 596	-94	-4 798	-8 703
Total Group	366	14	4 782	266 982	82 976	82 976	-	-

Country-by-country tax reporting 2021

Country	Profit/loss before tax	Income tax expense	Payable income tax expense	Income taxes paid	Effective tax rate	Taxes payable
Norway	**27 843**	**15 901**	**13 315**	**1 977**	**57.1%** [1]	**13 596**
Sweden	**4 361**	**978**	**511**	**64**	**22.4%** [2]	**492**
Albania	-221	-219	7	-	98.8% [3]	7
Belgium	0	0	0	0	0	0
Croatia	-3	-	-	-	0	-
France	-17	1	0	0	0	0
Germany	-1 265	-491	41	706	38.8% [4]	242
Greece	-11	-	-	0	-	-
Ireland	-38	2	0	0	0	-
Italy	-29	-4	0	0	0	-
Spain	-15	-9	0	0	1	-
The Netherlands	45	103	102	135	230.2% [5]	1
Türkiye	265	75	91	14	0	56
United Kingdom	842	93	84	35	11.0% [6]	69
Europe Rest	**-447**	**-449**	**325**	**891**	**100.4%**	**376**
Brazil	113	42	28	31	0	6
Chile	-87	-109	0	-5	125.7% [7]	0
China	-2	-	-	-	0	-
India	572	0	0	3	0.1% [8]	-
Nepal	-232	-	-	31	0.0% [9]	-
Peru	345	202	0	-3	58.4% [10]	-
United States	285	96	90	51	0	37
Other [11]	-8	1	2	0	0	18
World Rest	**987**	**232**	**120**	**110**	**23.5%**	**62**
Total Group	**32 744**	**16 663**	**14 272**	**3 042**	**50.9%**	**14 527**

[1] Deviation from nominal tax rate (22%) mainly due to resource rent tax on hydropower production.
[2] Deviation from nominal tax rate (20.6%) mainly due to depreciations on assets subject to the Initial Recognition Exemption (IRE) on deferred tax.
[3] Deviation from nominal tax rate (15%) mainly due to changes in unrecognised deferred tax assets.
[4] Deviation from nominal tax rate (31.2%) mainly due to tax free-income and changes in unrecognised deferred tax assets.
[5] Deviation from nominal tax rate (25%) mainly due to withholding tax.
[6] Deviation from nominal tax rate (19%) mainly due to tax free-income.
[7] Deviation from nominal tax rate (27%) mainly due to changes in unrecognised deferred tax assets.
[8] Deviation from nominal tax rate (25%) mainly due to share of profit in equity accounted investments.
[9] Deviation from nominal tax rate (10%) mainly due to share of profit in equity accounted investments.
[10] Deviation from nominal tax rate (29.5%) manly due to differences between functional currency and tax currency.
[11] Includes financial effects from countries where Statkraft have had temporary presence as a consequence of the Solarcentury acquisition in 2020.

Supporting the green transition

Climate

Scope 1 greenhouse gas emissions	Unit of measurement	2022	2021	2020
Scope 1: Direct emissions [3]	Tonnes CO_2e	653 300	1 044 500	1 860 000
Of which from consolidated gas-fired power plants	Tonnes CO_2e	455 400	805 700	1 574 000
Of which from affiliated gas-fired power plants	Tonnes CO_2e	172 300	196 600	258 000
Of which from district heating plants [4]	Tonnes CO_2e	14 800	26 200	11 900
Of which from SF_6 emissions	Tonnes CO_2e	1 000	1 500	3 300
Of which halon emissions	Tonnes CO_2e	0	0	0
Of which from fuel consumption [5]	Tonnes CO_2e	9 800	14 500	12 800
Of which in Norway	%	3.8	-	-
Of which in other Nordic countries	%	0.1	-	-
Of which in other European countries	%	95.7	-	-
Of which in the rest of the world	%	0.4	-	-
Emissions of CO_2e from Heimdal incineration plant [4]	Tonnes	125 800	77 400	78 800
Emissions of biogenic CO_2 from district heating plants	Tonnes	291 300	333 100	299 800
SF_6 emissions	kg	44	64	145
Halon emissions	kg	0	0	0

[1] Emission figures reported for 2022 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2021 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[2] The scope 1 emissions decreased significantly in 2022 due to the reduction of power generation based on gas power.

[3] Includes Statkraft's share of production and emissions of CO_2e in the jointly controlled gas-fired power plant Herdecke (Germany).

[4] Emissions of CO_2e from Heimdal incineration plant is not included in Statkraft's total CO_2e statement, according to established reporting practice for the district heating industry.

[5] CO_2e from fuel consumption from the Group's machinery and vehicles.

CO_2e emission calculations are based on the principles of the GHG Protocol Corporate Standard. Global Warming Potential (GWP) values for SF_6 and halon are based on the IPCC Fourth Assessment Report (AR4) for a 100-year horizon. GHG emissions covered by the EU Emissions Trading Scheme (EU ETS) are measured and calculated in accordance with the EU ETS Regulations. Where site specific GHG emissions factors are not available or GHG emissions are not directly reported from energy or service providers, conversion factors are based on GHG Conversion factors for Company Reporting for 2021 from Department for Environment, Food and Rural Affairs (DEFRA, UK).

Scope 2 greenhouse gas emissions	Unit of measurement	2022	2021	2020
Scope 2, market-based: Indirect emissions, related to electricity consumption [1]	Tonnes CO_2e	0	0	0
Scope 2, location-based: Indirect emissions, related to electricity consumption [2]	Tonnes CO_2e	117 800	212 400	175 800
Of which in Norway	%	6.9	-	-
Of which in other Nordic countries	%	0.4	-	-
Of which in other European countries	%	87.1	-	-
Of which in the rest of the world	%	5.6	-	-

[1] 100% of Statkraft's electricity consumption is certified renewable.

[2] Scope 2 location based emissions for 2022 is calculated using country-specific CO_2 emission factors from electricity generation from International Energy Agency (IEA); IEA's Emissions Factors database from September 2022.

Scope 3 greenhouse gas emissions	Unit of measurement	2022	2021	2020
Scope 3: Other indirect emissions, related to business travel [1]	Tonnes CO_2e	6 300	2 600	1 700
Scope 3: Other indirect emissions, related to Statkraft's supply chain [2]	Tonnes CO_2e	780 000	616 500	-
Total Scope 3	Tonnes CO_2e	786 300	619 100	1 700

[1] Figures include travels by air and car. Emissions for business travel by air is based on cost of flight, average cost per km of flight combined with a GHG Conversion factor for Company Reporting from Department for Environment, Food and Rural Affairs (DEFRA). Emissions from business travel by car is based on travelled distance combined with a GHG conversion factor from DEFRA. For the 2022 reporting travel emissions includes most of our activities, whilst some countries are still to be included for future reporting. For 2020 only travelling in Norwegian operations was included.

[2] Statkraft has done high-level estimations for its other scope 3 emissions from our supply chain – with a total estimate of 780 000 tonnes CO_2e. The primary scope 3 sources are: upstream production and transport of gas to our gas-fired power plants in Germany estimated to 200 000 tonnes CO_2e, capital goods (power plant construction projects completed in 2022) estimated to 480 000 tonnes CO_2e, and company-wide purchased goods and services (not covered by capital goods) estimated to 100 000 tonnes CO_2e.

Relative greenhouse gas (GHG) emissions [1]	Unit of measurement	2022 [2]	2021	2020
CO_2e emissions per MWh power generation, total [3]	kg/MWh	11	14	28
CO_2e emissions per MWh power generation, gas-fired power [3]	kg/MWh	369	371	359
CO_2e emissions per MWh district heating production [4]	kg/MWh	13	21	11

[1] The relative GHG emissions take into account emissions of CO_2 and SF_6. The relative GHG emissions include scope 1 and scope 2 (market-based) emissions, and business travel.

[2] Emission figures reported for 2022 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2021 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[3] Includes Statkraft's share of production and emissions of CO_2e in the jointly controlled gas-fired power plant Herdecke (Germany).

[4] Emissions of CO_2e from Heimdal incineration plant is not included in Statkraft's total CO_2e statement, according to established reporting practice for the district heating industry.

Biodiversity and impact on nature

Impact on watercourses [1]	Unit of measurement	2022 [2]	2021	2020
Impacted river courses with:				
Anadromous fish	Number	49	49	49
Catadromous fish	Number	11	10	10
Impacted Norwegian national salmon rivers	Number	13	13	13
Impacted protected rivers	Number	14	14	14

[1] Impact entails change of waterflow, water levels or other living conditions for fish.
[2] Includes rivers in Norway, Sweden, Germany, UK and Albania. More detailed information related to impact on watercourses is presented in the table "Protected rivers and rivers with migrating fish impacted by Statkraft's activities".

Fish cultivation	Unit of measurement	2022	2021	2020
Restocking of fish and smolt [1]	Number	517 000	573 100	664 100
Of which in Norway	Number	224 100	207 400	290 800
Of which in other Nordic countries	Number	292 900	365 700	373 300
Of which in other European countries	kg	242	300	-
Of which rest of the world	Number	0	0	0
Restocking of juveniles [2]	Number	939 900	1 125 100	1 007 600
Of which in Norway	Number	814 500	969 100	858 200
Of which in other Nordic countries	Number	125 400	156 000	149 400
Of which in other European countries	kg	0	600	-
Of which rest of the world	Number	0	0	0
Stocking of fish roe [3]	Number	326 100	339 200	846 400

[1] Includes salmon, inland trout, sea trout, grayling and eel. The total number of restocked fish and smolt includes only Norway and other Nordics countries.
[2] Includes salmon, inland trout, sea trout, grayling and eel. Juveniles is defined as startfed fry, one-year old fry and two-summer old fry.
[3] Includes salmon in Norway and eel in Sweden.

Operational sites in, or adjacent to, protected areas [1], [2]	Unit of measurement	2022	2021	2020
Operational sites in protected areas	Number	18	-	-
Of which in Norway	Number	11	-	-
Of which in other Nordic countries	Number	4	-	-
Of which in other European countries	Number	3	-	-
Of which rest of the world	Number	0	-	-
Operational sites adjacent to protected areas	Number	24	-	-
Of which in Norway	Number	11	-	-
Of which in other Nordic countries	Number	7	-	-
Of which other European countries	Number	6	-	-
Of which rest of the world	Number	0	-	-

[1] Limited to natural parks and nature or wildlife reserves.
[2] A site can be both in a protected area and adjacent to another protected area.

Land use (leased/owned) [1]	Unit of measurement	2022	2021	2020
Land use solar parks	Ha	1080	-	-
Capacity solar parks, installed capacity and under construction	MW	651 [2]	-	-
Ratio land use solar parks to capacity solar parks	Ha/MW	1.7	-	-

[1] Land use includes land leased or owned by Statkraft. This is a new indicator 2022, and it will be further improved.
[2] The reported figures for 2022 include projects where the investment is >500 mill NOK when investment decision is taken in 2022, and ongoing projects with investment >300 mill NOK when investment decision is taken before 2022.

Red list species [1]	Unit of measurement	2022	2021	2020
Red list species with habitat in areas impacted by Statkraft's operations in:				
Norway	Number	40	37	33
Other Nordic countries	Number	12	12	6
Other European countries	Number	80	14	13
Rest of the world	Number	72	83	83

[1] Includes species defined as red list species by either International Union for Conservation of Nature (IUCN) or national authorities.

Red list species (fauna, insects not included) with habitat in areas affected by Statkraft's activitities [1)]

		Vulnerability not known	Level of vulnerability: IUCN list					Level of vulnerability: National list				
NORWAY			Critically endangered	Endangered	Vulnerable	Near threatened	Least concern	Critically endangered	Endangered	Vulnerable	Near threatened	Least concern
	2022	0	5	6	10	5	14	4	10	14	8	4
	2021	0	1	2	2	4	18	3	9	9	11	5
SWEDEN												
	2022	0	1	1	1	1	0	2	2	1	7	0
	2021	0	1	1	1	1	0	2	2	1	7	0
SPAIN [2)]												
	2022	6	0	1	5	5	30	0	2	10	5	0
	2021	-	-	-	-	-	-	-	-	-	-	-
THE NETHERLANDS												
	2022	0	0	0	0	0	0	0	0	2	0	0
	2021	-	-	-	-	-	-	-	-	-	-	-
FRANCE												
	2022	0	0	0	1	0	5	0	0	2	2	2
	2021	-	-	-	-	-	-	-	-	-	-	-
GERMANY												
	2022	0	0	0	0	0	0	0	0	0	0	0
	2021	0	2	1	0	0	0	0	0	0	0	0
UK												
	2022	0	0	1	0	1	11	0	0	1	1	2
	2021	0	0	0	0	1	0	0	0	0	0	0
TÜRKIYE												
	2022	0	1	3	3	2	1	0	0	0	0	0
	2021	0	1	3	3	2	1	0	0	0	0	0
ALBANIA												
	2022	0	0	0	0	1	0	0	0	0	0	0
	2021	0	0	0	0	1	0	0	0	0	0	0
NEPAL												
	2022	0	1	2	1	1	0	0	0	0	0	0
	2021	0	1	2	1	1	0	0	0	0	0	0
PERU												
	2022	0	0	0	0	1	0	0	0	0	0	0
	2021	0	0	0	0	1	0	0	0	0	0	0
BRAZIL												
	2022	5	0	3	13	23	2	0	0	0	0	0
	2021	4	0	3	13	23	2	0	0	0	0	0
CHILE												
	2022	4	0	1	1	1	13	0	0	0	0	0
	2021	8	0	2	1	2	19	0	0	0	0	0

[1)] 2021 figures for Türkiye, Albania, Nepal, Peru, Brazil and Chile is based on 2019 review.

[2)] The species have not been detected during the construction phase.

Consumption

Electricity and district heating consumption	Unit of measurement	2022	2021	2020
Electricity and district heating consumption	GWh	1 334	1 014	864
Of which pumped-storage power	GWh	940	547	470
Of which electric boilers for district heating	GWh	165	175	81
Of which other operations	GWh	229	292	313
Total electricity and district heating from renewable sources [1)]	GWh	1 334	1 014	864

[1)] Statkraft's electricity consumption is 100% based on renewable sources, since consumtion is compensated with purchase of Guarantees of Origin.

Fuel consumption	Unit of measurement	2022	2021	2020
Fossil fuel consumption, total	GWh	2 644	5 198	6 976
Natural gas, gas-fired power plants	Mill. Nm³	208	445	744
Natural gas, gas-fired power plants	GWh	2 506	5 027	6 874
Fuel gas, district heating plants	Tonnes	1 894	6 306	3 442
Fuel gas, district heating plants	GWh	25	82	43
Fuel oil, district heating plants	Tonnes	2 858	2 526	606
Fuel oil, district heating plants	GWh	25	27	4
Engine fuel [1]	Tonnes	7 068	4 958	4 344
Engine fuel [1]	GWh	88	62	55
Other fuel consumption, total	GWh	1 090	1 832	1 987
Waste for district heating plants [2]	Tonnes	217 600	215 000	219 000
Waste for district heating plants [2]	GWh	507	498	496
Bio fuel, solid (district heating and bio power plants)	Tonnes	178 000	455 500	474 100
Bio fuel, solid (district heating and bio power plants)	GWh	567	1 307	1 485
Bio oil	Tonnes	1 545	2 024	569
Bio oil	GWh	16	27	6
Total fuel consumption from non-renewable sources	GWh	2 644	5 198	6 976
Total fuel consumption from renewable sources	GWh	1 090	1 832	1 987

[1] Includes consumption of fuel for vehicles and machinery (for example generators).

[2] Includes solid biomass from forestry in Sweden and Norway and residual products from forestry or the wood industry.

Water withdrawal	Unit of measurement	2022	2021	2020
Total water withdrawal	m³	3 866 000	-	-
Gas-fired power plants	m³	3 714 200	-	-
From surface water	%	15	-	-
From groundwater	%	0	-	-
From seawater	%	0	-	-
From third-party water	%	85	-	-
Bio power plants	m³	17 200	-	-
From surface water	%	0	-	-
From groundwater	%	0	-	-
From seawater	%	0	-	-
From third-party water	%	100	-	-
District heating plants	m³	123 700	-	-
From surface water	%	1	-	-
From groundwater	%	0	-	-
From seawater	%	0	-	-
From third-party water	%	99	-	-
Solar	m³	10 900	-	-
From surface water	%	0	-	-
From groundwater	%	94	-	-
From seawater	%	0	-	-
From third-party water	%	6	-	-

Water discharge	Unit of measurement	2022	2021	2020
Total water discharge	m³	1 052 770	-	-
Gas-fired power plants	m³	926 400	-	-
To surface water	%	100	-	-
To groundwater	%	0	-	-
To seawater	%	0	-	-
To third-party water	%	0	-	-
Bio power plants	m³	0	-	-
To surface water	%	0	-	-
To groundwater	%	0	-	-
To seawater	%	0	-	-
To third-party water	%	0	-	-
District heating plants	m³	125 800	-	-
To surface water	%	29	-	-
To groundwater	%	0	-	-
To seawater	%	0	-	-
To third-party water	%	71	-	-
Solar	m³	570	-	-
To surface water	%	0	-	-
To groundwater	%	0	-	-
To seawater	%	0	-	-
To third-party water	%	0	-	-
To non-point-source discharge	%	100	-	-

Water consumption	Unit of measurement	2022	2021	2020
Total water consumption	m³	2 813 230	-	-
Gas-fired power plants	m³	2 787 800	-	-
Bio power plants	m³	17 200	-	-
District heating plants [1]	m³	-2 100	-	-
Solar	m³	10 330	-	-

[1] The water consumption is negative because the burned wood-chips contains a lot water. The water evaporates during the combustion and ends up as steam in the flue gas. When taking out additional heat from the flue gas, the steam will condensate to water. Therefore, the water discharge is higher than the water withdrawal.

Waste

Waste generated	Unit of measurement	2022 [2]	2021	2020
Total waste generated	Tonnes	56 100	74 100	70 900
Hazardous waste [1]	%	33	30	35
Non-hazardous waste	%	67	70	65

[1] All hazardous waste is handled according to national and international regulations.
[2] For 2022, waste from biopower plants is based on estimates. The total waste generated decreased significantly due to a reduced power generation.

Waste diverted from disposal	Unit of measurement	2022	2021	2020
Non-hazardous waste diverted from disposal	Tonnes	3 400	3 108	-
Reuse	%	0	0	-
Recycling	%	9	4	-
Other recovery options	%	0	2	-

Waste directed to disposal	Unit of measurement	2022 [1]	2021	2020
Non-hazardous waste directed to disposal	Tonnes	34 400	48 500	-
Incinetation	%	1	2	-
Landfill	%	90	75	-
Other disposal operations	%	0	17	-

[1] Since waste from bio-power plants is based on estimates, it has been registered as landfill.

Environmental incidents

Environmental incidents	Unit of measurement	2022	2021	2020
Serious environmental incidents [1]	Number	0	0	0
Less serious environmental incidents [2]	Number	357	274	242

[1] An incident that causes serious or irreversible environmental impact on critical or protected resources.
[2] An incident that causes minor or moderate negative environmental impact.

Most of the less serious environmental incidents in 2022 were related to minor breaches of emission regulations for biomass plants, short breaches of minimum flow and minor hydraulic oil leaks. Any incidents with serious consequences, or potential serious consequences, are investigated according to internal procedures.

Judicial sanctions and fines, environment	Unit of measurement	2022	2021	2020
Cases where judicial or administrative sanctions have been applied due to material non-compliance with environmental legislation	Number	1 [1]	3	0
Judicial fines applied due to material non-compliance with environmental legislation	NOK million	0	0	0
Administrative fines applied due to material non-compliance with environmental legislation	NOK million	0.10	2.63	0

[1] In 2022, Statkraft received a fine of NOK 100 000 for an incident that occurred in 2019. During major maintenance work, a bagger accidentally entered into the outskirts of a national park in Norway. The procedures for work nearby protected areas have been reviewed to avoid future incidents.

Power generation and district heating production

Installed capacity per technology and geography (MW)	Unit of measurement	2022	2021	2020
Installed capacity per technology, power generation	MW	19 105	18 659	18 878
Of which hydropower	MW	14 409	14 447	14 402
Of which wind power	MW	2 115	1 773	2 037
Of which gas-fired power [1]	MW	2 459	2 390	2 390
Of which other [2]	MW	122	49	49
Installed capacity, district heating	MW	872	869	853
Installed capacity per geography, power generation				
Norway	MW	12 581	12 354	12 950
Other Nordic countries	MW	1 932	1 813	1 813
Other European countries	MW	3 572	3 571	3 194
Rest of the world	MW	1 020	921	921
Installed capacity per geography, district heating				
Norway	MW	713	710	694
Other Nordic countries	MW	159	159	159

Installed capacity per technology and geography (%)	Unit of measurement	2022	2021	2020
Installed capacity per technology, power generation				
Hydropower	%	75.4	77.4	76.3
Wind power	%	11.1	9.5	10.8
Gas-fired power [1]	%	12.9	12.8	12.7
Other [2]	%	0.6	0.3	0.3
Installed capacity per geography, power generation				
Norway	%	65.9	66.2	68.6
Other Nordic countries	%	10.1	9.7	9.6
Other European countries	%	18.7	19.1	16.9
Rest of the world	%	5.3	4.9	4.9
Installed capacity per geography, district heating				
Norway	%	81.8	81.7	81.4
Other Nordic countries	%	18.2	18.3	18.6

[1] Includes Statkraft's share of the jointly controlled Herdecke (Germany) power plant.
[2] Includes bio power and solar power.

Capacity under construction per technology and geography (MW) [1]	Unit of measurement	2022 [3]	2021 [2]	2020 [2]
Capacity under construction per technology, power generation	MW	1 593	1 357	1 284
Of which hydropower	MW	199	198	202
Of which wind power	MW	822	726	882
Of which solar power	MW	572	433	200
Capacity under construction per geography, power generation		1 593		
Norway	MW	0	0	209
Other European countries	MW	687	532	354
Rest of the world	MW	906	826	721

Capacity under construction per technology and geography (%) [1]	Unit of measurement	2022 [3]	2021 [2]	2020 [2]
Capacity under construction per technology, power generation				
Hydropower	%	12.5	14.6	15.7
Wind power	%	51.6	53.5	68.7
Solar power	%	35.9	31.9	16
Capacity under construction per geography, power generation				
Norway	%	0	0	16.3
Other European countries	%	43.1	39.2	27.6
Rest of the world	%	56.9	60.9	56.2

[1] Includes projects where an investment decision has been taken.
[2] The reported figures for 2020 and 2021 include projects where the investment is >300 mill NOK.
[3] The reported figures for 2022 include projects where the investment is >500 mill NOK when investment decision is taken in 2022, and ongoing projects with investment >300 mill NOK when investment decision is taken before 2022.

Power generation and district heating production per technology and geography (TWh)	Unit of measurement	2022	2021	2020
Power generation per technology, total	TWh	60.2	69.9	65.4
Of which hydropower	TWh	53.9	63.0	55.7
Of which wind power	TWh	4.3	3.9	4.3
Of which gas-fired power [1]	TWh	1.7	2.7	5.1
Of which other [2]	TWh	0.3	0.2	0.3
District heating	TWh	1.1	1.2	1.0
Renewable power generation [3]	%	97.2	96.1	92.2
Renewable district heating [3]	%	96.0	93.1	95.2
Power generation per geography				
Norway	TWh	46.0	54.5	47.5
Other Nordic countries	TWh	6.6	7.1	7.4
Other European countries	TWh	3.4	4.3	6.4
Rest of the world	TWh	4.3	4.0	4.1
District heating per geography				
Norway	TWh	0.9	1.0	0.8
Other Nordic countries	TWh	0.2	0.2	0.2

Power generation and district heating production per technology and geography (%)	Unit of measurement	2022	2021	2020
Power generation per technology				
Hydropower	%	89.5	90.1	85.2
Wind power	%	7.1	5.6	6.6
Gas-fired power [1]	%	2.8	3.9	7.8
Other [2]	%	0.5	0.3	0.5
Power generation per geography				
Norway	%	76.4	78.0	72.6
Other Nordic countries	%	10.8	10.2	11.3
Other European countries	%	5.6	6.2	9.8
Rest of the world	%	7.1	5.7	6.3
District heating per geography				
Norway	%	83.2	83.6	80.0
Other Nordic countries	%	16.8	16.4	20.0

[1] Includes Statkraft's share of the jointly controlled Herdecke (Germany) gas-fired power plant.

[2] Includes bio power and solar power.

[3] Non-renewable production consists of gas-fired power and share of district heating based on fossil fuel. Production at Heimdal, the incineration plant in Trondheim, is counted as 100% renewable district heating production (alligned with SSB, Statistics Norway, reporting practice).

Impact on watercourses

Protected rivers and rivers with migrating fish impacted by Statkraft's activities

NORWAY	River with anadromous fish	River with eel population (catadromous fish)	National salmon river	Protected river
Region North Norway				
Altaelva	X		X	
Beiarelva	X		X	
Bjerkaelva	X			
Engabrevassdraget	X			
Kobbelvvassdraget	X			
Målselvvassdraget	X		X	X
Ranaelva	X		X	
Røssåga	X			
Skjoma	X			
Vefsna	X		X	
Glomdalselva				X
Region Mid Norway				
Auravassdraget	X			
Bævra	X			
Daleelva	X			
Dalselva	X			
Hopra	X			
Indredalselva	X			
Glutra/Henselva	X			
Jostedalselva	X			
Litledalselva	X			
Nærøydalselva	X		X	
Rauma	X		X	X
Surna	X		X	
Vikja	X		X	
Ytredalselva	X			
Nidelva	X	X	X	
Region South Norway				
Austdøla/Norddøla	X			
Austrepollelva	X			
Bondhuselva	X			
Førreåna	X			
Eio/Bjoreio	X			
Jondalselva	X			
Sima	X			
Suldalslågen	X		X	X
Ulla	X			
Øyreselva	X			
Årdalselva	X			
Klebastølåi				X
Gaularvassdraget			X	
Eidselva		X		
Numedalsågen	X	X	X	
Austbygdåi				X
Dagali				X
Skagerak Energi AS				
Siljanvassdraget				X
Kragerøvassdraget		X		
Skiensvassdraget	X	X		
SWEDEN				
Skellefteåälven	X			
Gideälven	X			X
Moälven	X			X
Nätraälven	X			
Lagan	X	X		X
Nissan	X	X		
Ångermanälven				X
Indalsälven				X
Ljungan	X			X
GERMANY				
Fulda	X	X		
Werra	X	X		
Weser	X	X		
UK				
Rheidol	X			
ALBANIA				
Devoll		X		

Global Reporting Initiative (GRI) Index

The GRI Standards represent the global best practice for sustainability reporting. The standards comprise both general disclosures, as well as economic, environmental and social disclosures. Regarding the GRI Topic Standards, we have included the relevant disclosures in relation to Statkraft's material topics in the GRI Index.

Statkraft has engaged Deloitte AS to conduct a review to provide a limited level of assurance on the company's sustainability information in Statkraft's Annual Report 2022. The review is based on the assurance standard ISAE 3000, and the auditor's conclusion is presented in the Auditor's statement, Sustainability.

STATEMENT OF USE	Statkraft has reported in accordance with the GRI Standards for the period 01.01.2022 – 31.12.2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	Not applicable - Sector Standard is still under development

DISCLOSURES		LOCATION	OMISSION
GRI 2: GENERAL DISCLOSURES 2021			
2-1	Organizational details	Statkraft AS, Stated-owned limited company, Oslo, Norway Statkraft at a glance	
2-2	Entities included in the organization's sustainability reporting	Note 40: Consolidated companies	
2-3	Reporting period, frequency and contact point	2022, Annual, March 2022, info@statkraft.com	
2-4	Restatements of information	Restatements are specified within the Sustainability statement where relevant.	
2-5	External assurance	Sustainability chapter: How we manage sustainability Auditor's statement	
2-6	Activities, value chain and other business relationships	Statkraft at a glance Report from the Board of Directors Sustainability chapter: Supply chain management Note 5: Business combinations and other transactions	
2-7	Employees	Sustainability statement: Labour practices	
2-8	Workers who are not employees	Sustainability statement: Labour practices	
2-9	Governance structure and composition	The Board of Directors Corporate Governance	
2-10	Nomination and selection of the highest governance body	Corporate Governance	
2-11	Chair of the highest governance body	The Chair of the Board is not a senior executive	
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability chapter: How we manage sustainability	
2-13	Delegation of responsibility for managing impacts	Sustainability chapter: How we manage sustainability	
2-14	Role of the highest governance body in sustainability reporting	Sustainability chapter: How we manage sustainability	
2-15	Conflicts of interest	Sustainability chapter: Business ethics	
2-16	Communication of critical concerns	Sustainability chapter: How we manage sustainability	
2-17	Collective knowledge of the highest governance body	Sustainability chapter: How we manage sustainability	
2-18	Evaluation of the performance of the highest governance body	Corporate Governance	
2-19	Remuneration policies	Corporate Governance Note 38: Benefits paid to executive management and the Board of Directors	
2-20	Process to determine remuneration	Corporate Governance Note 38: Benefits paid to executive management and the Board of Directors	
2-21	Annual total compensation ratio	Sustainability statement: Labour practices	Information incomplete. The median annual total compensation includes only employees in Norway.
2-22	Statement on sustainable development strategy	Letter from the CEO Report from the Board of Directors	
2-23	Policy commitments	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights Sustainability chapter: Supply chain management Sustainability chapter: Business ethics Sustainability chapter: Biodiversity Sustainability chapter: Climate action Link to our policy commitments: https://www.statkraft.com/	
2-24	Embedding policy commitments	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights Sustainability chapter: Supply chain management Sustainability chapter: Business ethics Sustainability statement: Human rights Sustainability statement: Business ethics and anti-corruption	
2-25	Processes to remediate negative impacts	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights Sustainability chapter: Supply chain management Sustainability chapter: Business ethics Sustainability chapter: Biodiversity Sustainability chapter: Water management	
2-26	Mechanisms for seeking advice and raising concerns	Sustainability chapter: How we manage sustainability Sustainability statement: Reported concerns covering the scope of the Code of Conduct	
2-27	Compliance with laws and regulations	Sustainability statement: Health and Safety Sustainability statement: Human rights Sustainability statement: Business ethics and anti-corruption Sustainability statement: Environmental incidents	

2-28	Membership associations		Information unavailable. Structured overview of the company's memberships is currently missing.
2-29	Approach to stakeholder engagement	Sustainability chapter: How we manage sustainability	
2-30	Collective bargaining agreements	Sustainability chapter: Labour practices	Information incomplete. The percentage of total employees covered by collective bargaining agreements is currently unavailable.
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	Sustainability chapter: How we manage sustainability	
3-2	List of material topics	Sustainability chapter: How we manage sustainability	
3-3	Management of material topics	Sustainability chapter: How we manage sustainability Sustainability chapter: Health and Safety Sustainability chapter: Security and emergency response Sustainability chapter: Human rights Sustainability chapter: Labour practices Sustainability chapter: Supply chain management Sustainability chapter: Business ethics Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management Sustainability chapter: Circular economy	
GRI 201: ECONOMIC PERFORMANCE 2016			
201-1	Direct economic value generated and distributed	Sustainability statement: Contribution to society	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability chapter: Climate action	
201-3	Defined benefit plan obligations and other retirement plans	Note 17: Pensions	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
203-1	Infrastructure investments and services supported	Sustainability chapter: Statkraft's contribution	
203-2	Significant indirect economic impacts	Sustainability chapter: Statkraft's contribution	
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption	Sustainability chapter: Business ethics	
205-2	Communication and training about anti-corruption policies and procedures	Sustainability statement: Business ethics and anti-corruption	
205-3	Confirmed incidents of corruption and actions taken	Sustainability statement: Business ethics and anti-corruption	
GRI 207: TAX 2019			
207-1	Approach to tax	Sustainability chapter: Statkraft's contribution	
207-2	Tax governance, control, and risk management	Sustainability chapter: Statkraft's contribution	
207-3	Stakeholder engagement and management of concerns related to tax	Sustainability chapter: Statkraft's contribution	
207-4	Country-by-country reporting	Sustainability statement: Contribution to society Sustainability statement: Country-by-country tax reporting	
GRI 302: ENERGY 2016			
302-1	Energy consumption within the organisation	Sustainability statement: Consumption	
GRI 303: WATER AND EFFLUENTS 2018			
303-1	Interactions with water as a shared resource	Sustainability chapter: Water management Sustainability statement: Biodiversity and impact on nature	
303-2	Management of water discharge-related impacts	Sustainability chapter: Water management	
303-3	Water withdrawal	Sustainability statement: Consumption	
303-4	Water discharge	Sustainability statement: Consumption	
303-5	Water consumption	Sustainability statement: Consumption	
GRI 304: BIODIVERSITY 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability statement: Biodiversity and impact on nature	Information incomplete. Only disclosing the number of operational sites in or adjected to protected areas.
304-2	Significant impacts of activities, products, and services on biodiversity	Sustainability chapter: Biodiversity	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sustainability statement: Biodiversity and impact on nature Sustainability statement: Biodiversity and impact on nature	
GRI 305: EMISSIONS 2016			
305-1	Direct GHG emissions (scope 1)	Sustainability statement: Climate	
305-2	Energy indirect GHG emissions (scope 2)	Sustainability statement: Climate	
305-3	Other indirect GHG emissions (scope 3)	Sustainability statement: Climate	
305-4	GHG emissions intensity	Sustainability statement: Climate	
GRI 306: WASTE 2020			
306-1	Waste generation and significant waste-related impacts	Sustainability chapter: Circular economy	
306-2	Management of significant waste-related impacts	Sustainability chapter: Circular economy	
306-3	Waste generated	Sustainability statement: Waste	
306-4	Waste diverted from disposal	Sustainability statement: Waste	
306-5	Waste directed to disposal	Sustainability statement: Waste	

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
308-1	New suppliers that were screened using environmental criteria	Sustainability chapter: Supply chain management	
GRI 401: EMPLOYMENT 2016			
401-1	New employee hires and employee turnover	Sustainability statement: Labour practices	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational health and safety management system	Sustainability chapter: Health and Safety	
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability chapter: Health and Safety	
403-3	Occupational health services	Sustainability chapter: Health and Safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability chapter: Health and Safety	
403-5	Worker training on occupational health and safety	Sustainability chapter: Health and Safety	
403-6	Promotion of worker health	Sustainability chapter: Health and Safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability chapter: Health and Safety	
403-8	Workers covered by an occupational health and safety management system	Sustainability chapter: Health and Safety	
403-9	Work related injuries	Sustainability statement: Health and Safety	
GRI 404: TRAINING AND EDUCATION 2016			
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability statement: Labour practices	Information incomplete. Transition assistance programs is not covered.
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability statement: Labour practices	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity of governance bodies and employees	Sustainability statement: Labour practices	
405-2	Ratio of basic salary and remuneration of women to men	Sustainability statement: Labour practices	
GRI 406: NON-DISCRIMINATION 2016			
406-1	Incidents of discrimination and corrective actions taken	Sustainability statement: Reported concerns covering the scope of the Code of Conduct	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability chapter: Human rights Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	
GRI 408: CHILD LABOR 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability chapter: Human rights Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	
GRI 409: FORCED OR COMPULSORY LABOR 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability chapter: Human rights Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016			
411-1	Incidents of violations involving rights of indigenous peoples	Sustainability chapter: Human rights Sustainability statement: Human rights	
GRI 413: LOCAL COMMUNITIES 2016			
413-1	Operations with local community engagement, impact assessments and development programs	Sustainability chapter: Human rights Sustainability statement: Human rights	
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability chapter: Human rights	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
414-1	New suppliers that were screened using social criteria	Sustainability chapter: Supply chain management	

Statkraft's Global Compact index

Global Compact comprises ten fundamental principles relating to human rights, labour rights, protection of the environment and combating corruption. Companies that endorse Global Compact commit to support and respect the principles and report their performance in the various areas annually.

HUMAN RIGHTS

PRINCIPLE	DESCRIPTION	REFERENCE
1	Business should support and respect the protection of internationally proclaimed human rights, and	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights
2	make sure that they are not complicit in human rights abuses.	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights

LABOUR

PRINCIPLE	DESCRIPTION	REFERENCE
3	Business should uphold the freedom association and the effective recognition of the right to collective bargaining,	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices
4	the elimination of all forms of forced and compulsory labour,	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices
5	the effective abolition of child labour, and	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices
6	the elimination of discrimination in respect of employment and occupation.	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices

ENVIRONMENT

PRINCIPLE	DESCRIPTION	REFERENCE
7	Business should support a precautionary approach to environmental challenges,	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management
8	undertake initiatives to promote greater environmental responsibility, and	Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management
9	encourage the development and diffusion of environmentally friendly technologies.	Sustainability chapter: Statkraft's contribution Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management

ANTI-CORRUPTION

PRINCIPLE	DESCRIPTION	REFERENCE
10	Business should work against corruption in all its forms, including extortion and bribery.	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Business ethics

Task Force on Climate-Related Financial Disclosures (TCFD) index

The TCFD provides a more effective, transparent, and standardized way to help stakeholders understand a company's climate-related risks and opportunities. Statkraft's disclosure is aligned with the TCFD's eleven core recommendations, which are divided into categories of governance, strategy, risk management, and metrics and targets. The TCFD also provides supplemental guidance for energy companies, which Statkraft adheres to.

GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities

AREA		REFERENCE, STATKRAFT'S CDP RESPONSE 2022	REFERENCE, ANNUAL REPORT 2022
a)	Describe the board's oversight of climate-related risks and opportunities	C1.1b	Report from the Board of Directors Corporate governance
b)	Describe management's role in assessing and managing climate-related risks and opportunities	C1.2, C1.2a	Report from the Board of Directors Corporate governance Sustainability chapter: How we manage sustainability

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

AREA		REFERENCE, STATKRAFT'S CDP RESPONSE 2022	REFERENCE, ANNUAL REPORT 2022
a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	2.1a, C2.3, C2.3a, C2.4, C2.4a	Report from the Board of Directors Corporate governance Sustainability chapter: Climate action
b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	2.3a, 2.4a, C3.1, 3.2a, C3.2b, C3.3, C3.4	Report from the Board of Directors Corporate governance Sustainability chapter: Climate action
c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	C3.2, C3.2a, C3.2b	Sustainability chapter: Climate action

RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks

AREA		REFERENCE, STATKRAFT'S CDP RESPONSE 2022	REFERENCE, ANNUAL REPORT 2022
a)	Describe the organization's processes for identifying and assessing climate-related risks	C2.1, C2.2, C2.2a	Sustainability chapter: How we manage sustainability Sustainability chapter: Climate action
b)	Describe the organization's processes for managing climate-related risks	C2.1, C2.2	Sustainability chapter: How we manage sustainability Sustainability chapter: Climate action
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	C2.1, C2.2	Corporate governance Sustainability chapter: Climate action

METRICS AND TARGETS

Disclose metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

AREA		REFERENCE, STATKRAFT'S CDP RESPONSE 2022	REFERENCE, ANNUAL REPORT 2022
a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	C4.2, C4.2a, C4.2b, C9.1	Sustainability chapter: Climate action Sustainability statement: Climate
b)	Disclose Scope 1, Scope2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	C6.1, C6.3, C6.5, C6.5a	Sustainability chapter: Climate action Sustainability statement: Climate
c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b	Sustainability chapter: Climate action Sustainability statement: Climate

SUPPLEMENTAL GUIDANCE FOR THE ENERGY GROUP

AREA	REFERENCE, STATKRAFT'S CDP RESPONSE 2022	REFERENCE, ANNUAL REPORT 2022
Disclose changes in compliance and operating costs, risks, or opportunities	C2.3a, C2.4a, C3.3, C3.4	Report from the Board of Directors Sustainability chapter: Climate action
Disclose exposure to regulatory changes or changing consumer and investor expectations	C2.2a	Report from the Board of Directors Sustainability chapter: Climate action
Disclose changes in investment strategies	C2.4a, C3.3, C3.4	Report from the Board of Directors Sustainability chapter: Climate action

Auditor's Statement, Sustainability

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221, Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the Board of Directors

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON STATKRAFT'S SUSTAINABILITY REPORTING FOR 2022

This Independent Auditor's Limited Assurance Report to the Board of Directors of Statkraft AS (Statkraft) relates to information in the sections "Sustainability" and "Sustainability Statement" (the "Selected Information") within the Statkraft Annual Report for the reporting period ended 31 December 2022.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as listed below has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Statkraft engaged Deloitte AS to provide an Independent Limited Assurance Report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in the Annual Report, for the period ended 31 December 2022 is as follows:

Selected Information in the Annual Report	Applicable Criteria
Section: Sustainability, except information about EU Taxonomy alignment presented under "Sustainability at a glance"	Reporting in accordance with the GRI Standards 2021, pursuant to Statkraft disclosures under the Global Reporting Initiative (GRI) Index in the section Sustainability Statement.
Section: Sustainability Statement	

In relation to the Selected Information as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The Board of Director's responsibilities

The Board of Directors are responsible for:

- Selecting and establishing the Applicable Criteria
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.

Deloitte refers to Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/no/about for a detailed description of the legal structure of Deloitte AS and its subsidiaries.

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- Publishing the Applicable Criteria publicly, where it is not publicly available, in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the services.
- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters are reflected in the Selected Information.

Our responsibilities

We are responsible for

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an Independent Limited Assurance Report to the Board of Directors.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), , and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment in carrying out the limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Obtained an understanding of Statkraft systems and processes for the identification, processing and controls associated with the Selected Information.
- Made inquiries with relevant personnel to obtain an understanding of the process for collecting and reporting the Selected Information, and relevant internal controls, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed limited substantive testing on a selective basis of the Applicable Criteria to test whether data has been appropriately measured, recorded, collated and reported.

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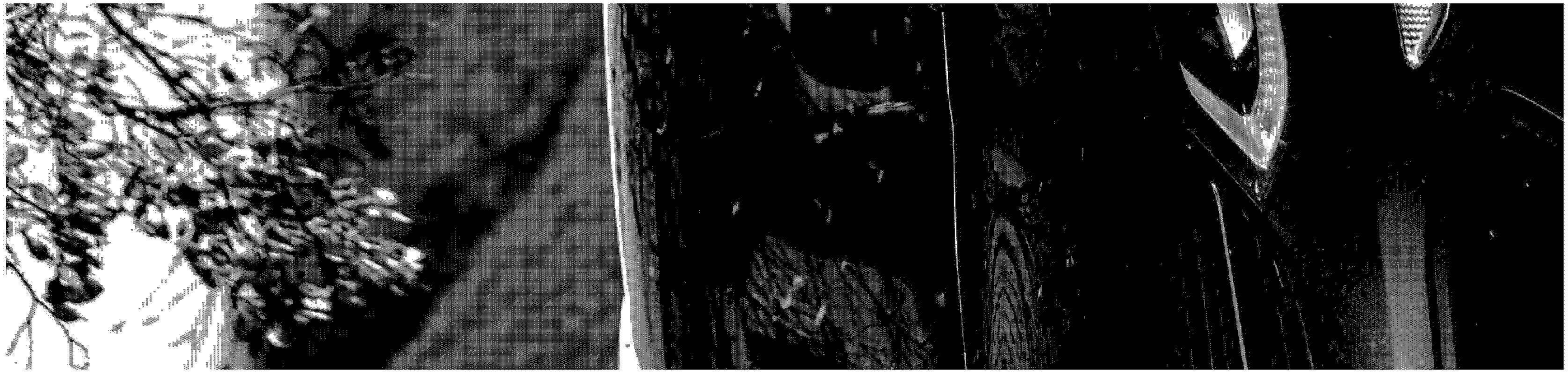
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 1 March 2023
Deloitte AS

Trond Edvin Hov
State Authorised Public Accountant (Norway)

Frank Dahl
Sustainability expert



STATKRAFT'S BUSINESS GOALS

Scale new green energy technologies

Statkraft's ambition is to become a leading developer of green hydrogen, biofuel, EV charging and other green technologies, developing 2GW production capacity for green hydrogen by 2030. Statkraft aim to be top 3 most profitable and customer-oriented district heating player in Norway and Sweden.

Declaration from the Board of Directors and the President and CEO

We confirm to the best of our knowledge that:

- the consolidated financial statements for 2022 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act,
- the financial statements for the parent company for 2022 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway,
- the information presented in the financial statements gives a true and fair view of the company's and group's assets, liabilities, financial position and result for the period viewed in their entirety,
- the board of directors report, the chapters on corporate governance, taxonomy and sustainability, including sustainability statement, give a true and fair view of the development, performance and financial position of the company and group, and includes a description of the key risks and uncertainties the companies are faced with.

The Board of Directors of Statkraft AS

Oslo, 1 March 2023

Thorhild Widvey
Chair of the Board

Peter Mellbye
Deputy chair

Marit Salte
Director

Mikael Lundin
Director

Ingelise Arntsen
Director

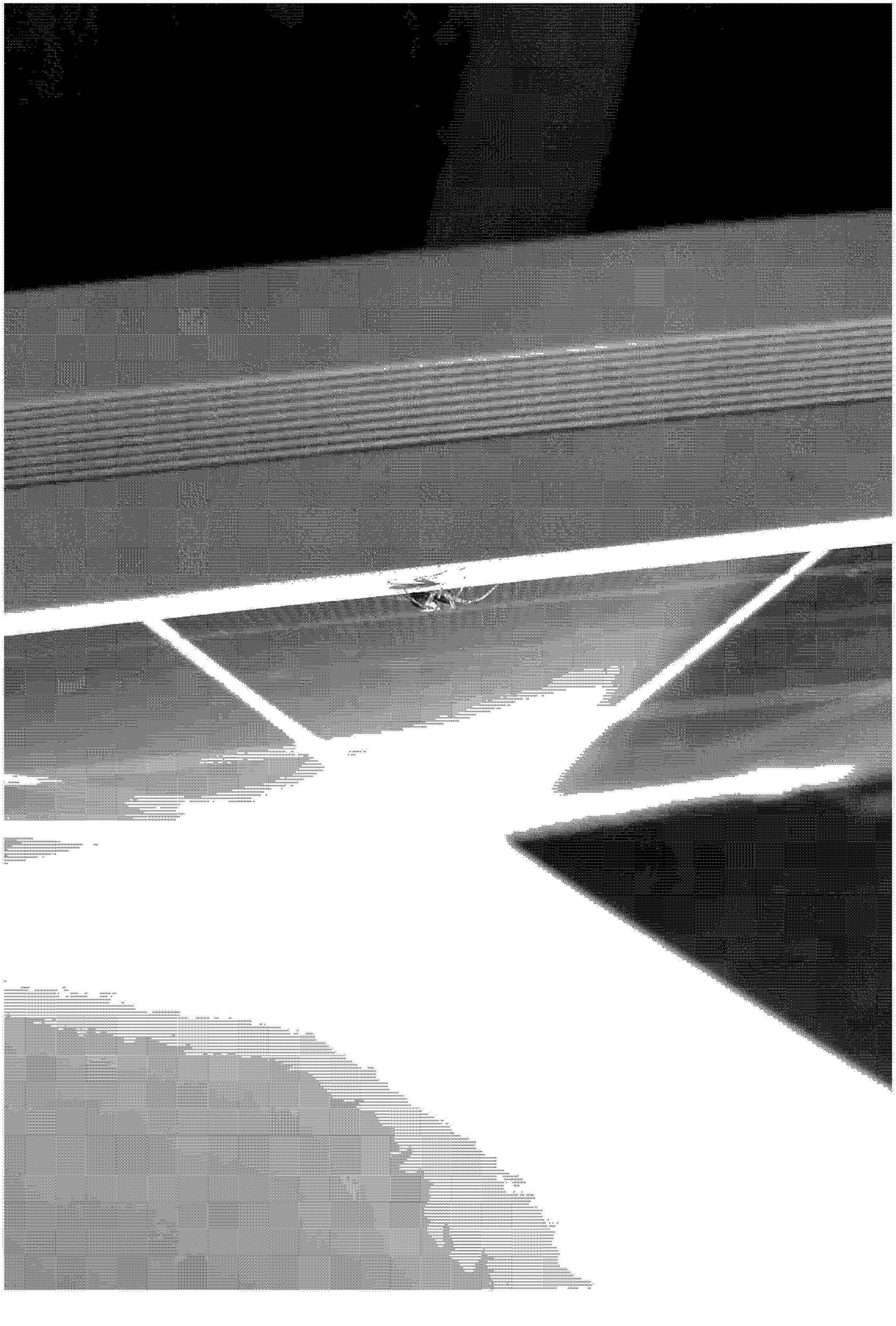
Pål Erik Sjåtil
Director

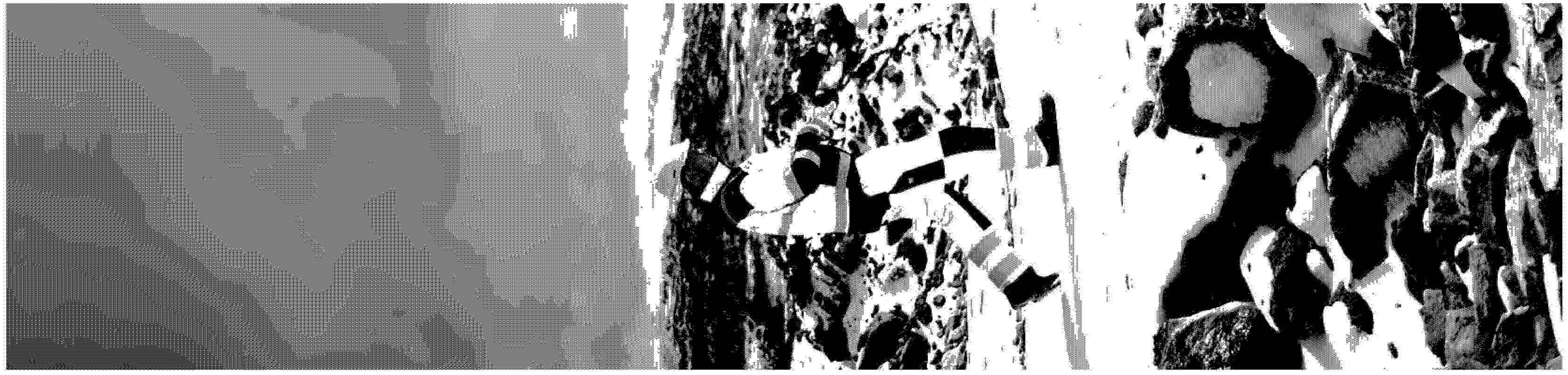
Marte Lind
Director

Thorbjørn Holøs
Director

Lars Mathisen
Director

Christian Rynning-Tønnesen
President and CEO





STATKRAFT'S SUSTAINABILITY GOALS

Statkraft is committed to

Statkraft guarantees a living wage for all employees and will require the same for site-based workers.

Key Figures

FINANCIAL KEY FIGURES

	Unit	2022	2021	2020	2019	2018
Income statement						
Gross operating revenues and other income underlying	NOK mill	167 513	83 440	38 060	47 836	56 237
Net operating revenues and other income underlying	NOK mill	75 280	41 749	20 776	29 318	26 539
EBITDA, underlying	NOK mill	59 082	30 906	10 736	20 569	18 134
Operating profit/loss (EBIT) underlying	NOK mill	54 424	26 792	6 670	16 744	14 567
Operating profit/loss (EBIT) IFRS	NOK mill	52 178	29 727	5 749	16 978	15 446
Share of profit/loss in equity accounted investments	NOK mill	531	1 686	835	1 249	790
Net financial items	NOK mill	6 111	1 331	-1 631	733	4 412
Profit/loss before tax	NOK mill	58 819	32 744	4 953	18 959	20 649
Net profit/loss	NOK mill	28 592	16 081	3 532	11 327	13 390
Items excluded from underlying business						
Unrealised value changes from embedded EUR derivatives	NOK mill	-1 338	-1 285	339	42	-403
Gains/losses from divestments of business activities	NOK mill	-1	817	119	55	1 449
Impairments/reversal of impairments	NOK mill	-907	3 403	-1 379	136	-167
Balance sheet						
Property, plant & equipment and intangible assets	NOK mill	127 129	120 633	116 170	114 485	109 653
Equity accounted investments	NOK mill	18 645	14 771	13 492	12 917	13 105
Inventories (DS/DBS)	NOK mill	4 493	2 965	2 483	-	-
Other assets	NOK mill	190 909	171 635	49 112	50 413	58 955
Total assets	NOK mill	341 176	310 004	181 257	177 815	182 388
Equity	NOK mill	131 691	107 775	98 028	100 764	98 004
Cash flow						
Cash flow from operating activities	NOK mill	40 242	26 242	11 631	11 861	15 286
Dividend paid to owners (incl. non-controlling interests)	NOK mill	10 214	3 673	6 718	8 593	6 093
Cash and cash equivalents (incl. restricted cash)	NOK mill	58 902	37 162	11 155	15 203	23 175
Investments						
Maintenance investments [1]	NOK mill	2 851	2 534	2 275	1 972	1 633
Other investments [2]	NOK mill	2 600	3 028	753	740	434
Investments in new capacity [3]	NOK mill	2 448	2 271	4 103	3 738	3 053
Investments in new capacity for subsequent divestment (DS/DBS) [4]	NOK mill	2 827	1 892	413	-	-
Investments in shareholdings [5]	NOK mill	725	2 143	2 357	972	1 862
Financial metrics						
ROACE [6]	%	42.4	22.4	5.7	15.1	13.9
ROAE [7]	%	3.4	12.1	6.3	9.5	5.9
Ratio/Rating						
Net interest-bearing liabilities - equity ratio [8]	%	-13.9	11.8	18.8	13.9	11.6
Equity ratio [9]	%	38.6	34.8	54.1	56.7	53.7
Long-term rating - Standard & Poor's		A / Stable	A- / Stable	A- / Stable	A- / Stable	A- / Stable
Long-term rating - Fitch Ratings		A- / Stable	BBB+ / Stable	BBB+ / Stable	BBB+ / Stable	BBB+ / Stable

1) Book value of maintenance investments to sustain current generating capacity.

2) Book value of investments which are not related to power generating capacity.

3) Book value of investments to expand generating capacity.

4) Book value of investments to expand generating capacity, but with planned subsequent divestment.

5) Purchase of shares as well as equity increase in other companies.

6) $\frac{\text{Operating profit (EBIT) underlying (rolling 12 months) * 100}}{\text{Average capital employed (rolling 12 months)}}$

7) $\frac{\text{Share of profit/loss in equity accounted investments (rolling 12 months) * 100}}{\text{Average equity accounted investments (rolling 12 months)}}$

8) $\frac{\text{Net interest-bearing liabilities * 100}}{\text{Net interest-bearing liabilities + equity}}$

9) $\frac{\text{Total equity * 100}}{\text{Total assets}}$

POWER GENERATION AND DISTRICT HEATING PRODUCTION

	Unit	2022	2021	2020	2019	2018
Installed capacity, power generation	MW	19 105	18 659	18 878	18 445	17 831
Of which hydropower	MW	14 409	14 447	14 402	14 399	14 190
Of which wind power	MW	2 115	1 773	2 037	1 607	1 203
Of which gas-fired power [1]	MW	2 459	2 390	2 390	2 390	2 390
Of which biomass and solar power	MW	122	49	49	49	49
Installed capacity, district heating	MW	872	869	853	828	836
Capacity under construction, power generation [2]	MW	1 593	1 357	1 284	750	865
Of which hydropower	MW	199	198	202	386	292
Of which wind power	MW	822	726	882	364	574
Of which solar power	MW	572	433	200	-	-
Capacity under construction, district heating [2]	MW	-	-	-	-	-
Total production capacity, potential [3]	TWh	65.3	64.7	60.7	60.7	59.6
Power generation, actual	TWh	60.2	69.9	65.4	61.1	61.1
Of which hydropower	TWh	53.9	63.0	55.7	53.4	57.2
Of which wind power	TWh	4.3	3.9	4.3	3.0	2.7
Of which gas-fired power [1]	TWh	1.7	2.7	5.1	4.5	1.5
Of which biomass and solar power	TWh	0.3	0.2	0.3	0.3	0.3
District heating production	TWh	1.1	1.2	1.0	1.1	1.1
Renewable power generation [4]	%	97.2	96.1	92.2	92.6	97.6
Renewable district heating [4]	%	96.0	93.1	95.2	89.5	89.2

[1] Includes Statkraft's share of the jointly controlled Herdecke (Germany) gas-fired power plant.

[2] The reported figures for 2018-2021 include projects where the investment is > 300 mill NOK. The reported figures for 2022 include projects where the investment is > 500 mill NOK where decision is taken in 2022, and ongoing projects with investment > 300 mill NOK when investment decision is taken before 2022.

[3] Excluding gas-fired power and district heating. Annual mean generation.

[4] Non-renewable production consists of gas-fired power and share of district heating based on fossil fuels. Production at Heimdal, the incineration plant in Trondheim, is counted as 100% renewable district heating production (aligned with SSB, Statistics Norway, reporting practice).

EMISSIONS AND ENVIRONMENTAL INCIDENTS

	Unit	2022	2021	2020	2019	2018
Greenhouse gas emissions per scope [1]						
Scope 1: Direct emissions [2] [3] [4]	Tonnes	653 300	1 044 500	1 860 000	1 645 500	606 600
Scope 2, market based: Indirect emissions, related to electricity consumption [5]	Tonnes	-	-	-	-	-
Scope 2, location based: Indirect emissions, related to electricity consumption	Tonnes	117 800	212 400	175 800	-	-
Scope 3: Other indirect emissions, related to business travel [7]	Tonnes	6 300	2 600	1 700	3 700	2 800
Relative greenhouse gas emissions						
CO_2-equivalent emissions per MWh power generation, total [2]	kg/ MWh	11	14	28	26	9
CO_2-equivalent emissions per MWh district heating production [3]	kg/ MWh	13	21	11	26	26
Environmental incidents						
Serious environmental incidents	Number	-	-	-	-	-
Less serious environmental incidents	Number	357	274	242	288	283

[1] Emission figures reported for 2022 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2021 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[2] Includes Statkraft's share of production and emissions of CO_2 in the jointly controlled gas-fired power plant Herdecke (Germany).

[3] Emissions of CO_2 from Heimdal incineration plant are not included in Statkraft's total CO_2 statement, according to established reporting practice for the district heating industry.

[4] The scope 1 emissions decreased significantly in 2022 due to the reduction of power generation based on gas-fired power.

[5] 100% of Statkraft's electricity consumption is certified renewable.

[6] Scope 2 location based emissions for 2022 is calculated using country-specific CO_2 emission factors from electricity generation from International Energy Agency (IEA); IEA's Emissions Factors database from September 2022.

[7] Figures include travels by air and car. Emissions for business travel by air is based on cost of flight, average cost per km of flight combined with a GHG Conversion factor for Company Reporting from Department for Environment, Food and Rural Affairs (DEFRA). Emissions from business travel by car is based on travelled distance combined with a GHG conversion factor from DEFRA. For the 2022 reporting travel emissions include most of our activities, whilst some countries are still to be included for future reporting. For 2020 only travelling in Norwegian operations was included.

CONTRIBUTION TO SOCIETY

	Unit	2022	2021	2020	2019	2018
Distribution of value created						
Dividend [1]	NOK mill	17 213	10 214	3 673	6 500	8 500
Taxes [2]	NOK mill	34 341	16 231	4 236	8 263	8 738
Interest	NOK mill	786	523	1 984	669	1 369
Employees	NOK mill	6 804	4 702	4 115	3 503	3 198
The company	NOK mill	10 755	5 309	-354	4 411	4 210

[1] Includes dividend and Group contribution from Statkraft AS to Statkraft SF.

[2] Includes employer's national insurance contribution, regulatory fees and payable income tax expense.

REPORTED CONCERNS COVERING THE SCOPE OF THE CODE OF CONDUCT

	Unit	2022	2021	2020	2019	2018
Total number of reported concerns (whistleblowing) [1]	Number	84	57	46	60	55
Of which related to business ethics and anti-corruption	Number	29	13	11	28	32
Of which related to discrimination	Number	7	3	5	8	2

[1] The scope of the whistleblowing procedures relates to the full scope of Statkraft's Code of Conduct, e.g. human rights, environment, health and safety, business ethics and anti-corruption.

EMPLOYEES AND GENDER EQUALITY

	Unit	2022	2021	2020	2019	2018
Employees per 31 Dec	Number	5 312	4 782	4 467	3 973	3 557
Percentage of women						
Total	%	31	29	28	26	25
In management positions	%	28	28	26	23	21
In Group top management positions [1]	%	33	30	29	28	22
Among new employees	%	41	40	36	38	31
Equal salary [2]						
Salary ratio among employees	Ratio	0.89	0.95	0.94	0.93	0.94
Salary ratio among managers	Ratio	0.97	0.94	0.95	0.92	0.87

[1] Top management positions include CEO, EVPs, and SVPs in the parent company.
[2] Average salary for women related to average salary for men.

HEALTH AND SAFETY

	Unit	2022	2021	2020	2019	2018
Fatal accidents, consolidated operations [1]						
Employees	Number	0	0	0	0	1
Contractors [2]	Number	2	0	2	0	0
Third parties	Number	0	0	0	0	0
Fatal accidents, associated activities [3]						
Employees	Number	0	0	0	0	0
Contractors	Number	0	0	1	0	0
Third parties	Number	0	0	0	0	0
Serious incidents						
Serious injuries [4]	Number	12	7	7	7	7
Incidents and observations with high potential for serious consequences [5]	Number	94	43	14	46	31
Serious injuries per million hours worked [6]	SI Rate	0.4	0.3	0.4	0.3	0.3
Total recordable injuries per million hours worked [5]	TRI rate	4.1	3.6	4.2	4.8	5.3
Sick leave, total	%	3.1	2.4	2.4	2.7	3.3

[1] Activities where Statkraft has > 50% ownership.
[2] In 2022 there was one fatal accident. The accident occurred at the Tidong Hydropower project in India, where two contractor employees lost their lives.
[3] Activities where Statkraft has 20-50% ownership.
[4] Fatalities are included in serious injuries.
[5] Serious injuries not included. High potential observations are included from 2021.
[6] Hours worked are based on actual hours worked, overtime included.

MARKET VARIABLES

	Unit	2022	2021	2020	2019	2018
System price, Nord Pool	EUR/MWh	135.6	62.2	10.9	39.0	44.0
Spot price, European Energy Exchange	EUR/MWh	233.8	96.6	30.4	37.7	44.4
Electricity consumption in the Nordic market	TWh	377	398	378	387	395
Electricity generated in the Nordic market, actual	TWh	410	420	402	388	397
Statkraft's share of Nordic electricity generation	%	15.0	14.6	13.7	13.2	13.8

POWER PLANTS

	Pro-rata[1]		Consolidated plants	
	No. of plants	Capacity (MW)	No. of plants	Capacity (MW)
Hydropower	**363**	**15 541**	**220**	**14 409**
Norway	254	12 503	124	11 535
Sweden	59	1 267	56	1 386
Germany	10	262	10	262
UK	3	49	3	49
Albania	2	269	2	269
Türkiye	2	122	2	122
Brazil	18	259	13	285
Peru	9	448	9	448
Chile	3	209	1	52
Nepal	1	17	-	-
India	2	136	-	-
Wind power	**62**	**1 769**	**59**	**2 115**
Norway	8	662	8	1 046
Sweden	4	546	4	546
Brazil	5	129	5	158
Germany	37	307	37	307
France	4	35	4	35
UK	3	67	-	-
Ireland	1	23	1	23
Solar	**5**	**60**	**4**	**79**
Germany	2	1	2	1
Albania	1	2	1	2
India	1	56	1	76
Netherlands	1	1	-	-
Gas-fired power	**5**	**2 459**	**5**	**2 459**
Germany	5	2 459	5	2 459
Biomass	**2**	**43**	**2**	**43**
Germany	2	43	2	43
Total, power generation	**437**	**19 872**	**290**	**19 105**

DISTRICT HEATING PLANTS

	Pro-rata[1]		Consolidated plants	
	No. of locations	Capacity (MW)	No. of locations	Capacity (MW)
Norway	22	710	22	713
Sweden	4	159	4	159
Total, district heating	**26**	**869**	**26**	**872**

[1] Statkraft equity share in all power plants (pro-rata share of direct and indirect ownership), including those in partly-owned companies.

Alternative Performance Measures

As defined in ESMAs guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Statkraft uses the following APMs:

EBITDA underlying is defined as operating profit/loss (EBIT) underlying before depreciations and amortisations. The APM is used to measure performance from operational activities. EBITDA underlying should not be considered as an alternative to operating profit and profit/loss before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA underlying an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Operating profit/loss (EBIT) underlying is an APM used to measure performance from operational activities.

Items excluded from operating profit/loss (EBIT) underlying:
Statkraft adjusts for the following three items when reporting operating profit (EBIT) underlying:

1. **Unrealised value changes from embedded EUR derivatives**, since they do not reflect how the segment is following up on the results. The EUR exposure in the power sales agreements with the power intensive industry are hedged by entering into currency derivatives or EUR bonds. Hence, the unrealised value changes from the energy (EUR) derivatives are partly offset in Net financial items in the Profit and loss statement.
2. **Gains/losses from divestments of business activities that are not classified as DS/DBS**, since the gains or losses do not give an indication of future performance or periodic performance from operating activities. Such gains or losses are related to the cumulative value creation from the time the asset is acquired until it is sold.
3. **Impairments/reversal of impairments**, since they affect the economics of an asset for the useful life of that asset; not only the period in which the asset is impaired, or previous period's impairments are reversed.

The above items are also excluded from **Gross operating revenues and other income underlying** and **Net operating revenues and other income underlying**. See note 4 in the Group financial statements.

ROACE is defined as operating profit/loss (EBIT) underlying divided by capital employed. ROACE is calculated on a rolling 12-month average and is used to measure return from the operational activities as well as benchmarking performance.

ROAE is defined as share of profit/loss in equity accounted investments, divided by the average book value of the Group's equity accounted investments. ROAE is calculated on a rolling 12-month average. The financial metric is used to measure return from the Group's equity accounted investments as well as benchmarking performance.

Capital employed is the capital allocated to perform operational activities.

Net interest-bearing liabilities is used to measure indebtedness.

Net interest-bearing liabilities - equity ratio is calculated as net interest-bearing liabilities relative to the sum of net interest-bearing liabilities and equity.

Operating profit (EBIT) margin underlying (%) is calculated as operating profit (EBIT) underlying relative to gross operating revenues and other income underlying.

Cost of operations, Nordic hydropower generation (øre/kWh) is an APM that is used to measure the cost of operations per kWh for Nordic hydropower assets in the segment Nordics. Skagerak Energi is not included in this APM, and high-price contribution is also not included. Total operating expenses for these assets are divided by the seven-year average output from Nordic hydropower plants under own management in the segment. Total operating expenses include salaries and payroll costs, depreciations and amortisations, property tax and licence fees and other operating expenses. Net financial items and taxes related to these assets are not included. In addition, the costs related to other technologies in the segment are not included in this APM.

ALTERNATIVE PERFORMANCE MEASURES

NOK million	2022	2021
OPERATING PROFIT/LOSS (EBIT) MARGIN UNDERLYING		
Operating profit/loss (EBIT) underlying, see note 4 in the Group Financial Statements	54 424	26 792
Gross operating revenues and other income underlying	167 513	83 440
Operating profit/loss (EBIT) margin underlying	32.5%	**32.1%**
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING		
Operating profit/loss (EBIT) underlying	54 424	26 792
Depreciations and amortisations	4 657	4 113
EBITDA underlying	59 082	**30 906**
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED		
Intangible assets	4 322	4 112
Property, plant and equipment	122 808	116 521
Inventories (DS/DBS)	4 493	2 965
Capital employed	131 622	**123 598**
Average capital employed [1]	128 453	**119 422**
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)		
Operating profit/loss (EBIT) underlying, rolling 12 months	54 424	26 792
Average capital employed [1]	128 453	119 422
ROACE	42.4%	**22.4%**
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)		
Share of profit/loss in equity accounted investments, rolling 12 months	531	1 686
Average equity accounted investments [1]	15 428	13 941
ROAE	3.4%	**12.1%**
NET INTEREST-BEARING LIABILITIES		
Interest-bearing liabilities, non-current	26 770	21 493
Interest-bearing liabilities, current	16 365	30 426
Cash and cash equivalents incl. restricted cash **(A)**	-58 902	-37 162
Restricted cash **(B)**	332	342
Cash and cash equivalents included in net interest-bearing liabilities **(A+B)**	-58 569	-36 819
Financial investments, current	-629	-661
Net interest-bearing liabilities	-16 063	**14 439**
NET INTEREST-BEARING LIABILITIES-EQUITY RATIO		
Net interest-bearing liabilities	-16 063	14 439
Equity	131 691	107 775
Sum of net-interest bearing liabilities and equity	115 628	**122 214**
Net interest-bearing liabilities - equity ratio	-13.9%	**11.8%**
COST OF OPERATIONS, NORDIC HYDROPOWER GENERATION IN SEGMENT NORDICS (NO) [2]		
Net operating revenues and other income underlying	53 375	39 124
- operating profit/loss (EBIT) underlying	43 042	31 015
Operating expenses, underlying	10 333	8 109
- items in NO not related to Nordic hydropower generation [3]	4 865	3 073
= Cost of operations, Nordic hydropower generation	5 468	5 036
7-year average generation, Nordic hydropower (GWh)	48 945	48 748
= Cost of operations, Nordic hydropower generation in NO (øre/kWh)	11.2	**10.3**

[1] *Average capital employed and average equity accounted investments are based on the average for the last four quarters.*

[2] *Comparable figures have been restated to reflect the new segment structure from the fourth quarter 2022.*

[3] *Includes all operating expenses related to other technologies than hydropower. It also includes operating expenses related to Skagerak Energi and high-price contribution in Norway.*

Statkraft AS
PO Box 200 Lilleaker
NO-0216 Oslo
Tel: +47 24 06 70 00
Visiting address:
Lilleakerveien 6

Organisation no:
Statkraft AS: 987 059 699

www.statkraft.com

Statkraft