Statnett

Electrification for a new era

# Annual and Sustainability Report 2024

Photo: Johan Wildhagen

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# Electrification for a new era

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# Letter from the CEO

## Electrification for a new era

Statnett is responsible for ensuring a secure power supply, enabling the energy transition and value creation in Norway. Consequently, we as a company are facing major and important challenges going forward.

The transition of the Norwegian and European power and energy system is progressing at a rapid pace. In the coming years, electricity consumption in Norway is expected to grow. At the same time, uncertainty in the world around us is increasing. Norway is an elongated and cold country that is also highly digitalised and electrified. A reliable power grid is the backbone to keep Norway running, and Statnett will work to ensure that the energy supply remain secure even in uncertain times.

## Stable power supply and variable prices through 2024

Society is becoming increasingly dependent on electricity to function. At the same time, we are experiencing more frequent extreme weather, and it is critical that the power system is resilient. Security of supply was good throughout 2024, despite several extreme weather events.

Power prices decreased in 2024 in all Norwegian electricity bidding zones compared with 2023, but the price differences between the price areas remain high. Higher volatility in prices is driven by the increasing share of solar and wind power in the Nordic region and Europe. Going forward, we will continue to reinforce our transmission capacity between electricity price areas to balance out price differences and better utilise the resources in the power system.

## New strategy for increased capacity and more robust power supply

The society has high expectations to the power system and Statnett's role. In November, the Board of Directors

adopted a new strategy for the years leading up to 2030. This strategy has three focus areas. Firstly, we will ensure increased utilisation of the existing grid and power system. Grid construction is time and cost consuming and has an impact on nature. Therefore, we must increase utilisation of the existing power system. Flow-based market coupling was introduced in October 2024, allowing us to use the grid more efficiently than before. In 2025, we will introduce automated grid balancing, which is the next step towards the power system of the future.

The second focus area of the strategy is to plan and build the grid and power system faster and more efficiently. Large parts of the existing power grid is reaching their technical lifespan. We also need to strengthen the grid between regions. To deliver on this, we must contribute to positive and open dialogue with the society around us. Statnett's area plans are an important tool in our collaboration with local grid operators, industry and societal stakeholders.

Thirdly, Statnett will enhance resilience and preparedness in operations and development. We are facing an altered global security situation. In addition, a more automated and integrated power system makes us more vulnerable. Moving forward, we must continue to

enhance the resilience of the power grid in partnership with authorities and other Nordic grid operators.

## We will work in an efficient and sustainable manner, while ensuring personal safety

One of the main challenges that Statnett is facing is an extraordinary increase in costs. A considerable rise in supplier prices is making projects more expensive, and the prices of some critical components have multiplied. In 2024, we intensified our work to realise benefits and to streamline our work processes and cut costs.

Sustainability is an integral part of our work. We must protect nature and limit our greenhouse gas emissions. In 2024, Statnett will for the first time report in accordance with the Corporate Sustainability Reporting Directive (CSRD), which ensures that information is transparent, comparable, relevant and reliable. By early assessments and involvement of stakeholders, we ensure positive solutions, efficient project execution and reduced conflict levels.

We are entering a period of increased project activity. This makes it even more important to protect the safety of our personnel. Time, cost and quality will never come at the expense of personal safety.

## Solid underlying result

Statnett's underlying result for 2024 came in at just over NOK 1.2 billion, compared with almost NOK 1.6 billion in 2023. The lower underlying result is primarily due to increased system operating cost. At the same time, permitted revenue increased compared with the previous year. Overall, this contributes to a solid underlying result in 2024.

## The future requires increased energy cooperation

To succeed in the work ahead of us, we are dependent on close and good cooperation with our partners in Norway, the Nordic region and the rest of Europe. In Norway, we must continue to strengthen our cooperation on the development of the power grid with local authorities, industry, businesses, other grid companies and stakeholder organisations. Meanwhile, we will work even more closely with our Nordic neighbours and the rest of Europe.

This is vital to utilise the capacity in the grid as effectively as possible, especially in the face of complex threats.

Together we can contribute to a robust power system, a sustainable energy transition and value creation for future generations.

CEO Elisabeth Vike Vardheim

# Group Management

## Elisabeth Vike Vardheim

**CEO**

Employed since 2007 and a member of Group Management since 2014. CEO since 2024.
Previous experience: Several management positions in development projects, construction client organisations, operational activities and public administration. Responsible for planning, engineering and expansion of the transmission grid in Norway since 2014. Since 2021, also responsible for operation and management of the transmission grid as well as emergency preparedness.
Education/qualifications: Master's in Engineering from the Norwegian University of Science and Technology (NTNU), degree in Business Administration and Master's in Board Governance from BI Norwegian Business School.
Directorships: Board member at Oslobygg KF.

## Håkon Borgen

**EVP Offshore Development**

Employed in 1995 and a member of Group Management since 2004.
Previous experience: Group management positions at Statnett and management positions at BKK. Project owner for international interconnector projects.
Education/qualifications: Master's in Engineering from the Norwegian University of Science and Technology (NTNU) and Technische Hochschule Darmstadt (THD) in Germany. Further management studies at IMD.
Directorships: Board member at Fred. Olsen Windcarrier (FOWIC).

## Anne Wilhelmine Flagstad

**EVP People & Sustainability**

Employed and a member of Group Management since 2022.
Previous experience: Former HR Director at Telenor Denmark and Telenor Norway. Management positions and experience as a consultant and researcher in the field of organisation and HR in Norway and internationally.
Education/qualifications: Master's in Sociology from the University of Oslo and PhD in Strategy and Organisation from BI Norwegian Business School. Further education in digital transformation and management from IMD.

# Group Management

## Christian Færø

**Acting EVP Grid & Asset Management**

Employed since 2009 and a member of Group Management since 2024.

Previous experience: Background in administration and the consultancy industry, project management and leadership positions in construction projects, construction client organisations and operational activities. Director of operational preparedness since 2021.

Education/qualifications: Master's in Resource Economics and Land Planning from the Norwegian University of Life Sciences (UMB). Postgraduate studies in Pedagogics and Psychology at the Norwegian University of Science and Technology (NTNU), and Risk & Project Management at SBS.

Directorships: Chairman of the Board of Nordlink Norge AS.

## Beate Sander Krogstad

**EVP Digital & IT**

Employed since 2009 and a member of Group Management since 2019.

Previous experience: Background in the consultancy industry, multiple leadership and directorship positions at Statnett.

Education/qualifications: Master's degree in Physics and Mathematics from the Norwegian University of Science and Technology (NTNU) and postgraduate studies in international management from the FGV Foundation in Rio de Janeiro, Brazil.

Directorships: Board member at Helse Vest IKT, Elbits, Fifty AS and Digital Norway – Toppindustrisenteret.

## Cathrine Lund Larsen

**CFO and EVP Finance & Corporate Affairs**

Employed and a member of Group Management since 2022.

Previous experience: Background in consulting industry and various management positions at Statkraft and DNB.

Education/qualifications: Master's in Business and Economics (*Siviløkonom*) from the Norwegian School of Economics (NHH) and board competence from BI Norwegian Business School.

Directorships: Board member at Shearwater GeoServices

# Group Management

## Gunnar G. Løvås

**EVP Markets and System Development**

Employed as a member of Group Management since 2019, and previously from 2007 to 2014.
Previous experience: Deputy Director General and member of Group management at the Norwegian National Rail Administration. Experience as an independent consultant. Over 25 years of experience at Statnett in various roles.
Education/qualifications: Master's in Engineering from the Norwegian University of Science and Technology (NTNU) and a Doctorate in Mathematical Statistics from the University of Oslo.
Directorships: Chairman of the Board of Elhub AS and Board member at Globeleq Ltd.

## Ingeborg Øfsthus

**EVP Technology and Transformation**

Employed and a member of Group Management since 2024.
Previous experience: Extensive leadership experience as CTO and CEO in various parts of the Telenor Group, including in Thailand, Serbia and Norway. Was Nordic CTO at Telenor immediately prior to joining Statnett.
Education/qualifications: Master's in Engineering in Electronics from the Norwegian University of Science and Technology (NTNU).
Directorships: Board member at Sykehuspartner.

## Peer Olav Østli

**EVP System Operations**

Employed and a member of Group Management since 2007.
Previous experience: Director at Telenor, Schibsted Nett and Scandinavia Online AB. Head of Technology at NRK.
Education/qualifications: Master's in Computer Science and postgraduate studies in management from Henley Business School in the UK.
Directorships: Board member at Fifty AS.

# Statnett's Board of Directors

## Nils Kristian Nakstad

**Board member since 2022, Chair since 2022.**

Chair of the Remuneration Committee.

Previous experience: CEO of Enova since 2008, researcher and Head of Section at SINTEF, in addition to positions at Norsk Hydro, Trondhjem Preserving and Revolt Technology.

Directorships: Member of several different boards and committees. Chaired the government-appointed Power Grid Committee and was a member of the Energy Committee.

## Wenche Teigland

**Board member since 2020. Elected Deputy Chair in 2022.**

Head of the Audit Committee.

Previous experience: CEO of Fount AS since 2023. EVP at BKK 2006–2020. Also served as CEO of Naturgass Vest and held management positions at Shell/Gasnor, Aibel and Aker Engineering.

Directorships: Enova, Wergeland Group, Really AS and Aragon AS.

## Egil Gjesteland

**Board member since 2012.**

Head of the Project Committee.

Previous experience: Eier Gjesteland Consulting. Project consultant, IT Director and Project Director for a number of Equinor's oil and gas projects.

## Steinar Jøråndstad

**Employee-elected Board member since 2004, employee since 1980.**

Member of the Project Committee.

Previous experience: Team coordinator in Grid Infrastructure North and East at Statnett. Chairs Statnett's Working Environment Committee. Branch Convenor of the Norwegian Electrician and IT Workers Union.

## Børre Langgård

**Employee-elected Board member since 2024, employee since 2014.**

Member of the Remuneration Committee.

Previous experience: Senior construction manager, substation construction management, member of the Statnett Working Environment Committee. Leader at NITO Statnett. Prior to working at Statnett, management of infrastructure projects since 1994.

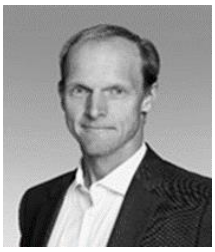
# Statnett's Board of Directors

## Ingeborg Ligaarden

**Employee-elected Board member since 2020, employee since 2015.**

Member of the Audit Committee.

Previous experience: Head of Section for Data Science at Statnett. Previously senior consultant at LR Consulting/Scandpower and a researcher at SINTEF. Experience from key elected positions with Tekna – the Norwegian Society of Graduate Technical and Scientific Professionals.



## Christian Reusch

**Board member since 2020.**

Member of the Remuneration Committee.

Previous experience: Lawyer with the Attorney General's Office, Specialist Director at the Office of the Prime Minister, Lawyer/Partner at the law firm Advokatfirmaet Simonsen Vogt Wiig.

## Maria Sandsmark

**Board member since 2013.**

Member of the Project Committee.

Previous experience: Researcher at Møreforskning and ECON Analyse. Has also lectured on the environment and resource economy at Molde University College.

Offices: Member of the government-appointed Expert Committee to review the cost-benefit analysis framework for public measures (2011).

## Hilde Singsaas

**Board member since 2022.**

Member of the Audit Committee.

Previous experience: Director of the Norwegian Environment Agency from 1 March 2025, Director of the Norwegian Agency for Public and Financial Management, former Director of the employers' organisation Spekter, Director of Communications at Norges Bank, consultant at ECON Analyse, Secretary of State at the Norwegian Ministry of Finance and the Prime Minister's office.

# Financial key figures

For definitions, see the section on alternative performance measures (APM) towards the end of this report.

For information about how Statnett is regulated, see the section headed "Financial regulation of Statnett".

| **Key figures** *(Amounts in NOK million)* | **2024** | **2023** | **2022** |
|---|---|---|---|
| **Accounting profit/ loss** | | | |
| Operating revenue | 18 961 | 11 600 | 22 993 |
| EBIT | 4 621 | -1 547 | 8 433 |
| Net profit/loss for the year | 1 720 | -2 617 | 5 949 |
| **Adjustments** | | | |
| Change in accumulated higher/lower revenue (-/+) before tax | -644 | 5 387 | -6 868 |
| Change in accumulated higher/lower revenue (-/+) after tax | -502 | 4 202 | -5 357 |
| Accumulated higher/lower revenue (-/+) after tax | -3 537 | -3 035 | -7 237 |
| **Net profit for the year (adjusted for change in higher/lower revenue)** | | | |
| Underlying operating revenue | 18 317 | 16 987 | 16 125 |
| Underlying EBIT | 3 977 | 3 840 | 1 565 |
| Underlying net profit for the year | 1 218 | 1 585 | 592 |
| **Key figures balance sheet** | | | |
| Investments (additions, assets under construction and construction interest) | 7 619 | 6 078 | 4 985 |
| Total assets | 105 533 | 90 303 | 87 184 |
| **Financial key figures** | | | |
| Adjusted EBITDA | 8 124 | 1 744 | 11 503 |
| Adjusted Underlying EBITDA | 7 480 | 7 131 | 4 635 |
| Regulatory asset base (RAB) and assets under construction | 82 958 | 79 041 | 76 118 |
| EBIT to RAB and assets under construction | 5,7 % | -2,0 % | 11,2 % |
| EBIT to RAB and assets under construction, underlying | 4,9 % | 4,9 % | 2,1 % |
| Equity ratio | 24,1 % | 26,7 % | 30,9 % |
| Equity ratio, underlying | 20,8 % | 23,3 % | 22,6 % |
| Funds from operations to net debt | 12,2 % | -0,9 % | 26,0 % |
| Funds from operations to net debt, underlying | 10,2 % | 9,9 % | 7,7 % |
| Standard & Poor’s and Moody’s Investors Service long term ratings | A+ / A2 | A+ / A2 | A+ / A2 |

# Board of Directors' Report


Photo: Filip Slisko

# Performance and outlook

**Stable power supplies despite severe weather**
In 2024, operational performance was characterised by few incidents, and we experienced stable and efficient operation of the power system. The extreme weather event, named Storm Ingunn by Norwegian meteorologists, caused interruptions to the power supply in early February. Beyond this, only short-term faults occurred, without significant consequences for the power supply.

**Improved energy balance and lower electricity prices**
The hydrological balance remained relatively normal throughout 2024. Reservoir levels were below average in the first part of the year, particularly in bidding zones NO3 and NO4. By the end of the year, reservoir levels across all bidding zones in Norway were above normal.

Electricity prices in Norway were lower across all bidding zones at the end of 2024 compared with the beginning of the year. This decline was driven by lower electricity prices on the continent and in the UK, combined with a surplus in Norwegian power production. However, price fluctuations increased throughout the year, primarily due to a higher share of variable power production in Europe.

Throughout the year, electricity prices in Northern Norway and Central Norway were lower than in South Norway. At times in 2024, there were price differences between Southern Norway (NO2) and the two other bidding zones in South Norway (NO1 and NO5), due to limited grid capacity to equalise prices.

**Power exchange**
Total power production in Norway increased by 3 TWh to 157 TWh in 2024. Consumption increased correspondingly from 136 TWh in 2023 to 139 TWh in 2024. There has been significant exchange with other countries in 2024, totalling 32 TWh in exports and 14 TWh in imports. In 2024, as in 2023, the largest power exchange was with Sweden, the majority being imports.

**Increased grid utilisation**
In October, Statnett and the other Nordic TSOs implemented flow-based market coupling in the day-ahead market. This significant transition is expected to enhance and optimise the utilisation of the power system.

**Major initiatives implemented in 2024**
During 2024, Statnett has actively worked on improving the utilisation and capacity of existing facilities. This has been achieved through several major initiatives. The implementation of flow-based market coupling has led to more accurate signals in the grid, better utilisation of the power system and more uniform prices across bidding zones. Automation of system operations will continue into 2025. In addition, we have entered agreements for non-firm connections to enhance flexibility and improve power system utilisation. We are in the final stages of establishing agreements that will enable non-firm connections for regional grid companies. This work comes in addition to technical efforts to optimise the capacity of the grid.  Increasing voltage by overloading transformers and temperature upgrades of power lines are measures to transfer more electrical power through the grid.

Statnett's grid development area plans are a strategic roadmap that outline necessary actions to address investment needs in the grid. These plans are prepared in close cooperation with the regional grid companies and underpin the choice of concepts, solutions and further project development. In the autumn of 2024, new versions of two grid development area plans were updated, with the remaining plans scheduled for revision in the first half of 2025. As part of this work, we have conducted several dialogue meetings with stakeholders in the various regions. which have been well received.

Statnett's project portfolio continued to grow in 2024. Statnett plans to more than double the investments in the grid and power system over the next ten years compared

to the previous decade. Most projects are in the early stages, and as of Q4 2024, we have 211 active projects in the grid infrastructure portfolio, up from 160 projects in 2023. The portfolio is impacted by uncertainty related to both licenses and permits, as well as increased cost due to high demand in the supply chain. Statnett invested a total of NOK 7,619 million in 2024, up from NOK 6,078 million in 2023. The largest investments are tied to the grid development area plans for 1) Central Norway, 2) Telemark and Vestfold and 3) South Rogaland and Agder.

To manage more variable electricity production and flexible consumption, digital and other innovative solutions are becoming increasingly important. The most significant delivery in 2024 was the introduction of flow-based market coupling.

The government has ambitions to allocate areas for 30 GW of offshore wind by 2040. Statnett will prepare the onshore power system to integrate potential offshore wind developments. In 2024, Statnett conducted a grid study for Sørvest F, which was submitted to the Ministry of Energy in February 2025. The study facilitates the Energy Department's ability to determine the grid concept prior to a potential offshore wind announcement.

## A changing world

The world around us is changing and Statnett is affected by several key factors.

**Geopolitical instability**

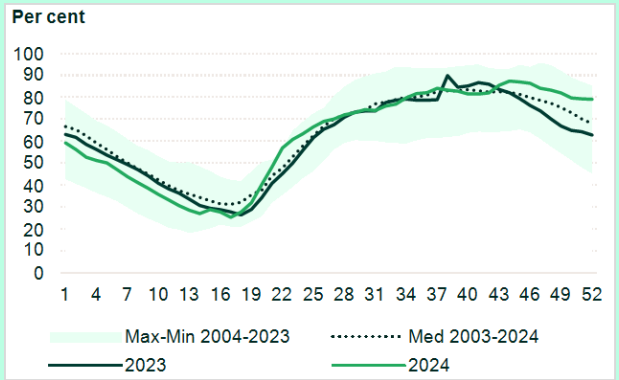
Geopolitical tensions continue to shape the international landscape, increasing uncertainty regarding global security and trade. This has led to increased risk and enhanced focus on energy security and self-sufficiency in Europe and Norway.

**European energy transition continues at a rapid pace**

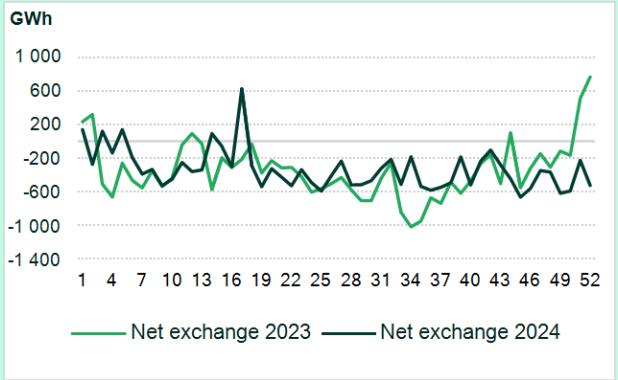
In Europe, the energy transition continues at a rapid pace, particularly the development of renewable power production. Statnett's Long-Term Market Analysis 2024–2050 points to significant growth in renewable power production across Europe, while expansion in Norway remains limited, with few planned developments before 2030. Electricity consumption is expected to grow both in Norway and in Europe, although some of this growth may occur later than projected in previous analyses.

Norwegian electricity consumption has remained relatively stable in recent years, but there has been a surge in new plans for establishment of new consumption. Increased consumption without corresponding growth in power production will weaken the energy and power balance. Without new power production, the growth in consumption will be limited. At the same time, electrification and new industries remain driving forces behind the ongoing backlog in grid connection. In 2024, Statnett reserved a total of 4,989 MW for consumption and production, up from 3,387 MW in 2023.

**Norwegian reservoir water levels – per week**




**Net power exchange in Norway per week**



**A challenging supplier market**
Shifts in geopolitical conditions affects the global supply chains and causes uncertainty and potential vulnerability. Europe is reinforcing and expanding its transmission grid, and this leads to high demand, long lead times for components and raw materials, and increased prices.

**Statnett promotes responsible project execution**
The demands from society to preserve nature, people and local communities are continuously evolving. Valuation of nature and involvement of stakeholders at an early stage, is necessary to reduce risk of conflict and enhance efficiency in project execution. Different considerations prolong the duration of permitting processes.

**An integrated power system**
The Norwegian power system is closely integrated with the Nordic and Northern European systems through physical and digital connections and the common electricity market. Shifts in the European system will affect the Norwegian, and vice versa. An increased share of intermittent and renewable power leads to a more volatile power system that is challenging to regulate and changes its technical characteristics. This creates challenging operational conditions in the power system and calls for automation applications and systems along with proper electricity market mechanisms.

## A new strategy to address changes

In order to adapt to changes and meet societal expectations, Statnett has refined its strategy to ensure that we focus on our most critical tasks. The strategy emphasises three key areas: Increase utilisation of existing grid and power system, construct the grid and power system faster and more efficiently and enhancing resilience and preparedness in operations and development. While working on these focus areas, we will maintain cost efficiency without compromising on sustainability and safety. We will prioritise starting the right projects at the right time and deliver socio-economically profitable solutions. This must be achieved in accordance with our financial capabilities. The new strategy was approved by the Board of Directors in November 2024.

**Increased utilisation of existing grid and power system**
Grid construction is time- and cost-consuming. Increased prices and lead times on critical components calls for increased utilisation of an already highly utilised infrastructure and power system. Increased grid utilisation involves both upgrades to facilities and changes in system operations. The development and deployment of digital tools are essential to achieve this. More efficient market solutions will improve the power system utilisation.

**Construct the grid and power system faster and more efficiently**
Increased utilisation of the existing grid will not be sufficient to meet expected power consumption. To accommodate the expected consumption growth, the grid must be expanded. Even though the increased power consumption is growing more slowly than earlier anticipated, there is still an urgent need to upgrade and expand the grid. Increased capacity in the grid will also help equalise price differences between regions. Our project portfolio is larger than ever. This requires high efficiency in project execution and the ability to implement the right measures, both digital and physical, in a timely and cost-effective manner. Many of Statnett's facilities are approaching the end of their expected technical lifespans. The need for reinvestment in the grid is therefore substantial. In addition, we must prepare the power system for offshore wind integration.

To increase the pace of development, we must standardise and take a holistic view of the project portfolio, both in terms of planning and execution. At the same time, we must ensure sustainable use of materials, involvement of local communities and stakeholders as well as minimizing the environmental impact.

**Enhance resilience and preparedness in operations and development**
A resilient and robust power grid is the backbone of the power system. Investments in digitalisation, system upgrades and security applications lead to a more robust grid. At the same time, a more dynamic, automated and integrated power system also increases vulnerabilities and challenges our ability to maintain normal operations. In addition, the global security situation has become more tense. As a result, Statnett must enhance resilience

and preparedness both in terms of cybersecurity and physical resilience, as well as preparedness in operations.

## Research and innovation are crucial to a sustainable, efficient and secure power system

Statnett is making significant efforts in research, development and innovation. This is done through projects with external partners and funding from institutions such as the Research Council of Norway and the EU. The portfolio consists of 69 R&D projects. Examples of project outcomes include solutions for offshore wind grid connections (Grønn Plattform Ocean Grids), the foundation for building digital substations (IPN EcoDis) and more data-driven power system operations (IPN NEWEPS). Statnett is a partner in major EU projects such as Mission, which develops SF6-free circuit breakers and InterOpera, which addresses the interoperability of HVDC facilities. The new project MaksGrid is developing solutions to increase power system capacity.

## Statnett strengthens sustainability efforts

From 2024 onwards, Statnett's sustainability report forms part of the Board of Directors' Report. For the first time, Statnett is now reporting in accordance with the new requirements of the Norwegian Accounting Act, including the EU Corporate Sustainability Reporting Directive (CSRD) and the accompanying European Sustainability Reporting Standards (ESRS). See Part 2 of the Board of Directors' Report for the sustainability report.

Statnett's work on the duty to engage actively in equality work and the duty to issue statements is described on statnett.no. Statnett's work on due diligence in accordance with the Norwegian Transparency Act is included in the sustainability report. For more information, see statnett.no

In 2024, there was an increase in the number of incidents involving the potential for serious injury. This increase was related to electrical safety and transport. All incidents have been investigated and followed up. On Sunday, March 16, 2025, a significant oil spill was discovered from the decommissioned Hamang transformer station in Bærum municipality. The circumstances surrounding the incident are not clear at the time of publication of the Annual and Sustainability Report, and follow-up is being conducted according to current procedures.

The total sickness absence rate at Statnett remains at a stable, low level and was 4 per cent at the end of 2024, which is the same as the previous year.

## Financial performance

Statnett's operating revenue is regulated by the Norwegian Energy Regulation Authority (RME), which sets a cap on permitted revenue. Reported revenue may deviate from permitted revenue in individual years but must align with permitted revenue over time. The underlying result is based on permitted revenue and the difference between reported and underlying results is referred to as higher/lower revenue.

The Group made a consolidated underlying profit of NOK 1,218 million in 2024, a decrease of NOK 367 million from NOK 1,585 million in the previous year. The underlying operating profit was NOK 3,977 million, compared with NOK 3,840 million in 2023. Improvement in the underlying operating profit is primarily due to an increase in permitted revenue.

The reported net profit for 2024 was NOK 1,720 million, compared with a net loss of NOK 2,617 million in the previous year. The increase in the reported net profit is primarily due to higher tariff and congestion revenue, as well as lower extraordinary repayments to grid owners compared with the previous year. The positive result was partially offset by higher costs.

The reported operating profit for 2024 was NOK 4,621 million, up from an operating loss of NOK 1,547 million in 2023.

**Operating revenue**
The Group recognised operating revenue of NOK 18,961 million in 2024, compared with NOK 11,600 million in

2023. Tariff revenue increased by NOK 4,282 million, from NOK 3,110 million in 2023 to NOK 7,392 million in 2024, due to the reintroduction of the fixed portion of the transmission charge.

Congestion revenue also increased compared with the previous year due to higher cross-border power exchange. Congestion revenue from international interconnectors increased by 30 per cent, while internal congestion revenue in Norway decreased by 20 per cent due to smaller price differences between Norwegian bidding zones. Due to high congestion revenue, NOK 781 million was paid in compensation to underlying grids in 2024, compared with NOK 2,568 million in 2023.

All in all, this resulted in Statnett receiving higher revenue of NOK 644 million in 2024, compared with lower revenue of NOK 5,387 million in 2023. At the close of 2024, Statnett had accumulated higher revenue amounting to NOK 4,535 million. Accumulated higher or lower revenue is not recognised in the balance sheet under the IFRS accounting standard. See Note 4 on operating revenue and the section on the financial regulation of Statnett for further details.

**Operating expenses**

The Group's operating expenses in 2024 amounted to NOK 14,341 million, up from NOK 13,147 million in 2023. A significant portion of this increase is due to ancillary services, driven by higher volumes and prices in new reserve markets. Costs relating to transmission losses decreased compared with last year because of lower electricity prices.

Increased activity in the company resulted in other operating expenses being higher, mainly due to an increase in staffing, a greater need for studies in early-phase projects and expanded site operations. Furthermore, there were increased costs associated with the expansion of digital infrastructure and digital services.

**Financials**

The Group's net financial items were NOK -2,432 million, compared with NOK -1 815 million in 2023. The rise in interest expenses was driven by higher interest rates and an increase in average net debt.

**Cash flow and balance sheet**

The Group generated a net cash flow of NOK 4,495 million in 2024, compared with NOK 318 million the year before. Cash flow from the Group's operational activities increased compared with the previous year, mainly due to higher congestion- and tariff revenues, as well as lower repayments to grid owners.

The net cash outflow from investing activities increased significantly compared with the previous year, mainly due to increased activity in the grid infrastructure portfolio and the purchase of fixed income funds.

The change in liquidity from financing activities includes the net effect of the repayment of NOK 5,554 million in interest-bearing debt and the raising of new debt amounting to NOK 13,367 million. In addition, a dividend of NOK 793 million was paid.

In March 2025, just prior to the publication of the Board of Directors' Report, a NOK 4,813 (EUR 500 million) bond was repaid. Furthermore, in March 2025, a NOK 1,000 million commercial paper with a tenor of 3 months was issued.

Statnett SF has a high credit rating. Standard & Poor's and Moody's Investor Service have assigned Statnett SF long-term credit ratings of A+ and A2, respectively. This strong credit rating provides Statnett SF with favourable borrowing opportunities.

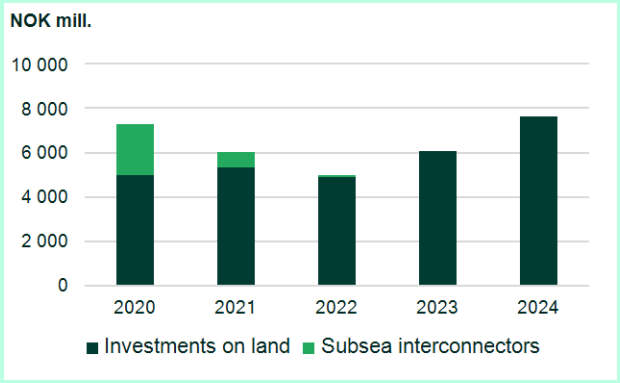
The Group's total assets rose to NOK 105,533 million in 2024, compared with NOK 90,303 million in 2023. Interest-bearing debt increased from the previous year, mainly due to new loans, reaching NOK 67,563 million in 2024, up from NOK 55,699 million in 2023. Equity increased by NOK 1,363 million to NOK 25,482 million at year-end 2024, compared with NOK 24,118 million in 2023.

The Group's equity ratio decreased from 26.7 per cent in 2023 to 24.1 per cent in 2024. Adjusted for higher revenue, however, it dropped from 23.3 per cent to 20.8 per cent.

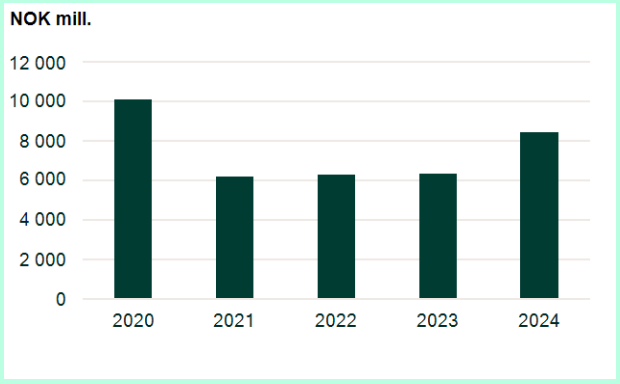
**Investments and grid facilities put into operation**
Statnett invested a total of NOK 7,619 million in 2024, up from NOK 6,078 million in 2023. The investments included both completed and ongoing grid infrastructure projects, the purchase of grid facilities and digital development.

Investments in grid infrastructure have increased because of major projects in the execution phase and projects relating to the upgrading of existing facilities. In 2024, Statnett completed several major grid investments in Oslo and Akershus, Nordland and Central Norway.

**Investments Statnett, Group**




**Facilities under construction, Group**




## Statnett's social mission

Statnett owns and is responsible for developing and operating the transmission grid in a socio-economically beneficial manner. We must ensure that production and consumption of electrical power always are in balance.

Statnett must ensure a good security of supply, a well-functioning power market and socio-economically beneficial development of the grid. The benefit for society of the chosen solutions must exceed their costs and disadvantages.

Statnett aims to fulfil its social mission effectively in a manner that will create value over time. We will act in a responsible and sustainable manner, in line with the Norwegian government's expectations as our owner. These expectations are communicated through the White Paper on Ownership Policy, the state's climate goals and targets for increased power production and new business activities.

Significant decisions regarding system operation and grid development are based on socio-economic calculations. The company reports annually to the Ministry of Energy on the achievement of the government's public policy goals using key indicators for:

- Security of supply
- Reserved capacity
- Price differences
- Cost development

These indicators demonstrate how Statnett contributes to the government achieving its public policy goals. In overall, the indicators reflect the relationship between cost and benefit for the society.

Some of the indicators are affected by external factors that Statnett does not fully control, such as security of supply and price differences. Therefore, the indicators should be followed over some time to see trends.

For 2024, Statnett has delivered according to or above the ambition. Security of supply has been good and Statnett has reserved significant amount of capacity on behalf of its customers. There has been a decrease in price differences from 2023 to 2024, which for the last year was primarily affected by changes in the nominal price level. In the long term, Statnett is working to build more capacity in the grid to reduce congestion and to even out the price differences between bidding zones within Norway. However, it is not necessarily a goal to remove all congestion in the grid, as it is not socially beneficial

and responsible development of the power grid to build it completely without congestion.

As for Statnett's cost development, this is at the same level as last year. Going forward, we expect that costs will increase more than the sum of consumption and production, partly due to significant price increases in both operation and development of the grid. Statnett aims to limit negative cost development going forward. For an overview of the indicators with definition, ambition and results, please refer to the chapter for other information and indicators for public policy goals.

**Key intangible assets**

Statnett's most critical intangible asset is its role as the owner and operator of Norway's transmission grid. Licence is required to own and develop the transmission grid, and Statnett's revenues are therefore regulated. Statnett also serves as the system operator for the Norwegian power system – a role that is assigned and regulated through regulations. Statnett's employees, with their expertise and experience, are also an intangible asset that is crucial to the company's operations.

## Corporate management, risk and internal control

Statnett adheres to the recommendations of the Norwegian Code of Practice for Corporate Governance (NUES) to the extent relevant for state-owned enterprises and aligns with the state's principles for corporate governance. For further details about corporate management at Statnett and the Board's roles and responsibilities, please see the chapter on corporate management in the annual and sustainability report.

Sound risk management and a high level of emergency preparedness are critical to maintain reliable operation of the transmission grid. The biggest risks relate to personnel safety, physical and digital security, security of supply, portfolio risk, sustainability, and financial and framework conditions.

For information on financial risk, please refer to the Financial Risk section in the Risk Management and Internal Control chapter of the annual and sustainability report. Also, see note 15 on Derivates and Hedge Accounting for information on Statnett's financial derivate contracts.

The framework for risk management and internal control builds on the recommendations issued by NUES and the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and on guidelines for risk management given in ISO 31000 Risk Management. Risk management also complies with guidelines given in ISO 55001, Asset Management.

For further details, please see the section on risk management and internal control in the annual and sustainability report.

## Organisation

At the end of 2024 the Group had 2,155 employees. Statnett is headquartered in Oslo and has administrative offices in Alta, Trondheim, Sandnes, Bergen and Sunndalsøra. In addition, we have several assembly points nationwide. The Group's activities are organised in six business areas and two Group-wide support functions. See notes 20 and 22 for further information on subsidiaries.

## Outlook

Statnett has developed a strategy that is addressing the challenges facing the company. Geopolitical tensions, increased uncertainty related to the energy transition, a demanding supplier market, significant reinvestment needs in the grid, responsible transition efforts and an integrated power system will continue to shape the company's operations.

The power grid is critical infrastructure and even short interruptions can have significant consequences for essential societal functions. Consequently, digital and physical security, a robust power grid, and the ability to restore systems in case of outages is crucial.

The green transition depends on broad public support, both globally and locally. Moving forward, a responsible energy transition will be crucial in navigating a complex market characterised by high demand, global supply

chains and supply chain uncertainties. Strategic supplier partnerships will be increasingly important to ensure coexistence and mitigate the risk of human rights violations. Climate change remains one of the greatest challenges of our time. Ensuring energy security requires making our facilities resilient to climate change and more frequent extreme weather events.

## Changes to the Board and management throughout the year

In connection with election of employee-elected Board members in June 2024, Rolf Korneliussen stepped down from the Board. Børre Langgård was elected as a new employee-elected Board member at the same time.

Elisabeth Vike Vardheim took up office as CEO on 1 November 2024. She had been acting CEO from 1 June 2024 following Hilde Tonne. The Board extends its gratitude to Hilde Tonne for her contributions over three years as CEO.

## The Board thanks all employees

The Board would like to thank all Statnett's employees for their outstanding effort in 2024 in ensuring electricity supply during storms and adverse weather conditions, as well as operating and developing the system during a period of significant changes in the power sector.

## Directors and Officers (D&O) liability insurance

Statnett SF has taken out liability insurance for directors and officers at both Group and subsidiary level. See Note 20 for further details. This insurance covers the personal liability that Board members or CEOs may incur in connection with the exercise of their offices. It also covers employees who incur an independent management liability. The D&O liability insurance is placed with insurers with a solid rating.

## Allocation of profit for the year

The Group made a net profit for the year of NOK 1,720 million in 2024. The parent company recorded a net profit for the year of NOK 1,479 million.

In line with the government's national budget for 2024, it is proposed that the dividend for 2024 equal 50 per cent of the dividend basis. The dividend basis is defined as the Group's net profit/loss for the year, adjusted for the change in the year's post-tax higher/lower revenue. In 2024, the dividend basis and the underlying profit were NOK 1,218 million. The proposed dividend is consistent with the adopted dividend policy for the company and is deemed reasonable based on Statnett's equity and liquidity. At the end of 2024, the company had total equity of NOK 25,482 million (24.1 per cent), while equity adjusted for higher/lower revenue totalled NOK 21,945 million (20.8 per cent). Accordingly, the Board proposes the following appropriation of the parent company Statnett SF's net profit for the year (figures in NOK million):

| | |
|---|---|
| Proposed dividend | 609 |
| Transferred to other equity | 870 |
| Total allocations | 1 479 |

In accordance with Section 2-2 (8)(1) of the Norwegian Accounting Act, the Board confirms that the annual financial statements have been prepared in accordance with the going concern assumption.

# Sustainability report

Photo: Pål Bentdal

# Contents

# Summary

Societal expectations regarding the protection of nature, people and climate are increasing. At the same time, national and international authorities are tightening requirements for how we work with and report on sustainability. Investors also demand more transparent, relevant, comparable and reliable information. This is the background for the new sustainability reporting rules in the Norwegian Accounting Act, following the incorporation of the Corporate Sustainability Reporting Directive (CSRD), which forms the basis for the Annual and Sustainability Report for 2024.

### Reader's guide

- The report begins with an overview of the process for identifying Statnett's material sustainability topics and how governance systems and strategy address these topics. This is covered in the first chapter, European Sustainability Reporting Standards (ESRS) 2, General disclosures.
- The report then proceeds into three sections: Climate and Environment, People and Governance (corresponding to ESG).
- Within these three sections, we have included our eight material topics. The reporting on these material topics outlines how they are considered in strategy, governing documents, actions and targets.
- Many of the requirements in the topical standards are consolidated in ESRS 2, and the topical standards frequently refer to disclosures in ESRS 2.

### Our material sustainability topics

Given Statnett's social mission, footprint and company size, Statnett has impacts, risks and opportunities across several sustainability topics. Statnett has identified eight material sustainability topics:

**Climate and the environment**
E1 Climate change
E2 Pollution
E4 Biodiversity and ecosystems
E5 Resource use and circular economy

**People**
S1 Own workforce
S2 Workers in the value chain
S3 Affected communities

**Governance**
G1 Business conduct

## Summary of the report

### ESRS 2 General disclosures

In line with the Norwegian Accounting Act and CSRD, Statnett is required to report only on information related to the company's material sustainability topics. Therefore, in 2024, Statnett conducted a comprehensive double materiality assessment (DMA) to identify which topics are material for the company. These material topics will be further integrated into Group strategy, risk management and governing documents.

**Examples of results 2024:**

- Identified eight material topics: climate change, pollution, biodiversity and ecosystems, resource use and circular economy, own workforce, workers in the value chain, affected communities and business conduct

**Examples of actions 2024:**

- Strategy and governing documents updated
- Internal control procedures strengthened

**The way forward:**

- Update DMA
- Improve reporting in line with CSRD requirements

## EU taxonomy for sustainable activities

The EU taxonomy is a classification system for sustainable economic activities. The environmental objectives defined in the taxonomy align with the sustainability topics related to the environment in CSRD, and taxonomy reporting is an integral part of the sustainability report.

**Examples of results 2024:**

- 100 per cent of Statnett's operational and capital expenditures were taxonomy-aligned
- 99.8 per cent of Statnett's revenue was taxonomy-aligned in 2024

**Examples of actions 2024:**

- Activities assessed against taxonomy criteria. No relevant changes for 2024

**The way forward:**

- Continuously improve Statnett's management of sustainability topics to maintain a high proportion of taxonomy-aligned activities

## E1 Climate change

The green transition gives Statnett the opportunity to contribute to electrification, strengthen the focus on optimising the existing grid and develop new technology. At the same time, Statnett is planning significant cuts to its own greenhouse gas emissions going forward, from material use to grid development, construction activities, sulphur hexafluoride ($SF_6$) leaks, grid losses and interventions in carbon-rich nature, among other areas. Climate change increases the physical risk to our infrastructure, which must be managed.

**Examples of results 2024:**

- 26 per cent reduction in total greenhouse gas emissions compared with 2023, mainly due to fewer new energised grid facilities in 2024. We expect an increase in new energised grid facilities in the coming years

**Examples of actions 2024:**

- Inclusion of carbon pricing tested in the procurement of construction services
- Climate requirements established in procurements
- Steps taken to reduce the use and emissions of $SF_6$ gas

**The way forward:**

- Develop a transition plan with science-based targets

## E2 Pollution

Pollution contributes to the worsening of the nature crisis on a global scale. Pollution is strictly regulated and essentially prohibited in Norway. Statnett's extensive construction work and operation of oil-insulated transformer

stations across the country entail an inherent risk of unintended pollution, particularly in the potential incident of water pollution.

**Examples of results 2024:**

- Zero serious pollution incidents in 2024[1]

**Examples of actions 2024:**

- Decision to remediate oil cables using bacterial technology, installation of pollution barriers on old transformers and implementation of remedial actions during construction phases

**The way forward:**

- Continue and further develop preventive measures against pollution, as well as improve data access

## E4 Biodiversity and ecosystems

Nature, ecosystems and the services they provide form the foundation of value creation in society, but nature is under pressure. Statnett impacts nature through land use, construction activities and adopted solutions.

**Examples of results 2024:**

- No new energised grid facilities in wilderness areas
- 0.033 $km^2$ vulnerable or valuable natural areas affected by energised facilities

**Examples of actions 2024:**

- Goal of documenting the use of the mitigation hierarchy in projects included in Statnett's target management
- Contributed to the development of a project-based natural capital accounting method
- Tested competition on land use in procurement tender process

**The way forward:**

- Implement closer target tracking in projects and strengthen the management of nature impacts in the value chain

## E5 Resource use and circular economy

Our business has the power to influence people, climate, and nature – both positively and negatively – through our approach to project planning, the materials we purchase and how we dispose of waste. It is a priority for Statnett to contribute to more circular material flows going forward.

**Examples of results 2024:**

- Source separation rate for waste of 96 per cent
- 72 per cent reduction in materials consumption compared with 2023, mainly due to fewer new energised grid facilities in 2024. We expect an increase in new energised grid facilities in the coming years

**Examples of actions 2024:**

- Resold technical equipment
- Set requirements for recycled steel in procurements

**The way forward:**

- Continue and further develop actions for circular material flows

[1] On Sunday, March 16, 2025, a significant oil spill was discovered from the decommissioned Hamang transformer station in Bærum municipality. The circumstances surrounding the incident are not clear at the time of publication of the Annual and Sustainability Report, and follow-up is being conducted according to current procedures.

## S1 Own workforce

Our employees are the foundation of our business, and their well-being and engagement are crucial to the organisation's success. Promoting equality, diversity and inclusion is a strategic advantage. Our work entails inherent risks, and we strive to create a safe workplace and prevent any accidents or injuries, which are measured through the Serious Incident Frequency (SIF) rate.

**Examples of results 2024:**

- Increase in engagement score from 7.4 to 7.9 out of 10
- Negative development in the SIF rate from 2.6 to 4.5, primarily due to more incidents related to electrical safety and transport

**Examples of actions 2024:**

- Strengthened internal control in the area of occupational safety and health (OSH)
- Established collaboration with Unicus to enhance the organisation's competency on neurodiversity (neurological variations and challenges such as ADHD, autism, Tourette's, dyslexia, dyspraxia etc.)
- Clarified the focus on diversity and inclusion in the recruitment process through a diversity statement in job adverts, targets for the number of women and people with minority backgrounds/disabilities in the interview process, and the use of assessments

**The way forward:**

- Further develop the company's work on equality, diversity and inclusion through the duty to engage actively in equality work and the duty to issue statements

## S2 Workers in the value chain

Statnett relies on employees in the value chain to fulfil our social mission. Increased electricity demand and the green transition put pressure on the supplier market. This may increase the risk of using suppliers with poor working conditions and human rights violations in their practices.

**Examples of results 2024:**

- One serious incident reported among Statnett's suppliers

**Examples of actions 2024:**

- Developed and implemented our safety culture programme Safe Construction Site
- Strengthened the system for implementing risk-based due diligence for the supply chain
- Established a compliance programme for supplier management

**The way forward:**

- Strengthen the handling of human impacts in the value chain through a comprehensive plan for procurement and supplier management

## S3 Affected communities

When planning and constructing the grid, we must do so as considerately as possible for the local communities affected, particularly where Indigenous interests are involved. This is important to meet our obligations, build public support, maintain good relations with stakeholders and enable efficient project execution.

**Examples of results 2024:**

- 10 dialogue meetings with affected communities regarding updates to grid development area plans, with approximately 1,000 participants

**Examples of actions 2024:**

- Strengthened capacity building related to Indigenous peoples' rights. 45 relevant employees completed a full day course, and more than 120 employees participated in a professional seminar
- Developed guidelines and a handbook focused on the rights of indigenous peoples and engagement in particular with reindeer herders
- Employed reindeer husbandry engagement coordinators

**The way forward:**

- Further develop stakeholder engagement efforts and internal capacity building

## G1 Business conduct

Statnett has a responsibility to ensure that the transition of society happens in an ethically sound manner. This involves developing both a corporate culture and a governance system that facilitate ethical business conduct.

**Examples of results 2024:**

- No identified incidents of corruption or bribery
- 10 cases handled by the Ethics committee

**Examples of actions 2024:**

- Launched new ethical guidelines (Code of Conduct) with mandatory training for all employees

**The way forward:**

- More strategic and systematic supplier follow-up on sustainability-related issues

# ESRS 2 General Disclosures

Statnett plays a pivotal role in the transmission of renewable energy across Norway. In this way, we also contribute to the transition to a low-emission society.

At the same time, this transition gives rise to dilemmas as it requires more development of infrastructure for the production and transmission of power. Statnett is not only responsible for managing public funding, but also for managing public natural areas, climate obligations and local communities in a responsible manner for future generations.

Early assessments of natural assets and involvement of local communities and other stakeholders are necessary steps to ensure we adopt good solutions, reduce conflict levels in the transition and ensure effective project delivery.

In other words, to succeed with the energy transition, we must consider both nature and the people affected by it.

Chapter ESRS 2 covers the basis for preparing the sustainability report, as well as risk management and internal control of sustainability reporting. Furthermore, it addresses significant aspects of Statnett's business model and value chain, how sustainability is managed at Statnett and integrated into our strategy, as well as the development of our new double materiality assessment. This chapter also discusses the company's governing documents.

We have engaged Deloitte AS to certify the sustainability report as part of our annual and sustainability report. Their statement is attached.

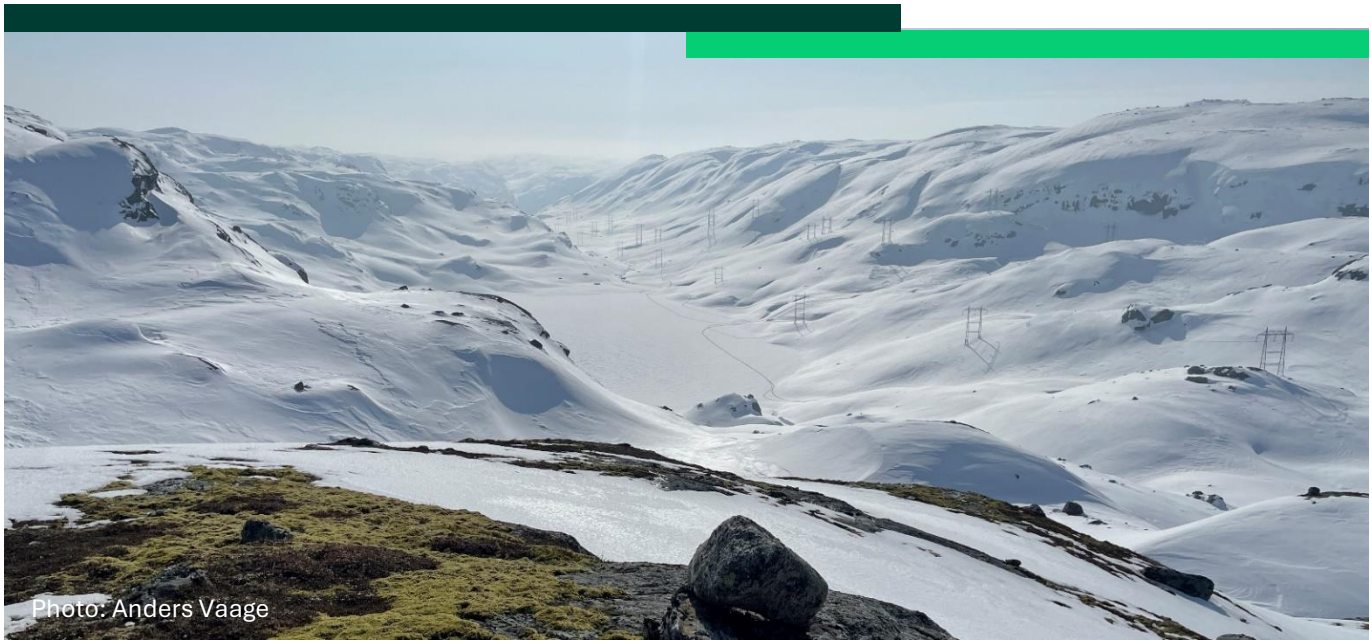


Photo: Anders Vaage

## Basis of preparation of the sustainability report

This will be the first year in which Statnett is reporting in accordance with the new rules in the Norwegian Accounting Act regarding sustainability reporting. These new rules incorporate the Corporate Sustainability Reporting Directive (CSRD) and the associated standards, the European Sustainability Reporting Standards (ESRS).

The directive includes, among other things, more extensive and detailed requirements for sustainability reporting. The starting point for reporting under CSRD is a "double materiality assessment" (DMA). Statnett conducted such an assessment for the first time in 2022, and a new assessment was carried out in the second and third quarters of 2024.

The result of this work is a prioritised overview of our material impacts, risks and opportunities from an impact perspective, a financial perspective or both. This overview also forms the basis for our work on strategy and actions, as well as for what Statnett includes in the sustainability report.

The sustainability report is consolidated and follows the same principles as the financial statements. This means that the consolidated financial statements cover Statnett SF and subsidiaries where Statnett SF alone has ownership interests that give a controlling influence over the business.

Normally, Statnett SF is assumed to exert a controlling influence when its direct or indirect ownership interests account for more than 50 per cent of the voting shares.

The significant impacts, risks and opportunities identified by Statnett through the DMA process include assessments of whether these occur or may occur in both upstream and downstream parts of the value chain.

Statnett has not taken advantage of the opportunity to exclude certain information about intellectual property, expertise or results of innovation, cf. ESRS 1 Section 7.7.

## Estimation and outcome certainty

Statnett's greenhouse gas inventory for scope 3 (indirect emissions) contains a number of estimates, both in terms of activity level and emission value calculations. Approximately 23 per cent of the emissions are covered by activity data from suppliers. See the reporting related to the greenhouse gas inventory in chapter E1 – Climate change for a more detailed description of the calculation method, planned improvement measures and the impact of estimation uncertainty on the total reported figures.

We also use estimates to calculate the figures in E5-4 resource inflows; see chapter E5 – Resource use and circular economy for more details. Here, approximately 67 per cent of activity data comes from the supplier. The remaining 33 per cent consists of estimates for resources for concrete, sand and gravel used in grid development projects. These are based on our own life cycle analyses for standard projects at Statnett. We will work to obtain accurate activity data as part of project reporting.

## Changes in the preparation and presentation of sustainability information

As this is the first year that Statnett is reporting under the new rules for sustainability reporting in the Norwegian Accounting Act, we will be reporting on a number of new indicators.

The sustainability report also includes information from other legislation, relevant frameworks and reporting standards beyond CSRD and ESRS. These are listed in Table 1 "Information from other legislation or frameworks".

**Table 1: Information from other legislation or frameworks**

| Reporting standards/Framework/Legislation |
|---|
| The Norwegian Transparency Act |
| Task Force on Nature-related Financial Disclosures (TNFD) |
| Task Force on Climate-related Financial Disclosures (TCFD) |

## Managing sustainability

Statnett SF is owned by the Norwegian State through the Ministry of Energy. The Government's Ownership White Paper (Report to the Storting 6 (2022–2023): Greener and more active state ownership) set out the owner's expectations relating to sustainability. The Norwegian state emphasises the importance of Statnett conducting its business responsibly. This means that Statnett must act in an ethically responsible manner and take steps to identify and manage the company's impact on people, society and the environment.

## Responsibilities and mandates

Statnett's sectoral policy targets are outlined in the company's Articles of Association. Statnett is organised in such a way that the Board of Directors is responsible for ensuring that "business operations are conducted in accordance with the company's purpose, Articles of Association and guidelines established by the General Meeting (cf. Section 23 of the Norwegian Act relating to state-owned enterprises)." This includes ensuring that Statnett is properly organised with clear lines of responsibility. The CEO reports to the Board and is responsible for organising operations in line with the Articles of Association, strategy and the framework set by the Board. Together with the Board, the CEO develops a long-term strategy for a sustainable and efficient achievement of sector policy goals. The CEO is responsible for ensuring that the strategy is followed up appropriately and for leading the company's daily operations.

There are several mandates, guidelines and other governing documents that reflect the responsibilities of the Group Management team and governing bodies in the work with sustainability. Our governing documents are listed in Table 13 "Our governing documents".
The Board establishes frameworks for how much and what types of risk the company is willing to take, and the CEO is responsible for risk management and internal control at Statnett.

Risk management is outlined in Statnett's governance principles. These principles also apply to the management of impacts, risks and opportunities. Risk management is a strategic tool that helps Statnett prioritise and make better decisions, as well as achieve the company's targets.

The ESRS highlight the importance of setting targets related to significant impacts, risks and opportunities. At Statnett, target management is the framework used to track the targets in the strategy. The CEO is responsible for the performance management process.

It is the Board and the CEO who are primarily responsible for overseeing impacts, risks and opportunities. The Audit Committee (AC) prepares the Board's consideration of accounting and sustainability reporting and follows up with the external auditor in accordance with Section 6-43 of the Norwegian Public Limited Companies Act.

Statnett does not have compensation schemes related to sustainability for the Board, Group Management or other employees. Note 23 to the financial statements outlines the compensation for management.

## Organisation of sustainability efforts

Statnett has a Sustainability Department that leads the sustainability work within the organisation, in close collaboration with relevant functions and teams across the organisation. Statnett possesses expertise across all material sustainability matters related to our business, and on behalf of the Group, relevant business areas manage the handling of material impacts, risks and opportunities. Statnett takes a targeted approach to training and competency building on sustainability within the organisation.

## Relevant experience among Board members and Group Management

Statnett's Board and Group Management have diverse backgrounds from various sectors, industries and geographic locations. This includes experience from other state-owned enterprises, infrastructure businesses, the energy and power industry, banking and finance, as well as consulting, including legal services and consultancy firms. Some of the Board members have also served in government-appointed expert committees. This demonstrates that the Board and Group

Management have the qualifications to lead Statnett in line with sound business practices.

Statnett's Board of Directors consists of a total of nine members, of which six (67 per cent) are independent. Three of the Board members are employee-elected. Four of the nine Board members are women (44 per cent). Five of the nine members of the Group Management team are women (56 per cent).

Further information about the composition and background of the Board and Group Management team, is provided in the chapter on Board and Group Management of the annual and sustainability report.

## Geographic location

Statnett has locations across Norway. Our head office is in Oslo, and we have administrative offices in Alta, Trondheim, Sandnes, Bergen and Sunndalsøra. In addition, we have a number of assembly points nationwide. The Group's activities are organised in six business segments and two Group-wide support functions. We need employees located near our facilities to ensure security of supply around the clock. Additionally, digital solutions enable other functions and expertise to perform their work from our offices throughout the country. We currently have 2,155 employees, with 60 per cent working at the head office in Oslo and 40 per cent spread across the country – from Kristiansand in the south to Kirkenes in the north.

## Treatment of sustainability matters in governing bodies

We regularly assess Statnett's impacts, risks and opportunities related to sustainability. Key topics, trends, improvement measures and potential conflicts of interest are discussed with the Group Management team and the Board of Directors. The CEO reports to the Board on the status of targets, risks, the project portfolio, sustainability efforts and financial matters.
In 2024, the Audit Committee and the Board received detailed reviews and training on specific sustainability matters, including key trends, the implementation of the CSRD and further actions related to our sustainability reporting.

We regularly review and update our strategy, incorporating new information on important topics, and in line with new requirements and expectations. We adopted specific sustainability-related targets and actions in connection with the update of Statnett's strategy in 2024.

The DMA process in the autumn of 2024 resulted in a list of our material topics. This included material impacts, risks and opportunities and was addressed by the Group Management team, the Board of Directors and the Audit Committee in the autumn of 2024. For a complete overview of impacts, risks, and opportunities, please refer to the tables in ESRS 2 under the heading "Material impacts, risks and opportunities".

## Statement on due diligence

Statnett conducts risk-based due diligence in line with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, including accompanying guidance. Table 2 "Key elements of due diligence" shows where the related topics in our due diligence processes are covered in the sustainability report.
Statnett's work on due diligence in accordance with the Norwegian Transparency Act is included in the sustainability report. For more information, see statnett.no. Requirements for due diligence related to the Transparency Act have not been subject to the external auditor's attestation with moderate assurance.

**Table 2: Key elements of due diligence**

| Key elements | Location in the sustainably report |
|---|---|
| Embedding due diligence in governance, strategy and business model | Chapters ESRS 2, S1, S2 and S3 |
| Dialogue and involvement of affected stakeholders | Chapters ESRS 2, S1, S2 and S3 |
| Identification and assessment of negative impacts | Chapters ESRS 2, S1, S2 and S3 |
| Actions to address negative impacts | Chapters S1, S2 and S3 |
| Follow-up on the effectiveness of actions and communication with affected stakeholders | Chapters S1, S2 and S3 |

## Risk management and internal control of sustainability reporting

Risk management and internal control play a key role in maintaining the quality and accuracy of sustainability reporting. In 2024, we established a robust foundation of internal controls for sustainability reporting, with a plan for further development and a step-by-step approach to implementation of improvements in the coming years.

Statnett's risk management and internal control system follows the "three lines model", COSO[2] and ISO 31000, which clarify roles and responsibilities related to the governance and control of the organisation, ensuring effective and comprehensive internal control. The work to establish frameworks for internal control of sustainability reporting builds on this system and existing internal controls for financial reporting.

The framework outlines how we identify, assess and manage risks related to sustainability, ensuring that sustainability data reporting is complete, accurate and reliable. The framework describes how Statnett establishes, implements and complies with internal control. To ensure a shared understanding of roles and responsibilities, we have developed role descriptions for key positions in sustainability reporting. Continuous improvement and adaptation to changing requirements and expectations will be central moving forward.
To create a predictable and integrated framework, a preliminary annual cycle has been developed outlining key internal control activities. The annual cycle and reporting of internal control for sustainability reporting will align with the annual cycle for internal control for financial reporting.

Based on material sustainability topics and required reporting data points, Statnett created an overview of various processes and data flows from source systems to reporting. A systematic risk assessment was subsequently conducted to identify potential errors ("cradle to grave review") for material sustainability topics. The risks were classified as low, medium or high. This provided the foundation for assessing the need for internal controls and identifying weaknesses and gaps in existing controls. When identifying the need for internal controls, we created task and responsibility descriptions for various data streams. We also specified which controls to implement in 2024 and which will be developed over time.
Data quality and the process of data collection were identified as the most significant inherent risks for errors in sustainability reporting.

Statnett has taken the following actions to ensure that data in source systems is accurate, complete and consistent:

- We have established a governance system for information management at Statnett
- We have also developed a plan for quality assurance and integration of new sustainability data into the governance system, which will eventually include descriptions of procedures
- To improve the assessment of data quality, we have mapped the data flow from the moment the data is generated until it is stored in the source system
- We have conducted analyses and reasonableness tests of quantitative data

[2] COSO – the Committee of Sponsoring Organizations of the Treadway Commission – is an organisation that administers recognised frameworks for internal control in a business.

Statnett has taken the following actions to structure data collection, establish controls and provide training:

- We have identified key roles and supporting roles in the data collection process, with clear definitions of roles and responsibilities
- We implemented key controls for 2024, such as peer reviews and quality assurance performed by subject matter experts. We have developed templates to ensure traceability and documentation and to establish a standardised process for data collection across the various topics
- We have conducted training for various data providers and others involved in the data collection process and sustainability reporting. We also created a guide as support for carrying out data collection and controls

Statnett has documented the data flow and risks to quality-assure the data collection process and improve the integration of risk assessments, actions and control activities into existing processes. In addition, we have established clear descriptions for relevant key roles related to sustainability reporting to ensure consistency and accuracy. We will continue to develop these procedures and control descriptions in the relevant processes.

## Reporting to management and governing bodies

For 2024, the status of the implementation of internal control of sustainability reporting has been reported to management and the Audit Committee on an ongoing basis.

The preliminary annual cycle outlines the main activities in internal control, including periodic reporting to controlling and governing functions. This ensures that findings from risk assessments and internal control will continue to be periodically reported on to the Management and governing bodies. A plan is in place to provide quarterly reporting of results from risk assessments, implementation and testing of internal control to management and the Audit Committee, along with an annual consolidated report to the Board.

## Business model, value chain and strategy

Statnett is a 100 per cent state-owned entreprise owned by the Norwegian Ministry of Energy. Statnett's revenue is regulated by the Norwegian Energy Regulatory Authority (NVE-RME), which determines an annual permitted revenue for the company.
Statnett is responsible for ensuring the socio-economically beneficial development and operation of the transmission grid and for operating nearly 12,000 km of power lines and 228 facilities across the country. Statnett also serves as the system operator of the power grid, balancing electricity production and consumption. Furthermore, Statnett facilitates the power market by developing market solutions and operating various power markets. The Ministry of Energy has assigned Statnett the role of system operator for the offshore grid. Together, this positions Statnett as a key player in the transition to a low-emission society.

## Our value chain

Statnett's value chain is extensive and includes various upstream and downstream stakeholders. For the purposes of this report, the value chain has been simplified as shown in Figure 1.

Statnett's upstream value chain consists of:

- Input factors, products and services: Resources involved in the production process to produce a product or service that Statnett requires
- Contractors: Individuals or companies responsible for construction and grid infrastructure work on behalf of Statnett
- Power producers: Energy companies that own power plants and generate electricity

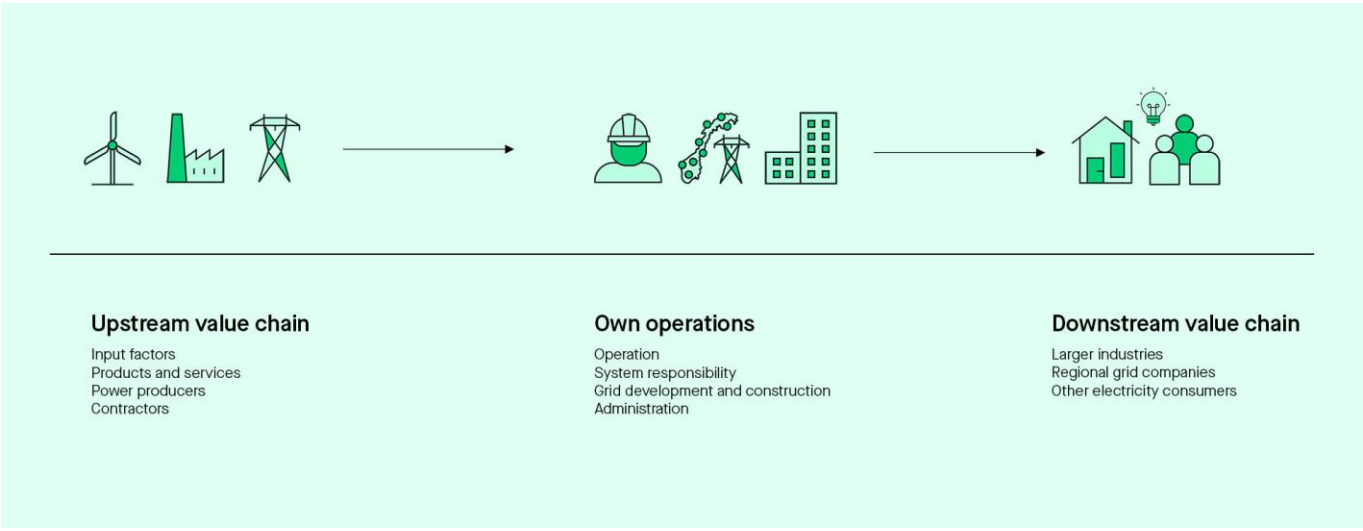
Statnett's core activities include:

- System responsibility: Planning and execution of operational system management, ensuring the balance of electricity production and consumption
- Grid development and construction: Long-term development of the transmission grid, system operations and market solutions
- Operation and maintenance: Managing the grid portfolio and carrying out necessary planned and unforeseen maintenance
- Administration: Functions that govern and support business operations to achieve Statnett's targets

Statnett's downstream value chain consists of:

- Regional grid companies: Owners and operators of lower-voltage transmission grids that transport electricity to end-users
- Large industries: Major energy consumers in Norway directly connected to the transmission grid
- Other electricity consumers: Private individuals, businesses, municipalities and public institutions that use electricity and are indirectly connected to Statnett through the regional grid

**Figure 1: Statnett's value chain forms the basis of DMA**



## Our strategy

Statnett's market analyses indicate an increase in electricity consumption towards 2040, but this is contingent on the expansion of the grid. In the short term, Statnett's updated analyses show a lower and delayed consumption growth compared with the Long-Term Market Analysis published in 2022. This is primarily due to project delays and slower integration of new consumption than previously expected. Despite the postponed growth in consumption, there is a clear need to build and upgrade the grid more quickly and efficiently.

In November 2024, the Board adopted a new strategy with three focus areas:

- Increasing capacity in existing grids and the power system
- Planning and constructing the grid and power system more quickly and efficiently
- Enhancing resilience and preparedness in operations and development

Statnett's installations and systems constitute critical infrastructure. For this reason, ensuring a secure power supply is our highest priority, not least in periods of heightened geopolitical tensions. Furthermore, we are committed to working sustainably, safely and cost-effectively.

Moving forward, we will continue to develop the organisation to deliver more and at a faster pace on increasingly complex tasks. To succeed, we must increase capacity in strategic areas through controlled staffing growth, outsourcing, supplier partnerships and targeted competency development. Increased speed of delivery requires greater execution capacity, for which we have developed a comprehensive strategy to attract, develop and retain critical expertise.

## Material sustainability topics in Statnett's strategy

The most material sustainability topics identified in the DMA are integrated into our strategy and remain top priorities for current and future initiatives.
"Sustainability" is positioned alongside "Safety" and "Cost-effectiveness" as fundamental principles guiding Statnett's operations. We aim to consider people, climate and nature in our choice of suppliers and materials, as well as in the locations and methods we use to build the grid.

Early assessments of natural assets and involvement of local communities and stakeholders are necessary to ensure we adopt good solutions, reduce conflict levels and contribute to effective project execution.
We will implement our focus areas in a manner that safeguards people and nature throughout the value chain. In accordance with the white paper on ownership policy, we are committed to reducing emissions in line with the Paris Agreement's 1.5-degree target while considering the interests of people and nature in our project areas. We will minimise land and material use, facilitate circular material flows and maintain a high source separation rate in our projects. Furthermore, we will work strategically and long-term with our suppliers to access sustainable solutions.

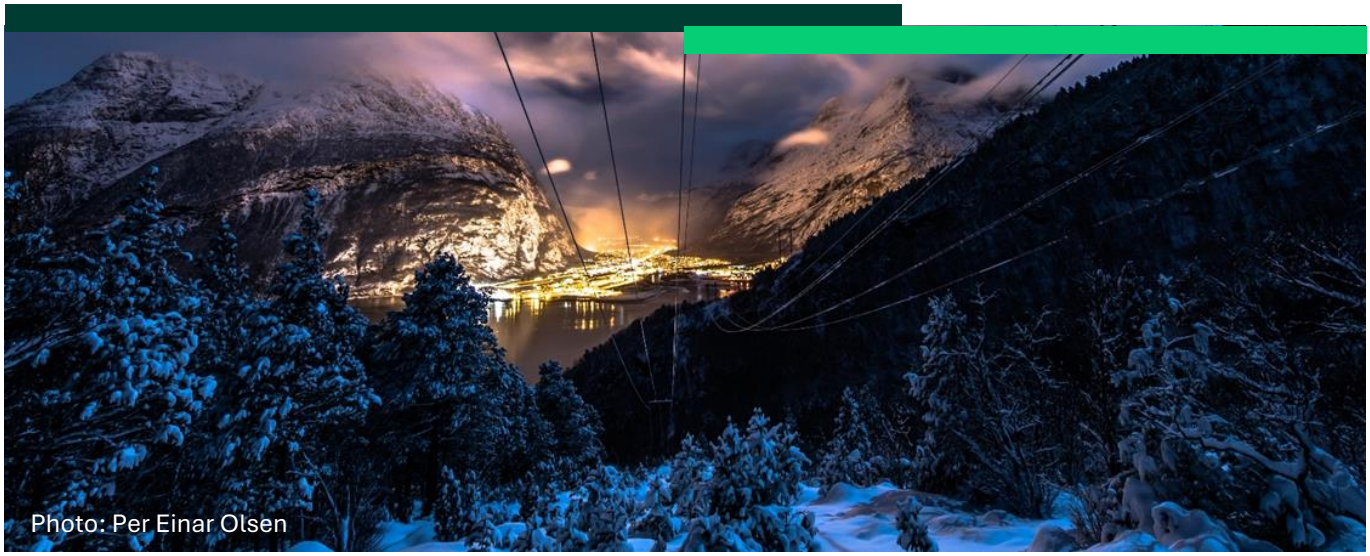


Photo: Per Einar Olsen

## Stakeholder engagement in Statnett's strategy and DMA

As the system operator of the Norwegian power grid, Statnett interacts with a broad range of stakeholders and stakeholder groups. In addition to entities in Statnett's value chain, important stakeholders include the State as owner, Indigenous communities and our own employees.

The stakeholder engagement process related to strategy development and the DMA provides insight into stakeholders' perspectives and, through the DMA, their rights. This is crucial for Statnett as it provides important input to our work on material topics and strategy.

Collaboration with our employees is essential to strengthening the working environment and promoting equal opportunities. Employee perspectives are incorporated into our strategy through employee-elected Board members, expert interviews, discussions with subject matter experts and direct feedback from employees to management or the strategy department.

Grid development area plans are a key component of the system development plan, which is Statnett's overarching plan for power system development. During the preparation of these plans and project execution, affected local communities are invited to dialogue meetings about development plans in their area, where they can provide input.

Statnett will continue to strengthen dialogue and engagement with employee representatives throughout the value chain to better consider their interests, perspectives and rights.

## Stakeholder engagement in Statnett's strategy

During the 2024 strategy process, we gathered input on strategic priorities, environmental changes and internal developments to identify areas requiring adjustments in the strategy.
The strategic changes we implement will also affect our stakeholders. For example, planning and grid expansion may impact local communities, suppliers and potential customers.

## Stakeholder engagement in Statnett's DMA

A comprehensive stakeholder dialogue was conducted as part of the DMA to gain insight into impacts, risks and opportunities and how these may affect our stakeholders.

In 2024, the Board and Management gained insight into the perspectives of affected stakeholders regarding Statnett's sustainability-related impacts. This has been achieved through the Board and the Group Management team both reviewing and deciding on the results of the DMA, as well as providing input into the assessment along the way.

We engage with different stakeholder groups because it provides Statnett with a more holistic view and understanding of our impact on our surroundings, and related risks and opportunities.  This leads to more informed and effective decision-making and strengthen trust.

Table 3 provides an overview of the various stakeholder groups and briefly explains why each group is important, how we have engaged in dialogue and how Statnett has taken their perspectives into account.

**Table 3: Stakeholder groups and collection of stakeholder perspectives**

| Stakeholder group | Why we engage with this stakeholder group | How we engage | How we consider stakeholder perspectives |
|---|---|---|---|
| Own workforce | • Increase understanding of what is happening in the organisation<br>• Identify solutions<br>• Strengthen the basis for decision-making as part of business development | • Interviews<br>• Workshops<br>• Employee survey<br>• Forums for involving union representatives and safety officers<br>• Employee-elected Board members<br>• Diversity group<br>• Review of scorecards | • In strategy and governing documents, including Code of Conduct, Sustainability Policy, strategic sustainability plan, safety and system development plan |
| Partners and industry | • Understand dependencies and overall impacts<br>• Learn and share experiences<br>• Calibrate standards | • Customer survey<br>• Bilateral dialogue<br>• Participation in Norwegian and international industry forums such as Fornybar Norge (Renewable Norway), ENTSO-E, RGI (Renewables Grid Initiative), CIGRE (Council on Large Electric Systems) | • Provide insight into Statnett's assessments of actions and collaborations |
| Customers | • Increase understanding of priorities and limitations | • Continuous dialogue through case processing in the connection process<br>• Customer survey<br>• Strategic customer forum | • Understand and address customer needs in our processes |
| Civil society | • Gather understanding and data on the target and threat picture of affected groups and silent stakeholders | • AI analysis of public reports/publications<br>• Dialogue with organisations through e.g. projects<br>• Scientific reports and tools to account for | • Expertise and knowledge highlight potential risks and/or opportunities that inform |

| Stakeholder group | Why we engage with this stakeholder group | How we engage | How we consider stakeholder perspectives |
|---|---|---|---|
| | • Establish, maintain or strengthen dialogue and collaboration<br>• Nature is a silent stakeholder that is an essential part of our sustainability context and core business | nature as a silent stakeholder<br>• Bilateral dialogue<br>• Dialogue via cooperation forums (e.g. RGI)<br>• Community and stakeholder survey | processes, decisions and remedial actions |
| Politicians and authorities | • Fulfil our social mission<br>• Discuss sustainability-related issues | • Regular ownership dialogue<br>• Regular regulatory dialogue<br>• Participate in public debates on our areas of expertise | • Compliance with legislation, our mandate and strategy |
| Workers in the supply chain | • Increase understanding of a vulnerable and prioritised group that may be affected | • AI analysis of public reports/publications<br>• Monitoring Statnett's digital whistleblowing channel "Mitt Varsel" (My Alert)<br>• Dialogue via cooperation forums (e.g. Fair Play Bygg, A-Krim (Work-related crime))<br>• NGOs serve as sources of information on working conditions for groups with whom we have no established dialogue | • In strategy and governing documents, including Code of Conduct, Sustainability Policy, strategic sustainability plan, safety and system development plan |
| Experts, analysts and academics | • Obtain knowledge on sustainability impacts<br>• Provide opportunities for collaboration with other stakeholders through research | • Research work as part of project development<br>• Research on relevant issues for Statnett<br>• Collaboration with academic institutions | • Research and analyses serve as the basis for project assessments |

| Stakeholder group | Why we engage with this stakeholder group | How we engage | How we consider stakeholder perspectives |
|---|---|---|---|
| | environments – collective knowledge enhancement | | |
| Local communities | • Identify concerns, objectives and conflict areas<br>• Increase understanding of different perspectives within the group<br>• Understand impacts on local communities through early involvement in development projects | • Interviews with intermediaries – colleagues with direct dialogue with individual or group stakeholders<br>• Public hearings<br>• Local dialogue meetings on grid development area plans<br>• Grid development area plans<br>• Open planning processes | • In strategy and governing documents, including Code of Conduct, Sustainability Policy, strategic sustainability plan, safety and system development plan |
| Indigenous peoples | • Increase understanding of a vulnerable and prioritised group<br>• Identify amicable solutions | • AI analysis of public reports/publications<br>• Interviews with intermediaries – colleagues with direct dialogue with the reindeer husbandry, County Governor and the Sámi Parliament of Norway<br>• Open planning processes | • In strategy and governing documents, including Code of Conduct, Sustainability Policy, strategic sustainability plan, safety and system development plan |
| Financial services industry | • Obtain knowledge regarding project financing | • Investor dialogue<br>• Dialogue with rating agencies and banks | • Financing strategy and policy<br>• Green Bond Framework<br>• Financial reports and analyses |

| Stakeholder group | Why we engage with this stakeholder group | How we engage | How we consider stakeholder perspectives |
|---|---|---|---|
| Other industry interests, including fisheries industry | • Increase understanding of the fisheries industry, which may be particularly affected by offshore wind projects | • DMA on Hav 2023 (Offshore 2023)<br>• AI analysis of public reports/publications | • Identified as essential in the further strategy for Hav (Offshore) |

* The table includes stakeholders with whom Statnett engages in dialogue, both those directly and indirectly affected by Statnett's activities and those who are not.

## Our double materiality assessment (DMA)

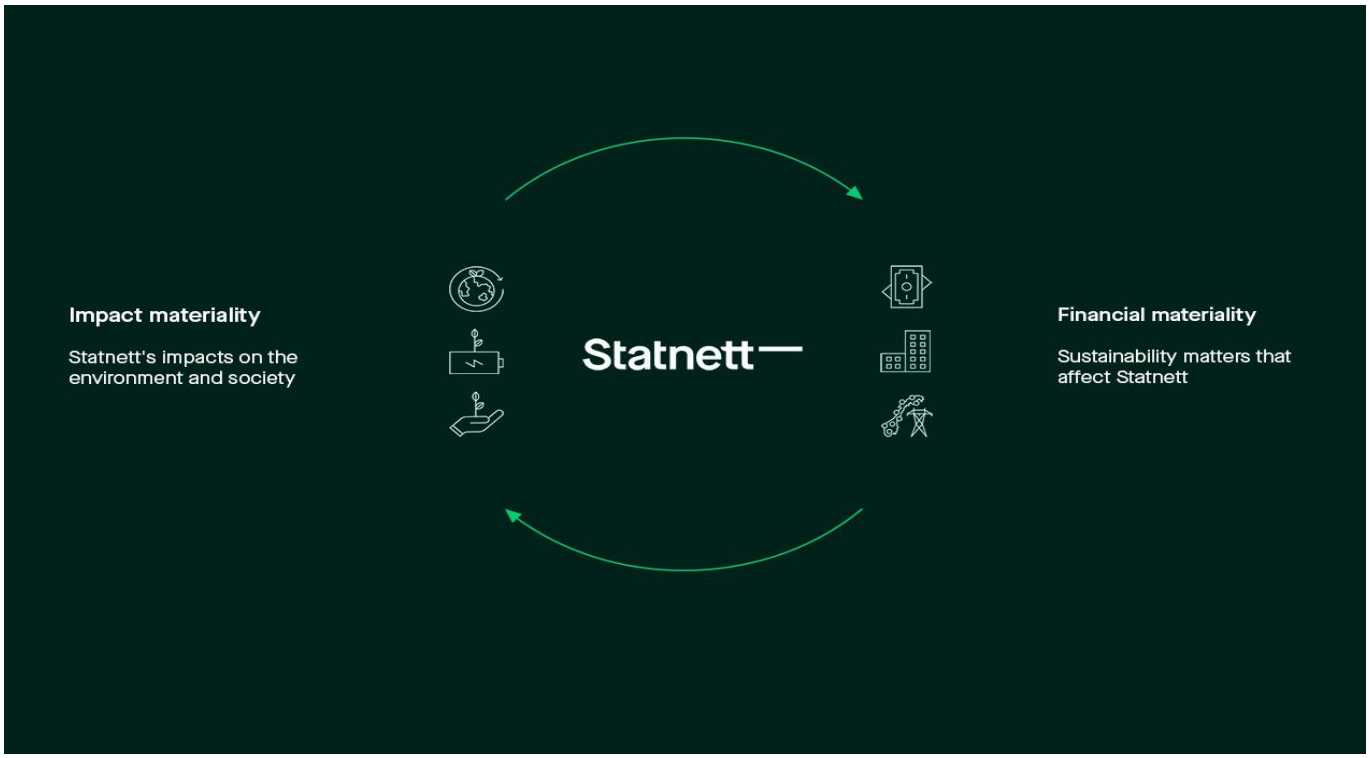
In our DMA, we have examined the actual and potential material impacts, risks and opportunities our business has related to climate and the environment, social conditions and business conduct. The purpose of the double materiality is to determine which ESRS to report on. Double materiality means that we assess and report both how sustainability matters impact Statnett and how Statnett impacts the environment and society. In this section of the sustainability report, we will review the process and results of Statnett's DMA.

## Our material sustainability topics

Given Statnett's social mission, footprint and company size, Statnett has impacts, risks and opportunities across several sustainability topics. Statnett has identified eight material sustainability topics:

E1 Climate change
E2 Pollution
E4 Biodiversity and ecosystems
E5 Resource use and circular economy
S1 Own workforce
S2 Workers in the value chain
S3 Affected communities
G1 Business conduct

**Figure 2: Double materiality**



## Material impacts, risks and opportunities

Material impacts, risks and opportunities (IROs) refer to the most significant factors that can impact Statnett and that Statnett impacts. These may include economic trends, technological advancements, regulatory changes or environmental conditions. Risks are potential events or conditions that may have negative consequences for Statnett, while opportunities are potential events or conditions that may yield positive results. An effective strategy should identify and manage risks while exploiting opportunities, and the business model should be flexible enough to adapt to changes in the environment.

Statnett's material IROs, categorised by topic and where they occur in the value chain, are summarised in tables 4 to 11.

All impacts arise as a result of Statnett's operations or activities within the upstream and/or downstream value chain, which Statnett's strategy and business model depend on. Our strategy and business model are described in the section "Business model, value chain and strategy".

In recent years, Norway and the world have experienced significant changes related to geopolitics, the economy and technological development. We must understand how changes may affect Statnett's strategy to assess resilience or the need for adjustments. The strategy has therefore been tested against scenarios. These scenarios have been selected based on trends that may involve a high degree of uncertainty and have significant consequences for Statnett if they occur.

Resilience testing has been conducted in parallel with scenario testing in the DMA. Several of the same trends used in the scenario process have been used as assumptions in the DMA.

The strategy process was based on both the business model and project portfolio, where sustainability considerations are a key input factor.

## Financial effects

To assess the current financial effects, we have reviewed the risks and opportunities identified through the DMA, focusing on identifying concrete financial effects for the 2024 financial year.

Statnett has grid facilities with long economic lifespans across the country. It has therefore been essential to assess the financial effects of climate risk related to our facilities. Climate risk consists of both physical risk and transition risk.

Physical risk resulting from an increased occurrence of extreme weather and climate change, such as increased precipitation and milder climates, has not led to financial effects in terms of reduced economic lifespans or impairment needs.

In assessing transition risk, our target of being $SF_6$-free by 2050 has been central. This has so far not led to reduced economic lifespans or impairment needs. We have implemented various actions to reduce the risk of $SF_6$ leaks. We do not have a sufficient basis to specify costs related to this and other environmental actions for 2024.

Nor have we assessed that these factors will affect the recognised values of assets or liabilities during the next reporting period.

Detailed descriptions related to this can be found in Note 3 "Estimates, management judgement and climate risk" of the annual financial statements.

Beyond this, the identified risks and opportunities can be grouped into two main areas: "Market and suppliers" and "How we consider environmental and climate factors in our project decisions". We do not have a basis to specify financial effects related to these for 2024. Therefore, a textual description follows below.

## Market and suppliers

The supply chains for the power system are global and geopolitical changes are making them more uncertain. Transmission grids are being expanded throughout Europe, leading to high demand with correspondingly

long delivery times for many components, as well as higher prices.

## How we consider sustainability in our decisions

Statnett is responsible for operating and developing the transmission grid in a socio-economically rational manner. This means that when Statnett makes decisions, we must ensure that the socio-economic benefits outweigh the socio-economic costs. The assessments in the socio-economic analysis should:

- Help explain the cause-and-effect relationships relevant to the action(s)
- Describe and consider the advantages and disadvantages of the studied alternatives and determine whether the expected overall benefits of an action outweigh the disadvantages
- Manage cost and benefit impacts that arise at different times during the lifespan of the action.
- Include both monetised and non-monetised effects

Statnett follows guidelines for socio-economic analyses of actions in the power grid. The guidelines are based on guidelines from the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Agency for Public and Financial Management (DFØ). It provides information on when and how socio-economic analyses should be conducted in Statnett's project model and which monetised and non-monetised effects should be considered in our analyses.

We are working to further develop calculations and methodologies in the guidelines to account for climate effects, as well as environmental and land-use considerations through monetised and non-monetised assessments.

Statnett's ten grid development area plans are being updated and now also include assessments of socio-economic benefit. In this work, we have conducted several dialogue meetings with stakeholders.

In addition to the economic cost, the expansion of the power grid impacts nature and climate. Therefore, we strive to utilise existing facilities, and we upgrade and use existing corridors wherever possible.

Reporting of future expected financial effects of the company's material risks and opportunities is subject to phased-in requirements. This is something we have chosen to continue working on, and therefore, we do not report on future financial effects in this report.

**Table 4: E1 Climate change – material IROs**

| Impacts | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Descritpion** | **Value chain** |
| Positive | Actual | Enabling and facilitating the green transition through electricity supply | Downstream |
| Positive | Potential | Positive contribution to climate change through green investments in Statnett's pension fund | Downstream |
| Negative | Actual | Emissions of sulphur hexafluoride (SF6) from electric power transmission and distribution | Own operations |
| Negative | Actual | Emissions from purchased capital goods | Upstream/own operations |
| Negative | Actual | Land-use-based greenhouse gas emissions in Statnett's projects | Upstream/own operations |
| Negative | Actual | CO2 emissions from fuel use in own operations and equipment | Own operations |
| Negative | Actual | Grid losses from transmitted power in the transmission grid | Own operations/downstream |
| Negative | Actual | Greenhouse gas emissions from the production of goods and services | Upstream |
| Negative | Actual | Negative contribution to climate change through investments in Statnett's pension fund that currently result in significant emissions | Downstream |
| **Risks and opportunities** | | | |
| **Risk/ opportunity** | **Description** | | **Value chain** |
| Risk | Lack of access to critical technology for reducing greenhouse gas emissions due to supplier challenges | | Own operations |
| Risk | Extreme weather causing physical damage to infrastructure in the power grid, leading to delayed repairs and maintenance | | Own operations |
| Risk | Increased CO2 tax on materials and services with a high carbon footprint | | Own operations |
| Risk | Political fluctuations and/or backlash against the green transition | | Own operations |
| Risk | Climate change and new climate technologies leading to changes in demand and production patterns that may affect the balancing of the power system | | Upstream/own operations |
| Risk | Damage to power lines not designed for stronger wind loads and icing in winter | | Own operations |
| Risk | Requirement for Statnett to purchase guarantees of origin for renewable energy | | Upstream/own operations/downstream |
| Risk | "First mover disadvantage" – higher costs for solutions and technologies that facilitate the green transition | | Upstream |
| Risk | Our own sustainability targets, stricter laws and other external requirements may lead to increased prices of raw materials and reduce the availability of suppliers and land | | Own operations |
| Risk | Failed investments in grid expansion due to the selection of new technologies that do not achieve the desired result/quality/lifespan | | Own operations |

| | | |
|---|---|---|
| Risk | Planning and development of grid infrastructure that is out of sync with technology and market developments | Own operations |
| Opportunity | Increased demand for renewable energy from new power-intensive industries | Own operations/downstream |
| Opportunity | Collaboration to develop technology and optimisation to manage climate risk | Upstream/own operations |
| Opportunity | Access to financing and capital through more efficient, robust and climate-friendly technologies | Own operations |

**Table 5: E2 Pollution – material IROs**

| Impacts | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Description** | **Value chain** |
| Negative | Potential | Pollution to water from leakage of hazardous chemicals during construction and operation | Upstream/ own operations/downstream |

**Table 6: E4 Biodiversity and ecosystems – material IROs**

| Impacts | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Description** | **Value chain** |
| Positive | Potential | Clearing corridors under power lines prevents overgrowth and creates habitats and grazing areas | Own operations |
| Negative | Actual | Land use changes, habitat fragmentation and degradation of ecosystems from raw material extraction and material production | Upstream |
| Negative | Actual | Land use changes, habitat fragmentation and degradation of ecosystems from electricity production in Statnett's upstream value chain | Upstream |
| Negative | Actual | Land use changes, habitat fragmentation and degradation of ecosystems from the development of the power grid | Own operations |
| Negative | Actual | Soil sealing through concreting, foundations and road construction | Own operations |
| Negative | Actual | Establishment and operation of the power grid and substations lead to the introduction and establishment of invasive species | Own operations |
| Negative | Potential | Habitat changes and degradation of marine ecosystems from the development of offshore power infrastructure | Own operations |
| Negative | Actual | Noise and light pollution from construction, operation and maintenance | Own operations |
| Negative | Potential | Land and habitat degradation from the operation of power line corridors and substations | Own operations |
| Negative | Potential | Operation and development of power line corridors cause fragmentation and direct harm to endangered or unique Norwegian species on land and at sea | Own operations |

| Risks and opportunities | | |
|---|---|---|
| **Risk/ opportunity** | **Description** | **Value chain** |
| Risk | Limited access to development areas due to increased nature conservation and competing land interests | Own operations |
| Risk | Stricter requirements to avoid and reduce harm, restore degraded ecosystems and protected nature, as well as requirements for compensation for land use | Own operations |
| Risk | Increased capital costs related to climate change adaptation for protection against extreme weather events and natural disasters | Own operations |
| Risk | Supply chain disruptions or reduced productivity in the value chain due to weakened provisioning and regulating ecosystem services | Upstream/own operations |

**Table 7: E5 Resource use and circular economy – material IROs**

| Impacts | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Description** | **Value chain** |
| Positive | Potential | Design and planning for circularity in installation, maintenance and remediation of components and equipment | Own operations/downstream |
| Positive | Potential | Design and planning for circularity in procurements | Upstream/own operations |
| Negative | Actual | Waste generation from construction and operations | Own operations |
| **Risks and opportunities** | | | |
| **Risk/ opportunity** | **Description** | | **Value chain** |
| Opportunity | Increased resource utilisation related to the reuse and recycling of infrastructure and materials | | Upstream/own operations/downstream |
| Opportunity | Reduced resource use by upgrading existing facilities instead of building new ones | | Own operations |

**Table 8: Own workforce – material IROs**

| Impacts | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Description** | **Value chain** |
| Negative | Actual | Employees are exposed to the risk of serious injuries and accidents in the construction and operation of grid facilities | Own operations |
| Negative | Potential | Discrimination and barriers to equality | Own operations |
| Negative | Potential | Employees in particularly hazardous roles perform work that poses a safety risk | Own operations |

**Table 9: S2 Workers in the value chain – material IROs**

| Impacts | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Description** | **Value chain** |

| | | | |
|---|---|---|---|
| Positive | Actual | Responsible procurement practices contribute to decent working conditions in supply chains | Upstream |
| Positive | Potential | Employer encourages employees to form or join trade unions | Upstream |
| Negative | Actual | Employees in supply chains are subject to a lack of respect for and violations of their human and labour rights | Upstream |
| Negative | Actual | Occupational safety and health (OSH) risks for workers in the value chain | Upstream |
| Negative | Potential | Employees are arbitrarily dismissed, even if this is permitted under national legislation | Upstream |
| Negative | Potential | Suppliers withhold employees' identification papers, preventing them from travelling freely | Upstream |
| Negative | Potential | Individuals in the formal and informal workforce in the value chain are victims of human trafficking, slavery and forced labour | Upstream |
| Negative | Potential | Employees lack contractual occupational injury insurance or social security schemes, or are offered private social security schemes based on discriminatory criteria | Upstream |
| Negative | Potential | Employees engaged in trade union activities are subjected to blacklisting, harassment and violence | Upstream |
| Negative | Potential | Barriers to the formation of trade unions and/or lack of recognition of legitimate employee organisations | Upstream |

**Table 10: S3 Affected communities – material IROs**

| **Impacts** | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ potential** | **Description** | **Value chain** |
| Negative | Actual | Reduction of Indigenous peoples' ability to exercise self-determination due to the development and operation of grid infrastructure | Upstream/own operations |
| Negative | Actual | Visual pollution from grid facilities causing inconvenience for local communities | Upstream/own operations |
| Negative | Potential | Impact on Indigenous peoples' opportunities for cultural practices in the upstream value chain (power producers) | Upstream |
| Negative | Potential | Relocation of local communities due to suppliers or other downstream actors conducting business in an unreasonable or arbitrary manner | Upstream/downstream |
| Negative | Potential | Emissions of hazardous substances that may cause loss of life and negatively impact health and quality of life | Upstream/own operations |
| Negative | Potential | Activities in or near grid facilities posing a safety risk to individuals from a local community | Own operations |
| **Risikoer og muligheter** | | | |

| Risk/ Opportunity | Description | Value chain |
|---|---|---|
| Risk | Conflict of interest with local communities in the development of new grid infrastructure | Own operations |

**Table 11: G1 Business conduct – material IROs**

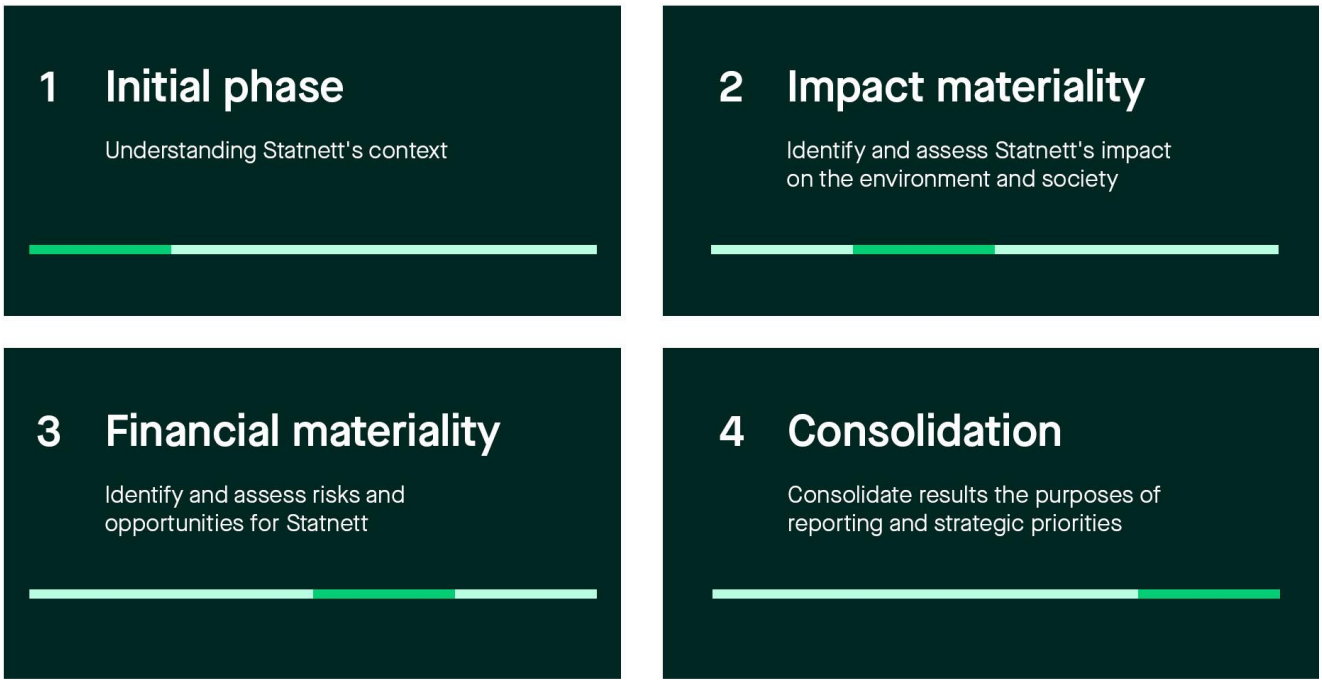
| **Impacts** | | | |
|---|---|---|---|
| **Positive/ negative** | **Actual/ Potential** | **Description** | **Value chain** |
| Positive | Actual | Knowledge sharing through ownership dialogue and regulatory processes | Own operations |
| Negative | Potential | Failure to ensure responsible business practices in the supply chain due to poor supplier management | Upstream |
| **Risks and opportunities** | | | |
| **Risk/ opportunity** | **Description** | | **Value chain** |
| Risk | Insufficient supplier follow-up and control mechanisms in a pressured supplier market, leading to increased costs | | Upstream |
| Risk | Corruption and bribery | | Upstream/own operations/downstream |

## The DMA process

The DMA provides the foundation for defining Statnett's material sustainability topics and what Statnett will report on.

The assessment was conducted as a four-step process to meet ESRS requirements.[3] The entire Statnett value chain was assessed as part of the work. The consequence and risk scales used in the assessment align with the existing risk management practices in Statnett. Figure 3 "Steps in the DMA process" illustrates the different steps:

**Figure 3: Steps in the DMA process**




In the autumn of 2022, we conducted a limited double materiality assessment in accordance with practices and sustainability reporting methodologies which were considered good at the time. Since then, there have been further regulatory developments, and the DMA prepared in 2024 is the first that Statnett has conducted following ESRS requirements. Assessments of impacts, risks and opportunities are ongoing and dynamic. Therefore, a new review and update of the assessment are planned for 2025.

## Sources

The assessment is based on extensive internal and external sources.

Various methods were used to gather perspectives from identified stakeholders. We conducted a total of 62 internal interviews and received 49 responses from an employee survey. We also used the 2023 customer survey, with 51 responses collected. We performed AI analyses of external and internal reports, in addition to conducting workshops.

Furthermore, the assessment was supplemented with information from external reports, frameworks, materiality assessment tools and other sources used as a basis for AI analyses and scenario planning.

[3] This included "EFRAG's guidance for double materiality assessments"

## Time horizons

In our DMA, we have used time horizons as recommended by ESRS and in line with our financial reporting:

- Short term: < 1 year
- Medium term: 1–5 years
- Long term: > 5 years

## Threshold values

Threshold values are crucial in determining which IROs and consequently which topics are material to Statnett.

The assessment of material IROs for Statnett is based on a predetermined threshold value. IROs that received a total score higher than the threshold value are defined as material. Material topics for Statnett are those that are material from either an impact or a financial perspective. A topic deemed material for reporting may nevertheless contain sub-topics and sub-sub-topics that are not considered material for our 2024 reporting.

**Initial phase**

The initial phase of the DMA process consisted of five key activities:

- Understanding Statnett's context and the landscape in which the company operates. This is essential for understanding our impacts on the external environment
- Defining Statnett's value chain to ensure relevant factors were considered in the DMA process
- Mapping Statnett's key stakeholders and conducting stakeholder dialogues
- Defining assessment criteria and thresholds for materiality
- Establishing time horizons

## Material impacts

To identify and assess Statnett's impacts on the environment, we evaluated actual and potential impacts (both positive and negative) by:

- Documenting and structuring results from stakeholder dialogues
- Updating overarching due diligence assessments
- Identifying interactions with vulnerable and valuable nature
- Consolidating identified impacts across the value chain and linking them to sustainability topics in ESRS

The assessment of the materiality of identified impacts involved:

- Consolidating evaluations of the materiality of actual and potential impacts across the value chain
- Ranking impacts based on ESRS assessment criteria
- Developing a list of material impacts

For each identified material impact, Statnett has assessed where it occurs in the value chain. This enables Statnett to monitor identified impacts and adjust actions to address them.

Impacts were evaluated based on scale, scope and irremediable character of the impact, as well as the likelihood of the impact in accordance with ESRS 1, paragraphs 45 and 46. Our assessment matrix was developed based on EFRAG's guidance for double materiality and Statnett's risk matrices for consequence and likelihood. All assessment criteria were considered for both Statnett's own operations and its value chain.

Severity was assessed based on the following factors:

- Scale: How severe is the negative impact, or how beneficial is the positive impact, for people or the environment
- Scope: How widespread are the negative or positive impacts
- For environmental impacts, the extent of environmental damage or the geographical area was considered
- For human impacts, the number of affected people was considered
- Irremediability: Can the negative impacts be remediated, and to what extent

The various impacts were assessed as follows:

- For actual positive impacts, materiality was based on scale and scope
- For potential positive impacts, materiality was based on scale, scope and likelihood
- For actual negative impacts, materiality was based on severity
- For potential negative impacts, materiality was based on severity and likelihood

**Financial materiality**

To identify, assess and prioritise risks and opportunities for Statnett, we first identified actual and potential risks and opportunities by:

- Documenting and structuring results from stakeholder dialogues
- Updating climate and nature-related risks and opportunities
- Consolidating identified risks and opportunities – from impacts, dependencies or other risk factors
- Defining scenarios with descriptions

The assessment of the materiality of identified risks and opportunities involved:

- Consolidating evaluations of identified risks and opportunities using thresholds based on expected financial effects across different scenarios
- Ranking risks and opportunities based on ESRS assessment criteria
- Developing a list of material risks and opportunities

Material impacts and dependencies may be sources of risks and opportunities, but material risks and opportunities may also arise independently of them. See Figure 4 “Process for identifying risks and opportunities” for a description of the identification process.

**Figure 4: Process for identifying risks and opportunities**


**Step 1**

All impacts were analysed to determine if they could be a source of risks or opportunities. Potential risks/opportunities were then linked to impacts.

**Step 2**

Dependencies were categorised into different dependency categories, such as financial, nature and social.

These categories were then analysed to identify dependencies and associated risks and opportunities.

**Step 3**

Risks and opportunities based on other risk factors were assessed. The two main sources were climate exposure assessments and nature risk assessments.

Other sources, such as stakeholder analyses, due diligence assessments and assessments of similar companies, were also used.

The identified risks and opportunities were assessed based on both likelihood and financial impact. Statnett’s internal risk matrices formed the basis for the assessment criteria.

Scoring criteria were based on ESRS 1, paragraph 51:

- For risks, materiality was based on the potential (negative) size of financial effects and likelihood
- For opportunities, materiality was based on the potential (positive) size of financial effects and likelihood

- Probability was assessed per scenario, and the highest likelihood score across scenarios was used in calculations

## Scenarios

The likelihood of the occurrence of potential effects was assessed considering three different scenarios: “business as usual”, “transformation” and “collapse”. These scenarios illustrate three possible futures and include aspects related to the global economy, climate change, nature, social development and demographics, geopolitics and international cooperation, resource availability and technological development.

The scenarios were assessed across three time horizons: 2025 (short term), 2030 (medium term) and 2050 (long term).

## Consolidation

The fourth and final step in the DMA process involved consolidating the results from analyses of the impacts and material financial risks and opportunities.

This provided an overview of Statnett’s material IROs and topics. Furthermore, an internal report was prepared detailing the entire DMA process.

See the section “Details on topic-specific IROs” for more information on the materiality assessment process for the various topic standards.

## Decision-making, risk management, internal control and corporate governance related to DMA

The administrative, management and supervisory bodies have provided input, reviewed and approved the results of the assessment.

Through interviews, the Group Management team also provided input on impacts, risks and opportunities. Various expert functions within Statnett have been involved in decisions related to, for example, the use of risk scales, assessments of material impacts and financial materiality.

During the execution of the DMA, documentation and traceability have been key. An internal report provides complete documentation and traceability of the assessments, from stakeholder dialogue to the final scoring of material impacts and financial materiality.

The development of a process description and mapping for CSRD reporting, including the DMA process with specifications of roles, responsibilities and key controls, is ongoing.

Going forward, the DMA process will be more clearly linked to other relevant process maps and annual cycles, including both strategy and target management. In this way, we increasingly integrate the results of the assessment into Statnett’s corporate governance

# Details on topic-specific IROs

## IROs in E1 – Climate Change

**Impacts**

To assess Statnett’s climate impacts, we have evaluated the activities within our own operations and value chain over the short, medium and long term. Particularly through our greenhouse gas (GHG) inventory, internal surveys and reports, we see that GHG emissions are a source of several of Statnett’s identified impacts. Direct emissions of $SF_6$ gas from our own facilities and indirect emissions from material procurement, for example, are substantial and thus material in scale. GHG emissions contribute to rising atmospheric temperatures, with negative consequences for nature and people today and increasing effects in the future.

Statnett positively influences the downstream value chain by facilitating the green transition through power connection and transmission.

**Physical climate risk**

Statnett is responsible for the operation and development of the transmission grid and, therefore, for critical

infrastructure with a long lifespan nationwide. As a result, physical climate risk is a key topic.

To identify and assess physical climate risk, we used an analysis conducted by the Norwegian Meteorological Institute, the Norwegian Geotechnical Institute, the Norwegian Water Resources and Energy Directorate (NVE) and Statnett. This report mapped the physical climate exposure of Statnett's facilities over the long term, including under a high-emission scenario (RCP8.5).[4]

The report assessed how Statnett's physical infrastructure may be affected by risk factors such as temperature, precipitation, wind, snow accumulation, avalanches, snow subsidence and landslides. It also considered risk factors specific to grid infrastructure, such as atmospheric icing on power lines, vegetation growth and salt deposits on insulators.
The analysis covers the entire transmission grid and evaluates developments from the reference period (1971–2000) to the period 2071–2100. Since grid infrastructure has a long lifespan, the time horizon corresponds well with our long-term strategic planning for maintenance, upgrading, and development of new network infrastructure. Different regional classifications were used based on data availability. Temperature was divided into six key regions (corresponding to NUTS-2,[5] regions), while precipitation was analysed across 13 areas (corresponding to NUTS-3, counties). Risk was also assessed based on terrain elevation, distinguishing between lowlands and mountainous areas, as this has a significant impact on the assessed climate risks.

Table 12 provides an overview of the results from the analysis of exposure to physical climate risk for Statnett's grid facilities. Overall, there is little variation between Southern and Northern Norway, but there are some differences between scenarios. We see increased exposure to wind loads across all grid infrastructure in both the "business as usual" and "collapse" scenarios. In both scenarios, foundations are also more exposed to rising water levels and erosion and pylons are more vulnerable to landslides. Ice load risk decreases in inland/lowland areas but increases in exposed mountainous areas in the "business as usual" scenario while decreasing in the "collapse" scenario due to higher temperature increases. There is an increased risk of vegetation growth in power line corridors in both scenarios. For snow subsidence and avalanches, the risk is generally reduced or unchanged across both scenarios.
In the DMA, different scenarios were used to assess physical climate risk and estimate gross climate risk related to Statnett's business model. This includes the high-emission "collapse" scenario, also based on RCP8.5. Other scenarios employed are described above.

We also assessed the financial materiality of the identified climate risks, using financial estimates related to repair costs and costs of operational disruptions as indicators of the potential scale of the impact of damage or downtime.

Acute weather events such as floods, landslides and storms – categorised as extreme weather – could lead to a higher probability of occurring frequently on an annual basis, which can cause greater damage to infrastructure, increased operational expenses, and contribute to shorter lifespans for certain facilities. This will result in significant negative financial consequences in the "collapse" scenario. Chronic impacts such as increased average wind and ice loads are also more likely to have substantial negative effects.

**Table 12: Assessment of change in climate impact on Statnett's grid facilities, 2071-2100**

| | | Southern Norway | | | | Northern Norway | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Coast | | Inland | | Coast | | Inland | |
| | | Lowlands | Mountains | Lowlands | Mountains | Lowlands | Mountains | Lowlands | Mountains |
| Pylons | Ice load | R R | I R* | I R* | I R* | R R | U* U* | I I* | I I* |
| | Wind load | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* |

[4] Representative Concentration Pathways are internationally defined and recognised development pathways for global GHG emissions.

[5] Nomenclature of Territorial Units for Statistics

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Avalanches** | R R | R R | R R | R R | R R | R R | R R | R R |
| | **Snow subsidence** | R R | U* U* | R R | U* U* | R R | U* U* | R R | U* U* |
| | **Landslides** | IX IX | IX IX | IX IX | IX IX | IX IX | IX IX | IX IX | IX IX |
| | **Corrosion of steel pylons** | U U | U U | U U | U U | U U | U U | U U | U U |
| | **Rot in wooden utility poles** | U U | U U | U U | U U | U U | U U | U U | U U |
| **Foundations** | **Ice load** | R R | I R* | I R* | I R* | R R | U* U* | I I* | I I* |
| | **Wind load** | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* |
| | **Water/Higher GW** | I I | I I | I I | I I | I I | I I | I I | I I |
| | **Weathering** | R* R* | I* I* | I* I* | I* I* | R* R* | I* I* | I* I* | I* I* |
| **Wires, insulators and fittings** | **Ice load** | R R | I R* | I R | I R* | R R | U* U* | I I* | I I* |
| | **Wind load** | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* | I* I* |
| **Access difficulties** | **Winter** | ** | ** | ** | ** | ** | ** | ** | ** |
| | **Summer** | ** | ** | ** | ** | ** | | ** | ** |
| **Corridor** | **Vegetation growth** | I I | I I | I I | I I | I I | I I | I I | I I |

R = Reduction, U = Unchanged, I = Increase
The letter to the left represents the emission scenario “business as usual” RCP4.5, while the letter to the right

* Highly uncertain

** Impossible to draw an overall conclusion due to multiple factors affecting access

X Highly sensitive to human activity/land planning/forestry operations

**Transition risks and opportunities**

In the DMA, the consequences of identified impacts were assessed in relation to Statnett’s own activities and value chain over the short, medium and long term, based on the financial effects of climate-related events up to 2025, 2030 and 2050. The low-emission scenario 'transformation' is most closely associated with transition risks and opportunities. We have assumed that Norway will cut emissions in line with its submitted goals to the Paris Agreement and that the Norwegian CO2 price is raised to 3000 NOK/tCO2e in 2030. This CO2 price is further scaled up to 8653 NOK/tCO2e in 2050, based on ambitious climate policies in the EU and globally, and that we succeed in a transition in accordance with IEA's Net Zero scenario.

Relevant sources for this emission scenario included Statnett’s long-term market analyses,[6] which provide scenarios for future electricity consumption, energy mix and grid development needs. We also used the Norwegian government’s projected carbon price pathways and the International Energy Agency’s (IEA) Net Zero report to form a basis for expected changes in electricity consumption, power prices and $CO_2$ prices. Our two other scenarios, “business as usual” and the high-emission “collapse” scenario, were also used to ensure that various risks and uncertainties were covered. The analysis identified various transition events. In the “transformation” scenario, there is a high likelihood that stronger international climate cooperation will drive up $CO_2$ prices and increase demand for renewable energy. We also anticipate a higher pace of innovation in climate

6 Long-term market analysis 2022–2050

technology and an increased likelihood of the immediate implementation of stricter legislation on emission-intensive activities.
Increased demand for renewable energy from new power-intensive industries may lead to increased activity for Statnett. Strengthened collaboration across the Nordic region and Europe to promote technological development and standardised solutions creates opportunities for greater value creation across Statnett's value chain. Access to green financing will be an opportunity for Statnett – for example, increased use of green bonds could lower capital expenditures.
Statnett has a high proportion of taxonomy-eligible and taxonomy-aligned activities. All our activities involve the transmission and distribution of electricity, and satisfy the taxonomy's criteria for reducing and preventing GHG emissions and climate adaptation. This makes our business model less directly exposed to transition risk. However, risks have been identified due to potential increased pressure on Statnett to expand the grid while facing stricter emission reduction requirements and higher costs under the "transformation" scenario. Emissions from SF6 are identified as a significant risk as this constitutes Statnett's primary locked-in emissions. We aim to be SF6-free by 2050 and have several measures aimed at phasing out and limiting SF6 leaks in our facilities. See table of actions in E1 - Climate Change.

For both physical risks and transition risks, note 3 "Estimates, management judgement and climate risk" of the annual financial statements builds on the same underlying scenarios and analyses described here.

## IROs in E2 – Pollution

**Impacts**
Statnett is subject to strict national pollution control requirements and has thorough procedures in place to prevent and reduce unwanted pollution. Pollution risks and mitigation measures are described in the detailed plans for Statnett's development projects. In the DMA, Statnett's national scope – operating nearly 12,000 km of transmission lines and 228 facilities – was considered, and we assessed pollution risks across the entire infrastructure portfolio based on public project plans for Statnett's facilities. Based on this, the greatest potential impact was identified as water pollution from large grid facility projects and tunnel construction or from oil-containing transformer substations in operation. The assessment was supplemented with information from ENCORE[7] for relevant sectors. Descriptions, scoring and materiality assessments were reviewed by Statnett's environmental advisers, who have specialist expertise in assessing and mitigating Statnett's negative impacts. Through this process, one material impact was identified. This is described in Table 5 "E2 Pollution – material IROs".

**Risks and opportunities**
Potential transition risks were assessed based on the material impact. No risks or opportunities were deemed financially material for E2.

Statnett places great emphasis on inclusive planning processes, actively seeking input from local communities and other affected parties who can provide input on local conditions that are relevant to planned developments. This occurs primarily through dialogue meetings and public consultations for new grid development area plans and grid facility projects. In the double materiality analysis, affected local communities were primarily considered through interviews with Statnett employees who have direct dialogue with individuals and groups representing affected communities.

## IROs in E3 – Water and marine resources

As part of our DMA, we conducted a review of Statnett's activities. No material impacts, risks or opportunities related to water and marine resources were identified. In the double materiality analysis, affected local communities were primarily considered through interviews with Statnett employees who have direct dialogue with individuals and groups representing affected communities.

7 Exploring Natural Capital Opportunities, Risks and Exposure, a free digital utility for sector-screening of potential nature risk, developed by Global Canopy, UNEP FI and UNEP-WCMC

## IROs in E4 – Biodiversity and ecosystems

**Impacts**

Activities such as mineral extraction, and infrastructure development and maintenance, generally affect the natural environment at a location-specific level. Given our national scope, Statnett's actual and potential impact on nature has been assessed at the portfolio level, including through map analysis of intersections with vulnerable and valuable natural areas. The map layers used include: protected areas, proposed protected areas, areas of high or very high value, critically important, important or locally important marine habitats, and wild reindeer areas.
The findings serve as a basis for assessing the impacts of various types of infrastructure on different natural environments at different stages of a facility's life cycle.

Although the scope of Statnett's infrastructure is too large to conduct location-specific analyses for existing infrastructure, Statnett's locations have been thoroughly assessed during the licensing process. Environmental impact assessments and detailed plans for completed projects were reviewed using AI to identify actual and potential impacts and remedial actions.

Due to the lack of location-specific data for suppliers, Statnett's value chain impacts have been assessed using the ENCORE tool. This tool is based on a database of known impacts related to various sectors. The following impacts are assessed in the tool: land use (in marine, freshwater and terrestrial environments), water consumption, resource consumption, greenhouse gas emissions, pollution, waste and biological disturbances.

The actual and potential impacts identified are presented in Table 6 "E4 Biodiversity and ecosystems – material IROs".

## Dependencies

Regulating ecosystem services related to climate regulation, erosion control, and flood and storm mitigation are the most material dependencies for Statnett. This also applies to upstream wind power production. In addition, for hydropower production, water availability is crucial. All these ecosystem services are vulnerable to climate or environmental changes. These dependencies were identified using the Taskforce for Nature-related Financial Disclosures (TNFD) sector guide for electric infrastructure (electric utilities), ENCORE and the "Roadmap to Nature Positive: Foundations for the energy system" from the World Business Council for Sustainable Development (WBCSD).

**Risks and opportunities**

Potential transition risks were identified based on negative impacts, and physical risks based on dependencies. Opportunities were identified based on positive impacts or avoided risks. In addition, the list of risks and opportunities was supplemented with known risks for our sector and value chain. Risks and opportunities were categorised as either physical (acute and chronic) or related to transition (legal and political, market, technology, reputation, products and services, capital and financing, resource use). The two chronic risks are also identified as systemic risks, as multiple physical risks amplify each other. The material risks are described in Table 6 "E4 Biodiversity and ecosystems – material IROs".

Through land use and construction activities, Statnett can impact ecosystems and ecosystem services that are important to affected communities. See Chapter S3 – Affected communities for a description of Statnett's approach to involving affected communities.

Risks and opportunities were assessed using our scenarios: "business as usual", "collapse" and "transformation". These combine a series of parameters to provide a comprehensive picture of potential developments. We integrated the most updated available climate projections from the Intergovernmental Panel on Climate Change (IPCC) adapted to Norwegian conditions by the Norwegian Centre for Climate Services, the premises of the Kunming-Montreal Global Biodiversity Framework (GBF), and forecasts for the development of wilderness areas in Norway. New climate projections for Norway based on the IPCC's Sixth Assessment Report are expected in 2025. Any material changes in assumptions from this or other sources of new knowledge will be considered for inclusion in the next update of the double materiality assessment.

**Remedial actions**
Statnett has infrastructure in vulnerable and valuable natural areas. All projects include remedial actions as part of the licensing conditions, and we will work with nature management authorities to ensure that appropriate actions are implemented before commissioning.

## IROs in E5 – Resource use and circular economy

**Impacts**
As part of Statnett's double materiality assessment, the impacts of material flows were assessed. Typical procurements for Statnett include power lines and cables, which contain various metals such as copper and aluminium. Transformers and other electrical equipment consist of complex material compositions, insulation materials, steel and concrete. This is reflected in Statnett's waste streams. The impact on nature of these materials was assessed based on the Science Based Targets Network (SBTN) list of materials with particularly significant negative nature impacts, as well as ENCORE.

Given the potential impact of these material categories on people, climate and nature, three significant impacts were identified in Statnett's operations and value chain. These are described in Table 7 "E5 Resource use and circular economy – material IROs".

**Risks and opportunities**
Potential transition risks were identified based on negative impacts, and physical risks based on dependencies. Opportunities were identified based on positive impacts or avoided risks. Based on the double materiality assessment, two significant financial opportunities were identified. These are described in Table 7 "E5 Resource use and circular economy – material IROs".

In the DMA, affected local communities were primarily considered through interviews with Statnett employees who have direct dialogue with individuals and groups representing affected communities. See Chapter S3 – Affected communities for a description of Statnett's approach to involving affected communities.

## IROs in G1 – Business conduct

**Impacts**
Ensuring that transformation is successful requires good communication and collaboration with regional grid operators, producers, authorities, local communities and other stakeholders. Public insight into significant aspects of Statnett's operations is essential for both our owner and our stakeholders. Transparency is also crucial for maintaining public trust in the social mission that Statnett manages.

Poor corporate governance in the form of ineffective oversight, control and management systems and processes can lead to short-term decisions that harm the company's long-term interests, weakening trust among our stakeholders, users and owner.

These aspects formed the basis for assessing Statnett's impacts related to business conduct. Analyses of similar companies' practices, internal interviews and the white paper on ownership policy were also relevant inputs. These impacts were then assessed and scored according to established criteria for the DMA process.

Two potential impacts were identified for G1. See Table 11 "G1 Business conduct – material IROs".

**Risks and opportunities**
Potential risks and opportunities were identified based on the identified impacts as well as other sources of risks and opportunities, including internal interviews.

Two potential risks were identified for G1. See Table 11 "G1 Business conduct – material IROs". No opportunities related to business conduct were assessed as financially material.

## Disclosure requirements in ESRS covered by the company's sustainability report – IRO-2

Based on the material topics, sub-topics, and sub-sub-topics, we assessed which reporting requirements apply to us. We evaluated what Statnett currently reports on against the material topics in the DMA. The ambition level

for the 2024 report was also assessed. “EFRAG ID 177”[8] provided guidance on the link between reporting and data points and sub-topics and sub-sub-topics.

## Non-material topics

There are two topics that have not been defined as material in our DMA process. These fall below the materiality threshold.

They are E3 – Water and marine resources and S4 – Consumers and end-users.

E3 – Water and marine resources is not included in Statnett’s reporting because the standard concerns water consumption, utilisation and use of marine resources, which we assessed as having low materiality for Statnett. Impacts on marine life are covered under standard E4. Water pollution is covered under E2.

Regarding S4, Statnett’s operations impact consumers in several areas. S4 is not included in Statnett’s reporting because the identified impacts, risks and opportunities, as structured under this sub-topic, were not considered material compared with other topics. For instance, Statnett has minimal impact on aspects such as freedom of expression, access to information and personal data protection. Issues related to coexistence are addressed in Chapter S3 – Affected communities.

## Our governing documents

Statnett’s governance system consists of governing documents at various levels. These documents help ensure that we operate in compliance with legislation, ethical standards and best practices. They also form the foundation for our governance and management of material impacts, as well as related risks and opportunities. In addition to Statnett’s Articles of Association, the Board Instructions and Statnett’s Governing Principles, the key governing documents relevant to our sustainability efforts are listed in Table 13 “Our governing documents”. This table provides a consolidated overview of governing documents, which we will reference in the following chapters for the various standards.

All our governing documents follow an established process for review and renewed approval, ensuring that relevant stakeholder perspectives are taken into consideration. Governing documents are owned at different levels, from the Board and Group Management to managers within relevant professional environments. All governing documents are available on Statnett’s intranet. Where relevant, applicable governing documents are incorporated into contractual terms and conditions.
Statnett’s Code of Conduct is approved by the Board and applies to all permanent and temporary employees, including Group Management, as well as hired consultants and Board members.

**Table 13: Our governing documents**

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| **Code of Conduct** | Outlines our expectations and sets out requiremen | • All impacts, risks and opportunities across topical standards | Own workforce, as well as hired consultants and Board members | President and CEO | • The United Nations Universal Declaration of Human Rights |

[8] EFRAG ID 177 – Links between AR16 and Disclosure requirements

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | ts on how each of us should act when we conduct activities on behalf of Statnett. It reflects who we are and forms the foundation of our business culture | (E1, E2, E4, E5, S1, S2, S3, G1) | | | • The United Nations Guiding Principles on Business and Human Rights (UNGP)<br>• The International Labour Organisation's (ILO) core conventions<br>• UN International Covenant on Civil and Political Rights |
| **Supplier Code of Conduct**[9] | Expectations and requirements for suppliers | • All impacts, risks and opportunities related to Statnett's value chain across topical standards (E1, E2, E4, E5, S1, S2, S3, G1) | Partners, business associates and suppliers, including the supplier's employees, Board members, hired personnel and consultants engaged by a supplier to Statnett | Executive Vice President (EVP) & Chief Financial Officer (CFO) | • The United Nations Universal Declaration of Human Rights (1948)<br>• The International Covenant on Economic, Social and Cultural Rights (1966)<br>• The International Covenant on Civil and Political Rights (1966)<br>• ILO's core conventions |
| **Instructions for the acquisition of land and rights** | Establishes values related to land and rights acquisition | • All impacts and risks related to S3 | Employees involved in the land acquisition process | Director of Project Advisory and Implementation | N/A |

[9] Our Supplier Code of Conduct was updated in Q4 2024 and is planned to be adopted in Q2 2025.

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| **Sustainability policy**[10] | Guidelines for sustainable and responsible business operations | • All impacts, risks and opportunities across topical standards (E1, E2, E4, E5, S1, S2, S3, G1) | Entire organisation | EVP People & Sustainability | • The ten principles of the UN Global Compact<br>• OECD Guidelines on Responsible Business Conduct<br>• The Paris Agreement |
| **Policy for power system development** | Guidelines for the long-term development of the power system | • Increased demand for renewable energy from new power-intensive industries<br>• Grid losses from transmitted power in the transmission grid | Entire organisation | EVP Markets and System Development | N/A |
| **Security Policy** | Guidelines for preventing and limiting harm to personnel, infrastructure and IT systems | • Employees are exposed to the risk of serious injuries and accidents in the construction and operation of grid facilities<br>• Employees in particularly hazardous roles | Entire organisation | EVP Grid & Asset Management | N/A |

[10] The Sustainability Policy was updated in 2024 and adopted in Q1 2025.

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | | perform work that poses a safety risk<br>• Occupational safety and health (OSH) risks for workers in the value chain | | | |
| **Supply Chain Policy** | Guidelines for maintaining an efficient, ethical and resilient supply chain | • All impacts, risks and opportunities related to Statnett's value chain across topical standards (E1, E2, E4, E5, S1, S2, S3, G1) | Activities and interactions with suppliers, contractors and other third-party service providers involved in the supply chain | EVP Technology & Transformation | N/A |
| **Instructions for the CEO** | Guidelines for the CEO's tasks set by the Board | • General matters related to corporate governance<br>• Impacts, risks and opportunities related to G1 | CEO | EVP & Chief Financial Officer | N/A |
| **Procurement instructions** | Operationalisation of strategy and Supply Chain Policy, including clear procurement | • Design and planning for circularity in installation<br>• Maintenance and remediation of | Activities and interactions with suppliers, contractors and other third-party service providers involved in | Section Head of Strategic Procurement & Supplier Management | N/A |

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | requirements | components and equipment<br>• Design and planning for circularity in procurements<br>• Impacts, risks and opportunities related to E1 | the value chain | | |
| **Instructions for handling sulphur hexafluoride ($SF_6$) facilities and $SF_6$ circuit breakers and presence in $SF_6$ indoor facilities** | Safety guidelines for working on or near, as well as operating, Statnett's electrical facilities | • Emissions of $SF_6$ from electric power transmission and distribution<br>• Increased $CO_2$ tax on materials and services with a high carbon footprint<br>• Access to financing and capital through more efficient, robust and climate-friendly technologies | Everyone working at Statnett's $SF_6$ facilities and with $SF_6$ circuit breakers | Section Head of Electrical Safety, Operational OSH and Competency | N/A |
| **Instructions for handling chemicals** | Guidelines for safe and regulatory-compliant | • Pollution to water from leakage of hazardous | All Statnett employees. Others performing | Section Head of Electrical Safety, Operational | N/A |

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | handling of all health-hazardous and environmentally harmful chemicals in the business | chemicals during construction and operation | work at Statnett's facilities must follow similar or stricter instructions for such work | OSH and Competency | |
| **Instructions for motorised transport in uncultivated areas and waterways** | Guidelines for due caution related to motorised traffic in wilderness areas and waterways | • Land use changes, habitat fragmentation and degradation of ecosystems from the development and operation of the power grid<br>• Establishment and operation of the power grid and substations can lead to the introduction and establishment of invasive species | All Statnett employees, hired personnel and contractors/consultants engaged by Statnett for motorised transport in uncultivated areas | Director of Sustainability | N/A |
| **Instructions for environmental objectives in projects**[11] | Guidelines for how projects should set and follow | • All impacts related to E4<br>• Emissions of $SF_6$ from | All new and existing Statnett facilities that | Director of Project Advisory and Implementation | N/A |

[11] The instructions were developed in 2024 and adopted in Q1 2025

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | up on relevant environmental objectives for nature and climate in line with the mitigation hierarchy | electric power transmission and distribution<br>• FLAG greenhouse gas emissions (Forest, Land, Agriculture) in Statnett's projects | require public permits | | |
| **Instructions for waste management** | Guidelines for managing waste such that it does not harm people or the environment | • Waste generation from construction and operations<br>• Increased resource utilisation related to the reuse and recycling of infrastructure and materials | All Statnett employees. Others performing work at Statnett's facilities must follow similar or stricter instructions for such work | Director of Sustainability | N/A |
| **Instructions for interaction and dialogue with Indigenous peoples** | Guidelines for interaction with Indigenous peoples | • All impacts and risks related to S3 | All employees, as well as hired consultants and Board members | EVP People & Sustainability | • ILO Convention no. 169<br>• UN Declaration on the Rights of Indigenous peoples<br>• The United Nations Guiding Principles on Business and Human Rights (UNGP) |

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | | | | | • OECD Guidelines |
| **Technical standard for forest clearance** | Requirements and frameworks for initial forest clearance and maintenance clearing of power line corridors to minimise impact on biodiversity and landscapes | • Land use changes, habitat fragmentation and degradation of ecosystems from the development and operation of the power grid<br>• Land and habitat degradation from the operation of power line corridors and substations<br>• Clearing corridors under power lines prevents overgrowth and creates habitats and grazing areas | All Statnett employees, hired personnel and contractors/consultants engaged by Statnett to perform initial forest clearance and maintenance clearing | Director of Project Advisory and Implementation | N/A |
| **Technical building specifications for substation facilities** | Technical building requirements for Statnett's substation facilities, for planning, | • Extreme weather can physically damage power grid infrastructure and delay repairs and | Project planners and contractors/tradespeople, both internal and external | Section Head of Corridor and Substation Planning | N/A |

| Document | Purpose | Impact, risk, opportunity addressed | Scope | Governance responsibility | Framework and instruments |
|---|---|---|---|---|---|
| | construction and potential upgrades of new and existing substation facilities | maintenance<br>• Damage to power lines not designed for stronger wind loads and icing in winter | | | |
| **Procedure for reporting issues of concern at Statnett (whistle-blowing procedure)** | Facilitates reporting issues of concern within the organisation | • All impacts across topical standards (E1, E2, E4, E5, S1, S2, S3, G1) | Permanent and temporary employees at Statnett. Also open to others, e.g. employees of Statnett's suppliers | EVP & Chief Financial Officer | |

# Climate and the environment

In the section on climate and the environment, we report on the taxonomy criteria as well as the four key reporting standards: E1 Climate change, E2 Pollution, E4 Biodiversity and ecosystems, and E5 Resource use and circular economy.

# EU taxonomy for sustainable activities

The EU taxonomy is a classification system for sustainable economic activities. The environmental objectives defined in the taxonomy align with the topical environmental standards in CSRD, and taxonomy reporting is an integral part of the sustainability report. Similar to previous years, Statnett achieved a high proportion of both taxonomy-eligible and taxonomy-aligned activities in 2024.

All our activities involve the transmission and distribution of electricity, and satisfy the taxonomy's criteria for reducing and preventing GHG emissions and climate adaptation.

**Figure 5: KPI's for the taxonomy**

## Basis of preparation

The Norwegian Sustainable Finance Act entered into force on 1 January 2023. The EU taxonomy is still relatively new. It is also clear from the regulations that the authorities are considering expanding the taxonomy. We are monitoring developments and adapting to any adjustments. Important interpretations and assumptions are described in this section.

In 2024, we assessed our activities in relation to the requirements of the EU taxonomy.

The EU taxonomy defines six climate and environmental objectives that economic activities can help achieve:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In accordance with the taxonomy criteria, enterprises must report the scope of economic activities that they perform that are covered by the taxonomy (eligible)[12] and that meet the taxonomy criteria (aligned).[13] The enterprise must also report Key Performance Indicators (KPIs) that measure the share of revenue, capital expenditures and operating expenditures linked to sustainable activities.

## Taxonomy eligible activities

Statnett's activity is taxonomy-eligible, and we have assessed that our entire business is covered by activity 4.9 – Transmission and distribution of electricity.[14,15] The interconnected European power system makes a substantial contribution to the green transition. A well-integrated energy market and energy system are fundamental prerequisites for achieving Europe's energy and climate targets in a cost-effective manner. As the owner, developer and operator of the transmission grid and transmission system operator (TSO) in the Norwegian power system, Statnett plays a key role in the transition to a renewable society.

## Taxonomy alignment assessment

To be defined as sustainable, an activity must meet the requirements under the taxonomy. An activity is sustainable when it makes a substantial contribution to an objective and does not have a significant negative impact on any of the other objectives (Do No Significant Harm, DNSH). In addition, the activity must meet comply with minimum safeguards.

We have assessed that Statnett's activity 4.9 in the taxonomy meets the criterion of making a "substantial contribution" to the climate and environmental objectives: "climate change mitigation" (CCM) and "climate change adaptation" (CCA). Since the descriptions of these activities are overlapping for these environmental objectives, they are addressed collectively.

We make a substantial contribution to CCM because the Norwegian and Nordic power markets are an integral part of the common European power market. The Norwegian power system is physically interconnected with other countries' power systems. Closer integration between countries and sectors, new technology and digital solutions are prerequisites for making the transition to a low-emission society possible. Our activities linked to activity 4.9 – Transmission and distribution of electricity are defined as enabling activities.[16] Furthermore, we have assessed that Statnett makes a substantial contribution to climate change adaptation in line with requirements. The climate risks that are significant for our activity have been identified, and robust climate risk and vulnerability assessments in accordance with Norwegian laws form the basis for this assessment. Statnett is required to implement necessary safety and emergency preparedness measures based on these assessments. Our risk assessments consider climate variations and

[12] An activity is eligible in accordance with the taxonomy if it is included in the list of activities covered by the delegated act

[13] An activity is sustainable (aligned) in accordance with the taxonomy when it meets all the criteria for making a substantial contribution to at least one of the environmental objectives, does not cause significant harm to the other five environmental objectives and meets a minimum of social and governance aspects

[14] Our administrative and system support activities are also included in this category, since we consider these to be closely linked to our main activity

[15] Taxonomy Regulation Delegated Act 2021-2800

[16] The interconnected Norwegian, Nordic and European power system, and its subordinate systems, meet the qualification criteria for activity 4.9 of the taxonomy. See also Transmission and distribution of electricity

increased risks of natural hazards due to climate change. We have not identified any negative impacts of our climate adaptation solutions on people, nature, cultural heritage, property or other economic activities. Where appropriate, we prioritise nature-based solutions.

## No significant harm to other objectives in the taxonomy

Statnett has reviewed the DNSH criteria for activity 4.9 in the taxonomy. Our activities meet the DNSH criteria for the other environmental objectives. Table 14 summarises our assessment of the DNSH criteria for both CCM and CCA of our activities classified under activity 4.9 in the taxonomy.

**Table 14: Summary of our assessment of the DNSH criteria for the objectives of CCM and CCA**

| Environmental objectives | Our assessment of the DNSH criteria for activity 4.9 in the taxonomy |
|---|---|
| **Climate change adaptation** | Statnett has identified physical climate risk and conducted vulnerability assessments that are material to our activities. We have also implemented actions where material risks have been identified. The assessments show that our facilities, depending on where in the country they are located, will experience increased, reduced or unchanged climate impact. Guidelines for choosing routes and technical solutions are used to calculate climate loads. All new facilities are designed to withstand extreme weather events. Our assessments are based on the report "The importance of climate change for Statnett's transmission facilities" and the regional projections made by the Norwegian Centre for Climate Services. Read more in Chapter ESRS 2 under "IROs in E1". |
| **The sustainable use and protection of water and marine resources** | There are currently no specific criteria for water in relation to activity 4.9. |
| **The transition to a circular economy** | The waste hierarchy[17] forms the basis for Statnett's waste management. The planning, construction, operation and demolition of buildings and facilities should be conducted in such a manner as to ensure the least amount of negative impact on natural resources and the external environment. This means that waste should be reduced and materials reused before they are recycled into new materials or energy. In Norway, there are legal requirements for waste management. Statnett carefully plans waste management to facilitate the sorting at source of various components, and we ensure maximum utilisation of material resources or energy resources. The requirements for hazardous waste are particularly stringent. Statnett has a framework agreement for waste management. Read more about Statnett's use of resources in Chapter E5. |
| **Pollution prevention and control** | Systematic HSE work and internal control are legal requirements in Norway. Statnett adopts a structured and targeted approach to HSE, meeting the requirements of the Internal Control Regulations and the Construction Client Regulations. Our systematic HSE work is based on the risk factors to which our various activities are exposed. Statnett considers that its HSE work complies with the IFC's general guidelines for environment, health and safety.<br>We follow strict requirements to limit the impacts of electromagnetic radiation on people as set out in Norwegian legislation, the provisions of the Radiation Protection Regulations and the authorities' advice on caution and good practice. |

[17] The waste hierarchy is a concept in Norwegian and European waste regulations that describes priorities for waste management, from waste reduction (highest priority) to landfill (lowest priority).

| | |
|---|---|
| | Statnett does not use power conduits that contain PCB. Read more about how Statnett prevents and manages pollution in Chapter E2. |
| **The protection and restoration of biodiversity and ecosystems** | The Regulations on Impact Assessments require enterprises to carry out impact assessments when planning new power transmission facilities. Construction of grid facilities must also conform with a number of land use laws and regulations. We carry out impact assessments in accordance with Directive 2011/92/EU, as implemented through the Norwegian Regulations on Impact Assessments. Statnett uses the mitigation hierarchy as a basis for planning new power transmission facilities. If an impact on a biodiversity asset cannot be avoided, Statnett strives to minimise the impact by implementing remedial actions. Statnett has infrastructure in vulnerable and valuable natural areas, with varying levels of impact on different types of nature. Where Statnett is in contact with such natural areas, Norwegian legislation is particularly strict on assessing impact, compliance with the mitigation hierarchy and implementation of remedial actions. Statnett aims to avoid the degradation of such areas. Read more about our approach to nature in Chapter E4. |
| **Climate change mitigation** | Statnett's infrastructure is not dedicated to establishing a direct connection or expanding an existing direct connection to electricity production with greenhouse gas emissions exceeding 270 g CO2e/kWh. |

## Criteria for social and governance aspects

At Statnett, respect for human rights and decent working conditions are fundamental. There is a risk of negative impacts on human rights and decent working conditions in our value chain. We are working actively to ensure that both aspects are safeguarded, not only within our own organisation but throughout our value chain. To respect these rights, Statnett works to identify and assess impacts, and take steps to prevent, reduce and manage risks and impacts which could negatively affect these rights. This work is conducted in line with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines on Responsible Business Conduct, and is based on the ILO's core conventions. Statnett promotes a responsible transition. Our efforts and processes in this area are discussed in more detail in Chapters S1, S2 and S3.

Preventing corruption requires effective and up-to-date anti-corruption programmes, which must be endorsed by the Board and adapted to risks within our own organisation, as well as those in our supply chain and other business associates. Updated guidelines and Board-approved programmes that are in line with best practices help Statnett reduce its own risk and prevent financial crime. Statnett complies with applicable tax legislation. See Note 19 in the financial statements for further details on tax. We adhere to the principle that taxes should be paid where economic value is generated, and that internal pricing within the company is in line with the arm's length principle, meaning that products and services within the Group must be priced as if they were conducted between independent parties, in accordance with OECD Transfer Pricing Guidelines.

Relevant laws governing fair competition in Norway and for Statnett include the Accounting Act, the Auditors Act, the Competition Act, the Public Procurement Act, the Supply Regulations, the Securities Trading Act, and applicable tax and sector-specific legislation. The Freedom of Information Act also applies.

## Results, definitions and assumptions

Statnett achieves a high proportion of taxonomy-eligible activities, with 99.8 per cent of revenue, 100 per cent of capital expenditures and 100 per cent of operational expenditures.

Statnett achieves a correspondingly high score for taxonomy-aligned activities, based on a review and assessment that 1) the substantial contribution requirement has been met; 2) all DNSH criteria have been fulfilled; 3) the minimum social and governance criteria have been satisfied. The KPIs are defined in accordance with taxonomy requirements.[18]

## Revenue

The proportion of taxonomy-eligible and taxonomy-aligned revenue was 99.8 per cent for the 2024 financial year (99.6 per cent in 2023).

The denominator corresponds to the total operating revenue in Statnett's statement of comprehensive income. Total operating revenue is specified in Note 4 Operating revenue and amounted to NOK 18,961 million in 2024 (NOK 11,600 million in 2023).

The numerator includes all regulated revenue as well as a portion of other operating revenue currently considered eligible and aligned in accordance with the taxonomy. Ineligible activities refer to revenue that is not considered to be directly part of our core business, including commercial revenue from the leasing of fibre-optic networks and ships, and revenue from the sale of property.

## Capital expenditures

The proportion of taxonomy-eligible and taxonomy-aligned capital expenditures was 100 per cent for the 2024 financial year (100 per cent in 2023).

The denominator corresponds to the figure for additions of tangible and intangible assets during the financial year and equates to the sum of additions in Note 8: Tangible and intangible assets and Note 9: Assets under construction,[19].

In 2024, the Group's total taxonomy-eligible capital expenditures amounted to NOK 7,996 million (NOK 6,371 million in 2023).

The numerator includes capital expenditures for power lines, substations, buildings, land and ICT. Since Statnett only has one main business activity, we consider that all capital expenditures relate to the Group's business and main activity.

## Operational expenditures

The proportion of taxonomy-eligible and taxonomy-aligned operational expenditures was 100 per cent for the 2024 financial year (100 per cent in 2023).
In accordance with taxonomy criteria, costs that are not capitalised and that relate to activities within research and development, building maintenance and repairs, cleaning and short-term rentals must be reported. Any other direct costs that are necessary to ensure that the assets function as intended must also be reported. The denominator therefore constitutes a small proportion of the accounting lines "Other operating expenses" and "Salaries and payroll costs".

In 2024, the Group's operational expenditures in accordance with the taxonomy definition amounted to NOK 805 million (NOK 656 million in 2023).

The numerator includes the portion of the denominator that is critical for carrying out activities in accordance with the taxonomy. As Statnett only has one main business activity, we consider that all costs relating to research and development, maintenance and repairs, cleaning and short-term rentals should be included.

There have been no maintenance costs associated with commercial activities, and maintenance costs related to the leasing out of fibre-optic networks are considered immaterial.

18 Taxonomy Regulation Delegated Act 2021-4987 Annex 1–5

19 Additions in notes 8 and 9 have been reduced by the sum of "Transferred to tangible assets and intangible assets" in Note 9

# KPI tables Taxonomy for sustainable activities[20]

The tables below provide a summary of key indicators for the EU taxonomy.

**Table 15: Revenue**

| Financial year N | | Year | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") (f) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code[a] (2) | OpEx (3) | Proportion of Turnover, year N (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18) | Category enabling activity (19) | Category transitional activity (20) |
| *Text* | | *Currency* | *%* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *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)** | | | | | | | | | | | | | | | | | | | |
| 4.9 Transmission and distribution of electricity | CCM 4.9 | 18 918 | 99,8 % | Y | Y | | | | | Y | Y | | Y | Y | Y | Y | 99,6 % | *Enabling* | |
| **Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)** | | **18 918** | **99,8 %** | **%** | **%** | **%** | **%** | **%** | **%** | Y | Y | | Y | Y | Y | Y | **99,6 %** | | |
| **Of which enabling** | | 18 918 | 99,8 % | % | % | % | % | % | % | Y | Y | Y | Y | Y | Y | Y | % | Enabling | |
| **Of which transitional** | | | % | % | | | | | | Y | Y | Y | Y | Y | Y | Y | % | | Transitional |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| | | | | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | | | | | | | | | | |
| Activity 1 (d) | | | % | | | | | | | | | | | | | | % | | |
| **Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | | % | % | % | % | % | % | % | | | | | | | | % | | |
| **A. Turnover of Taxonomy eligible activities (A.1+A.2)** | | 18 918 | 99,8 % | % | % | % | % | % | % | | | | | | | | | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy-non1eligible activities** | | **43** | **0,2 %** | | | | | | | | | | | | | | | | |
| **TOTAL** | | **18961** | **100 %** | | | | | | | | | | | | | | | | |

[20] Based on standard format according to Annex 1 in the Taxonomy regulation taxonomy-regulation-delegated-act-2021-4987-annex-1-5_en.pdf (europa.eu)

## Table 16: Capital expenditures

| Financial year N | | Year | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") (f) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code[a] (2) | OpEx (3) | Proportion of CapEx, year N (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18) | Category enabling activity (19) | Category transitional activity (20) |
| *Text* | | *Currency* | *%* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *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)** | | | | | | | | | | | | | | | | | | | |
| 4.9 Transmission and distribution of electricity | CCM 4.9 | 7996 | 100 % | Y | Y | | | | | Y | Y | | Y | Y | Y | Y | 100 % | *Enabling* | |
| **CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)** | | 7996 | 100 % | **%** | **%** | **%** | **%** | **%** | **%** | **Y** | **Y** | | **Y** | **Y** | **Y** | **Y** | 100 % | | |
| **Of which enabling** | | 7996 | 100 % | % | % | % | % | % | % | Y | Y | Y | Y | Y | Y | Y | % | Enabling | |
| **Of which transitional** | | | % | % | | | | | | Y | Y | Y | Y | Y | Y | Y | % | | Transitional |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| | | | | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | | | | | | | | | | |
| Activity 1 (d) | | | % | | | | | | | | | | | | | | % | | |
| **CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | | % | % | % | % | % | % | % | | | | | | | | % | | |
| **A. CapEx of Taxonomy eligible activities (A.1+A.2)** | | 7996 | 100 % | % | % | % | % | % | % | | | | | | | | | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **CapEx of Taxonomy-non1eligible activities** | | 0 | 0 | | | | | | | | | | | | | | | | |
| **TOTAL** | | 7996 | 100 % | | | | | | | | | | | | | | | | |

## Table 17: Operational expenditures

| Financial year N | | Year | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") (f) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code[a] (2) | OpEx (3) | Proportion of OpEx, year N (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18) | Category enabling activity (19) | Category transitional activity (20) |
| *Text* | | *Currency* | *%* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *Y; N; N/EL (b) (c)* | *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)** | | | | | | | | | | | | | | | | | | | |
| 4.9 Transmission and distribution of electricity | CCM 4.9 | | % | Y | Y | | | | | Y | Y | | Y | Y | Y | Y | 100 % | *Enabling* | |
| **OpEx of environmentally sustainable activities (Taxonomy-aligned (A.1)** | | 805 | 100 % | **%** | **%** | **%** | **%** | **%** | **%** | Y | Y | | Y | Y | Y | Y | **100 %** | | |
| **Of which enabling** | | 805 | 100 % | % | % | % | % | % | % | Y | Y | Y | Y | Y | Y | Y | % | Enabling | |
| **Of which transitional** | | | % | % | | | | | | Y | Y | Y | Y | Y | Y | Y | % | | Transitional |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| | | | | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | *EL, N/EL* (e) | | | | | | | | | | |
| Activity 1 (d) | | | % | | | | | | | | | | | | | | % | | |
| **OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | 0 | 0 % | % | % | % | % | % | % | | | | | | | | % | | |
| **A. OpEx of Taxonomy eligible activities (A.1+A.2)** | | 805 | 100 % | % | % | % | % | % | % | | | | | | | | | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **OpEx of Taxonomy-non1eligible activities** | | 0 | 0 % | | | | | | | | | | | | | | | | |
| **TOTAL** | | 805 | 100 % | | | | | | | | | | | | | | | | |

| Proportion of turnover / Total turnover | | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 99,8 % | 99,8 % |
| CCA | 99,8 % | 99,8 % |
| WTR | % | % |
| CE | % | % |
| PPC | % | % |
| BIO | % | % |

| Proportion of CapEx / Total CapEx | | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 100 % | 100 % |
| CCA | 100 % | 100 % |
| WTR | % | % |
| CE | % | % |
| PPC | % | % |
| BIO | % | % |

| Proportion of OpEx / Total OpEx | | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 100 % | 100 % |
| CCA | 100 % | 100 % |
| WTR | % | % |
| CE | % | % |
| PPC | % | % |
| BIO | % | % |

**Table 18: Annex XII - Nuclear and fossil gas related activities**

| | | |
|---|---|---|
| | **Nuclear energy related activities** | |
| 1. | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | NO |
| 2. | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | NO |
| 3. | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | NO |
| | **Fossil gas related activities** | **NO** |
| 4. | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | NO |
| 5. | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | NO |
| 6. | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | NO |

# E1 Climate change

Statnett plays a key role in Norway's transition to a low-emission society. The green transition therefore gives Statnett the opportunity to contribute to electrification, strengthen the focus on optimising the existing grid and develop new technology.

Nevertheless, climate change poses serious risks.

Global warming is expected to continue throughout the century, affecting weather patterns, ecosystems and society. For Statnett, this could translate into increased risk of damage to infrastructure, challenges in resource availability across the value chain and stricter environmental regulations.

This chapter provides a status report on the development of Statnett's transition plan, climate-related risks, relevant governing documents, actions, indicators and targets, as well as an updated greenhouse gas (GHG) inventory.

Photo: Per Fjordvang

## Climate transition plan

We are in the process of developing a climate transition plan, which is expected to be finalised in 2025. As part of this work, we will establish specific targets for reducing GHG emissions.

## Material impacts, risks and opportunities related to climate change

For a description of the identified IROs, see Table 4 "E1 Climate change – material IROs" in Chapter ESRS 2.

## Risks and opportunities

**Overview of identified climate risks**

Table 19 "Identified climate risks" provides an overview of the identified climate risks, including an explanation as to whether the risk is classified as physical risk or transition risk.

**Tabell 19: Identified climate risks**

| Description of risk | Type of climate risk and rationale of assessment |
|---|---|
| Extreme weather can physically damage power grid infrastructure and delay repairs and maintenance | Physical risk: extreme weather can directly damage Statnett's infrastructure, resulting in increased repair and system operation costs |
| Increased $CO_2$ tax on materials and services with a high carbon footprint | Transition risk: increased carbon prices linked to the transition to a low-carbon economy will lead to higher tax levels and increased costs for Statnett |
| Political fluctuations and/or backlash against the green transition | Transition risk: political changes and resistance to the green transition may hinder or slow progress, reducing the need for new grid development and/or increasing the costs of technology |
| Temperature fluctuations lead to changes in demand and production patterns that may affect the balancing of the power system | Physical risk: climate change may impact production and demand, leading to imbalances in the power system |
| Damage to power lines not designed for stronger wind loads and icing in winter | Physical risk: this may cause damage to and destruction of critical infrastructure |
| Requirement to purchase guarantees of origin (GO) for renewable energy | Transition risk: the requirement for GO purchases will lead to increased costs for Statnett |
| "First mover disadvantage" – higher costs for solutions and technologies that facilitate the green transition | Transition risk: ambitious climate action may result in higher costs for solutions and technologies needed to achieve emission reductions |
| Our own sustainability targets, stricter laws and other external requirements may lead to increased prices of raw materials and reduce the availability of suppliers and land | Transition risk: stricter sustainability requirements may impact Statnett's supply chain, leading to higher costs and/or reduced access to essential technology for grid development |
| Failed investments in grid expansion due to the selection of new technologies that do not achieve the desired result/quality/lifespan | Transition risk: poor investment decisions could lead to increased costs, affecting Statnett's financial performance or limiting its ability to reduce emissions and meet climate targets |

| Description of risk | Type of climate risk and rationale of assessment |
|---|---|
| Failed investments in grid expansion due to strong growth in decentralised energy systems | Transition risk: this could impact Statnett's financial performance and its contribution to society's energy transition |
| Lack of access to critical technology for reducing greenhouse gas emissions due to supplier challenges | Transition risk: Statnett relies on access to the right types of technology to support the transition, where supply chain bottlenecks driven by high demand could result in increased costs |

## Resilience analysis

We have conducted a resilience analysis of our business model and strategy as part of the DMA. Material physical and transition risks were identified based on our impacts. Further details on methodology and execution of the analyses can be found in Chapter ESRS 2.

This analysis covers the entire Statnett Group, encompassing our business model for the transmission and distribution of electricity and the associated upstream and downstream value chains. The analysis primarily focuses on physical climate risks related to grid infrastructure. It is based on IPCC figures for Norway from 2015 and will be updated when new IPCC data for Norway becomes available. We will also further assess how climate change impacts and is addressed in system operations and power system planning.

The results of the resilience analysis and identified risks and opportunities can be found in Chapter ESRS 2 in the sections on physical climate risk, transition risk and transition opportunities.

## The DMA process

For a description of the DMA process for E1, refer to the section on topic-specific IROs in Chapter ESRS 2.

## Governing documents and guidelines for climate change

Statnett has several governing documents that cover relevant climate-related topics to varying degrees. These documents are briefly described below. For more details on our governance system and governing documents, please refer to Chapter ESRS 2 and Table 13 "Our governing documents".

The following governing documents outline how Statnett contributes to climate change mitigation:

- Sustainability policy
- Supply chain policy
- Statnett's procurement instructions
- Instructions for handling $SF_6$ facilities and $SF_6$ circuit breakers and presence in $SF_6$ indoor facilities
- Technical building specifications for substation facilities

The following address climate change adaptation:

- Sustainability policy
- Technical building specifications for substation facilities

The following addresses energy efficiency:

- Policy for power system development and operation

The following addresses development of renewable energy:

- Policy for power system development and operation

## Actions related to climate change

Table 20 "Overview of actions completed or initiated in 2024" contains an overview of key actions we have implemented, or plan to implement, to address material IROs related to climate change.

Most of the actions do not involve significant operational or capital expenditures. Actions related to the phasing out of $SF_6$ and procurement of low-emission materials and technologies will entail higher costs. These costs will

be specified in our transition plan. Currently, we lack sufficient data and methodologies to assess the share of total costs attributable to climate actions. We aim to develop such analyses in 2025.

Statnett is working to reduce its climate impact across the entire value chain, focusing on the most significant emissions sources within Scopes 1, 2 and 3.[21]

We are working towards setting science-based climate targets and finalising a climate management system that enables us to measure achieved or expected emission reductions, as well as the associated cost of actions as defined in CSRD.

Our actions to reduce emissions focus on our largest sources of emissions: for Scope 1, by reducing emissions of $SF_6$ (a very potent greenhouse gas) and electrifying vehicles and vessels; for Scope 3, by reducing emissions associated with the procurement of capital goods for grid development and the design of new grid facilities.

**Table 20: Overview of actions completed or initiated in 2024**

| Actions | Description and expected results | Related to the targets | Scope | Progress |
|---|---|---|---|---|
| **Reduce use and emissions of $SF_6$ gas** | We have set an internal target for Statnett's facilities to be $SF_6$-free by 2050. We are working to adopt alternative gases, install sensor technology to prevent leaks and replace $SF_6$ gas with alternative technology where possible | We will contribute to Norway's climate targets by developing and operating the power system efficiently. We will promote sustainable resource use through choice of technology | Own operations | The work to install sensor technology, improve procedures to prevent leaks and phase out $SF_6$ gas is ongoing across our grid facility portfolio |
| **Electrification of the vehicle fleet** | The use of fossil-fuelled vehicles contributes to our direct emissions. We continuously identify new operational areas where electric vehicles can be used, increasing the number of EVs and reducing our direct emissions | We will minimise our negative impact on nature and the environment and contribute to nature-positive solutions | Own operations | We will develop a comprehensive overview of transport needs and potential electric alternatives in the short and medium term in collaboration with our suppliers |
| **Use of drones instead of helicopters** | We are working to adopt new drone technology, which can replace helicopters for certain operations. | We will minimise our negative impact on nature and the environment and contribute to nature-positive solutions | Own operations | We are continuously piloting drone technology, which is expected to |

[21] Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased electricity), Scope 3 (Indirect emissions)

| Actions | Description and expected results | Related to the targets | Scope | Progress |
|---|---|---|---|---|
| | | | | replace some helicopter operations by 2030 |
| **Route optimisation for Statnett's vessel *Elektron*** | Through continuous optimisation of Statnett's vessel *Elektron*, we can reduce total travel distances and fuel consumption | We will minimise our negative impact on nature and the environment and contribute to nature-positive solutions | Own operations | Route optimisation is carried out throughout the year based on expected transport assignments |
| **Procurement of low-emission vessel** | We are in the process of assessing the procurement of a new vessel, exploring options for a low-emission vessel, primarily through ammonia-based fuel | We will minimise our negative impact on nature and the environment and contribute to nature-positive solutions | Own operations | A decision on initiating the procurement of a new vessel will be made in 2025 |
| **Climate requirements for procurements** | We integrate climate considerations into our procurement processes and weigh sustainability, including climate impact, in accordance with the Norwegian Public Procurement Act to reduce our Scope 3 emissions | We will promote sustainable resource use through choice of technology and circular solutions | Upstream | We will continue to develop climate requirements in procurement processes and create specific strategies for procurements with substantial emissions in line with climate targets |
| **Low-emission materials and technological solutions** | We are working to qualify new materials and solutions with lower climate footprints in production, construction and operation through the development of life cycle analyses (LCA) | We will promote sustainable resource use through choice of technology and circular solutions | Upstream | We are currently developing a strategy for new and updated LCAs, with continuous improvements expected through 2030 |
| **Carbon pricing in the procurement of construction services** | We are implementing carbon pricing in the procurement of construction services to reduce emissions from the project planning phase | We will promote sustainable resource use through choice of technology and circular solutions | Upstream | As part of our transition plan in 2025, we will further develop, implement and |

| Actions | Description and expected results | Related to the targets | Scope | Progress |
|---|---|---|---|---|
| | | | | measure the impact of this action across multiple projects |
| **Climate-proofing new grid facilities** | The planning of new grid facilities contributes to our indirect emissions. We follow safety requirements related to natural hazards set by the relevant sector authorities | We will manage and plan for increased climate risk | Own operations | These requirements apply to the planning of new or modified substations |

## Targets related to climate change mitigation and adaptation

Statnett aims to reduce GHG emissions across the entire value chain. We have not yet adopted overarching science-based climate targets for total emissions. However, we have an ambition to establish a net-zero target through our work with our climate transition plan in 2025.

Governing documents, guidelines and instructions are followed up in the daily operations and our GHG inventory is used to evaluate progress. One of our climate targets is to ensure that Statnett's facilities are $SF_6$-free by 2050, which we are actively following up on.

As part of our work on science-based climate targets, we will establish specific short- and long-term targets for Scopes 1, 2 and 3. Our GHG reduction targets and actions towards 2030 and 2050 will be credible and third-party verified. In April 2023, Statnett submitted a letter of intent to the Science Based Targets initiative (SBTi). We expect to adopt new targets in 2025.

## Energy consumption and mix

Our energy consumption is primarily linked to the planning, operation and maintenance of grid infrastructure. We use the same limits and consolidation method as in our GHG inventory. For a detailed explanation of consolidation and methodology, see the section on GHG emissions.

All Statnett activities fall under NACE Code 35.1 (Electric power generation, transmission and distribution), a sector classified as having a high climate impact. We calculate the proportion of energy consumption by source (fossil, renewable and nuclear) based on the market-based method. For district heating and cooling, we use supplier-specific declarations of performance. The energy content of fuel consumption is based on general conversion factors for relevant products. Table 21 "Energy intensity" shows energy intensity in MWh per NOK million. Table 22 "Energy consumption and mix" illustrates Statnett's total energy consumption and corresponding energy mix. For information on operating revenue, see Note 4 in the annual financial statements.

**Table 21: Energy intensity**

| | 2023 | 2024 | Change from previous year |
|---|---|---|---|
| Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors | 100 % | 100 % | 0 |
| Energy intensity MWh/NOK million | 237 | 161 | -32 % |

**Table 22: Energy consumption and mix**

| | Quantity 2024 | Unit |
|---|---|---|
| Fuel consumption from coal and coal products | 0 | MWh |
| Fuel consumption from crude oil and petroleum | 9 540 | MWh |
| Fuel consumption from natural gas | 0 | MWh |
| Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources | 260 | MWh |
| Total fossil energy consumption | 2 466 624 | MWh |
| *Share of fossil sources in total energy consumption* | 84 | % |
| Consumption from nuclear sources | 292 507 | MWh |
| *Share of consumption from nuclear sources in total energy consumption* | 10 | % |
| Fuel consumption for renewable sources, including biomass | 4 | MWh |
| Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources | 2 949 | MWh |
| The consumption of self-generated non-fuel | 0 | MWh |
| Total renewable energy consumption | 178 436 | MWh |
| *Share of renewable sources in total energy consumption* | 6 | % |
| **Total energy consumption** | 2 937 568 | **MWh** |

## Greenhouse gas emissions

## Structure of the GHG inventory

Statnett's GHG inventory covers Statnett SF Group and includes Scope 1, 2 and 3 emissions across Statnett's value chain, as described in Chapter ESRS 2. Emissions from wholly owned subsidiaries are fully consolidated in the GHG inventory, as shown in Table 23 "Greenhouse gas inventory".

For joint ventures and operational arrangements, emissions are consolidated based on ownership share. Emissions under operational control are recorded on a separate line. See Note 21 for a detailed description of jointly controlled operational arrangements. See Note 20 for a detailed description of Statnett's investments in subsidiaries, joint ventures and associates.

Similar to energy consumption, Statnett's emissions primarily stem from the planning, operation and maintenance of grid infrastructure, classified under NACE code 35.1 – Electric power generation, transmission and distribution, a sector identified as having high climate impact.[22]

Statnett's GHG inventory follows the GHG Protocol and includes figures based on both market-based and location-based methodologies, as illustrated in Table 23 "Greenhouse gas inventory". Biogenic emissions, such as those from the combustion of biofuels, are reported separately in Table 24 "Biogenic emissions".

Where possible, Statnett uses activity-based data and supplier-specific emission factors to calculate our greenhouse gas emissions. Estimates are only used

22 High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Delegated regulation - 2022/1288 - EN - EUR-Lex)

where high-quality data is unavailable. In 2024, 23 per cent of emissions were based on supplier activity data, either in the form of Environmental Product Declarations (EPD) or pre-calculated emissions.

The remaining emissions were calculated using estimates, primarily based on Statnett's own life cycle assessments (LCA) or general factors from DEFRA (the UK Department for Environment, Food & Rural Affairs). The estimates are considered to have a higher degree of uncertainty, but since we use recognised factors and our own LCAs, we consider the estimates to be adequate until accurate activity data can be obtained. Table 26 "Data quality in the GHG inventory" provides an overview of the use of estimates versus activity-based data.

Statnett reports on all material Scope 3 emission categories as defined by the GHG Protocol. No emissions are reported for Categories 8 to 14, as these are not material or not relevant given Statnett's business model. Previously, emissions were reported under Category 13 (leased assets) due to the leasing of the vessel *Elektron I*. However, since the vessel was not leased in 2024, no emissions are reported in this category.

For Category 15 (investments), Statnett uses supplier-specific Scope 1 and 2 emission factors. We do not include Scope 3 emissions in the total investment-related emissions due to high uncertainty in data quality. This results in some under-reporting, as including Scope 3 estimates from banks would yield higher emission figures. Statnett is transparent about this margin of error, but due to the lack of complete and reliable data, including these estimates could misrepresent the company's actual emissions activity.

To ensure the completeness of our reported emissions figures, emissions from Scope 3 Category 1 (purchased goods and services) and Category 2 (capital goods) related to grid infrastructure development are recognised in the year they are put into operation. This means that emission-generating activities may have occurred earlier than the reporting year. Other data in the GHG inventory is recognised in the year the activity takes place.

We are continuously working to improve the data quality in our GHG inventory. However, for Scope 3 Category 2 (capital goods) in particular, there is room for improvement. We actively request EPDs or equivalent from suppliers. This provides us with the best possible information on emissions related to capital goods. Due to the complexity of certain products, this has been a time-consuming process. We will therefore work closely and systematically with our suppliers to further improve our emissions data.

Improvements in data quality may result in changes to total emissions. This year, we updated emission estimates for material consumption in projects (Category 2) and for purchased fuel in projects (Category 1) back to 2022. These updates significantly lowered reported emissions, as the new estimates more accurately reflect actual activities.

## Results – GHG inventory 2024

Statnett's total emissions decreased by 26 per cent from 2023 to 2024, primarily due to fewer newly energised grid facilities, resulting in lower Scope 3 emissions. We expect an increase in new energised grid facilities in the coming years.

## Scope 1

Statnett's Scope 1 emissions originate from fossil fuel consumption in ships and company vehicles, as well as emissions of the extremely harmful gas $SF_6$, which is used as an insulating gas in electrical facilities. $SF_6$ emissions occur due to leaks in operational grid facilities or as a result of incidents during grid construction.

In 2024, Scope 1 emissions increased by 73 per cent. This is largely due to a 110 per cent increase in$SF_6$ emissions from 2023. The total amount of $SF_6$ increased from 252 kg in 2023 to 530 kg in 2024. As per 31.12.2024, Statnetts total $SF_6$ inventory was 176,981 kg, giving a leakage rate of 0,3 per cent. In 2023 the leakage rate was 0,14 per cent, and the total $SF_6$-inventory was 181 374 kg. Much of the observed increase is attributable to improved reporting and control of $SF_6$ inventories in facilities and storage. Additionally, ageing grid facilities and higher maintenance needs contributed to increased $SF_6$ emissions. Statnett is actively working to improve $SF_6$ measurement and

emission control, as described in Table 20 “Overview of actions completed or initiated in 2024”.

## Scope 2

The largest Scope 2 emissions originate from grid losses. In 2024, total grid losses measured in TWh decreased due to lower consumption and reduced grid load in some areas. Using a location-based emissions factor, Scope 2 emissions decreased by 24 per cent. This calculation is based on the NVE emissions factor for physically delivered electricity in Norway, which is 95 per cent renewable.[23]

Statnett is also required to report under the market-based method, where emissions from purchased electricity are calculated using NVE’s emissions factor for the European residual mix, which has a higher emission value than the location-based method.[24] This is without guarantees of origin for renewable energy, since Statnett does not generally purchase guarantees of origin for its own consumption or grid losses. The market-based method results in a 16 per cent increase in Scope 2 emissions, with Statnett’s total emissions (Scope 1, 2 and 3) increasing by 13 per cent.

## Scope 3

Statnett’s Scope 3 emissions are at present primarily linked to the pace of grid expansion and the number of new power grid projects. There were relatively few new grid facilities that were put into operation in 2024, , leading to a 71 per cent reduction in emissions from Category 2 (capital goods). This resulted in a 37 per cent decrease in total Scope 3 emissions compared with the previous year. We expect this figure to increase going forward, due to an accelerated rate of grid expansion, in accordance with our transmission system development plan. Emissions in Category 15 (investments) also increased slightly, reflecting higher investment activity in Statnett’s pension and insurance funds.

Emissions increased in Category 1 (purchased goods and services) as well. This is because, for 2024, we have included calculations for indirect purchases of goods and services that are not directly related to grid projects, such as consultants, IT services and equipment, as well as various office-related purchases. We have not succeeded in back-dating emissions calculations due to uncertain estimates.

For Category 4 (transportation and distribution), we introduced new estimates this year for upstream transport emissions related to capital goods purchased for grid development projects. This year, we included transformers, conductors and pylons, and we are working to include the remaining capital goods.

For Category 5 (waste generated in operations), we collected broader waste data from grid development projects. This resulted in increased reported emissions compared with the previous year, which only included data from Norsk Gjenvinning. For projects, emissions were estimated based on waste volume. We will work to obtain better information on emissions related to the management of project waste.

23 Norway’s National Electricity Disclosure 2023. Where does the electricity come from? – NVE

24 Electricity disclosure for electricity suppliers 2023, NVE. Electricity disclosure for electricity suppliers – NVE

**Table 23: Greenhouse gas inventory**

| | 2022 | 2023 | 2024 | Change from previous year |
|---|---|---|---|---|
| **Scope 1 GHG-utslipp** | | | | |
| Gross Scope 1 GHG emissions (tCO2eq) | **12 712** | **10 000** | **17 619** | **73 %** |
| Percentage of Scope 1 GHG emissions from regulated | NA | NA | NA | NA |
| Gross Scope 1 GHG emissions from companies with | NA | NA | 341 | NA |
| **Scope 2 GHG emissions** | | | | |
| Gross location-based Scope 2 GHG emissions (tCO2eq) | **29 993** | **57 467** | **44 012** | **-24 %** |
| Gross market-based Scope 2 GHG emissions (tCO2eq) | 1 102 534 | 1 516 423 | 1 756 644 | 16 % |
| Gross location-based Scope 2 GHG emissions from companies with operational control (tCO2eq) | NA | NA | 117 | NA |
| Gross market-based Scope 2 GHG emissions from companies with operational control (tCO2eq) | NA | NA | 4 660 | NA |
| **Significant scope 3 GHG emissions** | | | | |
| Total gross indirect (Scope 3) GHG emissions (tCO2eq) | **73 130** | **109 262** | **69 330** | **-37 %** |
| 1. Purchased goods and services | 4 468 | 3 805 | 12 739 | 235 % |
| 2. Capital goods | 53 376 | 88 461 | 25 337 | -71 % |
| 3. Fuel- and energy-related activities (not included in Scope | 1 344 | 960 | 1 286 | 34 % |
| 4. Upstream transportation and distribution | 0 | 0 | 638 | NA |
| 5. Waste generated in operations | 388 | 483 | 1 929 | 299 % |
| 6. Business travel | 1 463 | 2 372 | 2 918 | 23 % |
| 7. Employee commuting | 1 238 | 1 394 | 1 525 | 9 % |
| 13. Downstream leased assets | 782 | 249 | 0 | -100 % |
| 15. Investments | 10 070 | 11 538 | 22 958 | 99 % |
| **Total GHG emissions** | | | | |
| Total GHG emissions (location-based) (tCO2eq) | **115 835** | **176 729** | **130 960** | **-26 %** |
| Total GHG emissions (market-based) (tCO2eq) | **1 188 376** | **1 635 685** | **1 843 593** | **13 %** |

**Table 24: Biogenic emissions (tCO2e)**

| Emissions per scope | 2023 | 2024 | Change from previous year |
|---|---|---|---|
| Biogenic emissions Scope 1 | 0 | 0 | |
| Biogenic emissions Scope 2 | 0 | 0 | |
| Biogenic emissions Scope 3 | 2 363 | 423 | -82 % |
| **Total biogenic emissions** | 2 363 | 423 | **-82 %** |

## Emission intensity

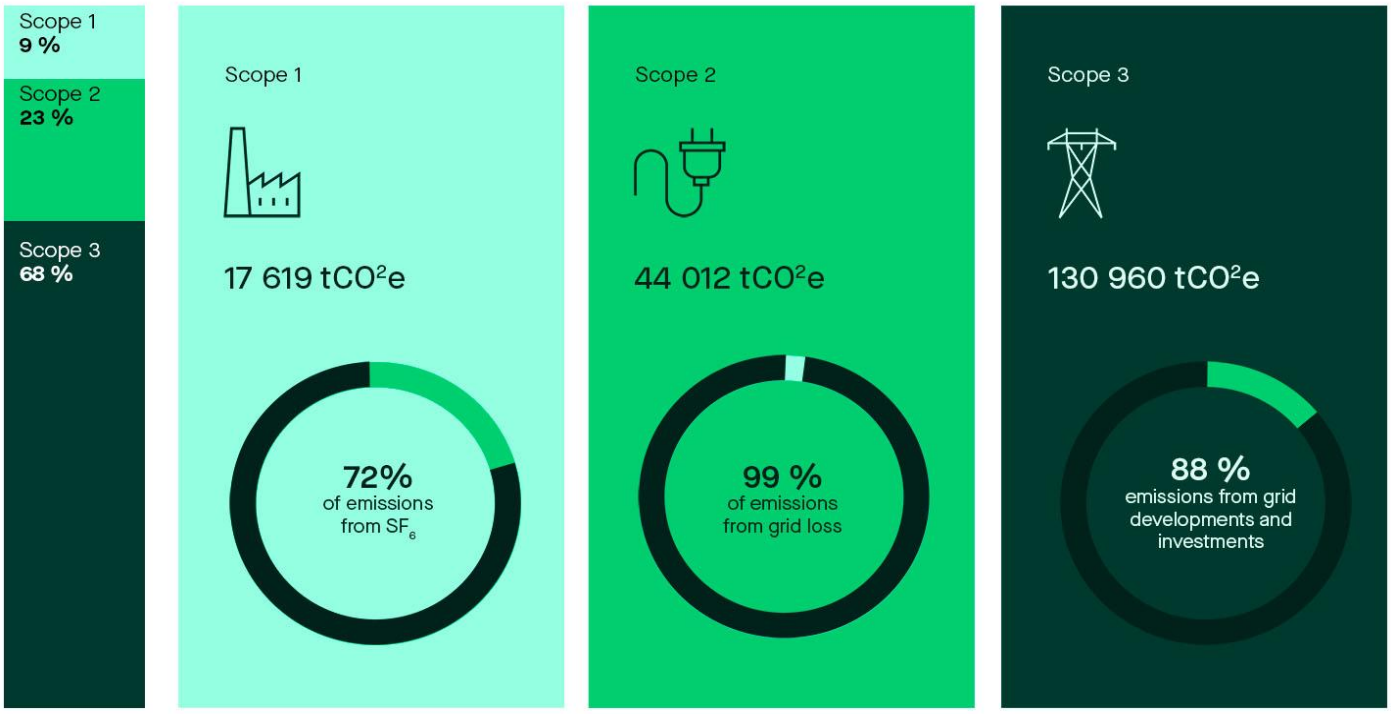
**Table 25: GHG intensity (tCO2e / MNOK)**

| GHG intensity per net revenue | 2023 | 2024 | Change from previous year |
|---|---|---|---|
| Total GHG emissions (location-based) per net revenue | 15 | 7 | -53 % |
| Total GHG emissions (market-based) per net revenue | 141 | 100 | -29 % |

**Table 26: Data quality in the GHG inventory**

| Percentage of data quality of total reported emissions | 2023 | 2024 | Change from previous year |
|---|---|---|---|
| Activity data from suppliers | - | 23 % | NA |
| Estimates | - | 77 % | NA |

**Figure 6: GHG-emissions**



## Carbon pricing

We have used carbon pricing in procurement for several years where deemed appropriate, primarily in the procurement of construction services. This supports our goal of reducing emissions from purchased goods and services, as outlined in our Sustainability policy and Supply chain policy.

Statnett has set a carbon price of NOK 6,000 per $tCO_2$ for construction services, requiring bidders to provide emissions estimates for the project services included in their tender. To ensure compliance, we also apply a bonus/malus system, calculated as a percentage of the contract value, based on performance relative to the submitted emissions estimate.

In 2024, two such contracts were signed for two grid development projects in Statnett. The projects are expected to be completed in the next few years, at which point we will be able to calculate the actual greenhouse gas reductions achieved through this action.

In 2025, we aim to apply carbon pricing to the majority of our procurements of construction services. We are developing the carbon price based on the size of the procurement and have adjusted the level to improve results. The continued development of carbon pricing and reporting on results will be integrated into our transition plan and new climate targets. As part of this work, we will also assess the feasibility of applying carbon pricing to other emission sources within Statnett.

**Table 27: Overview of types of internal carbon prices used**

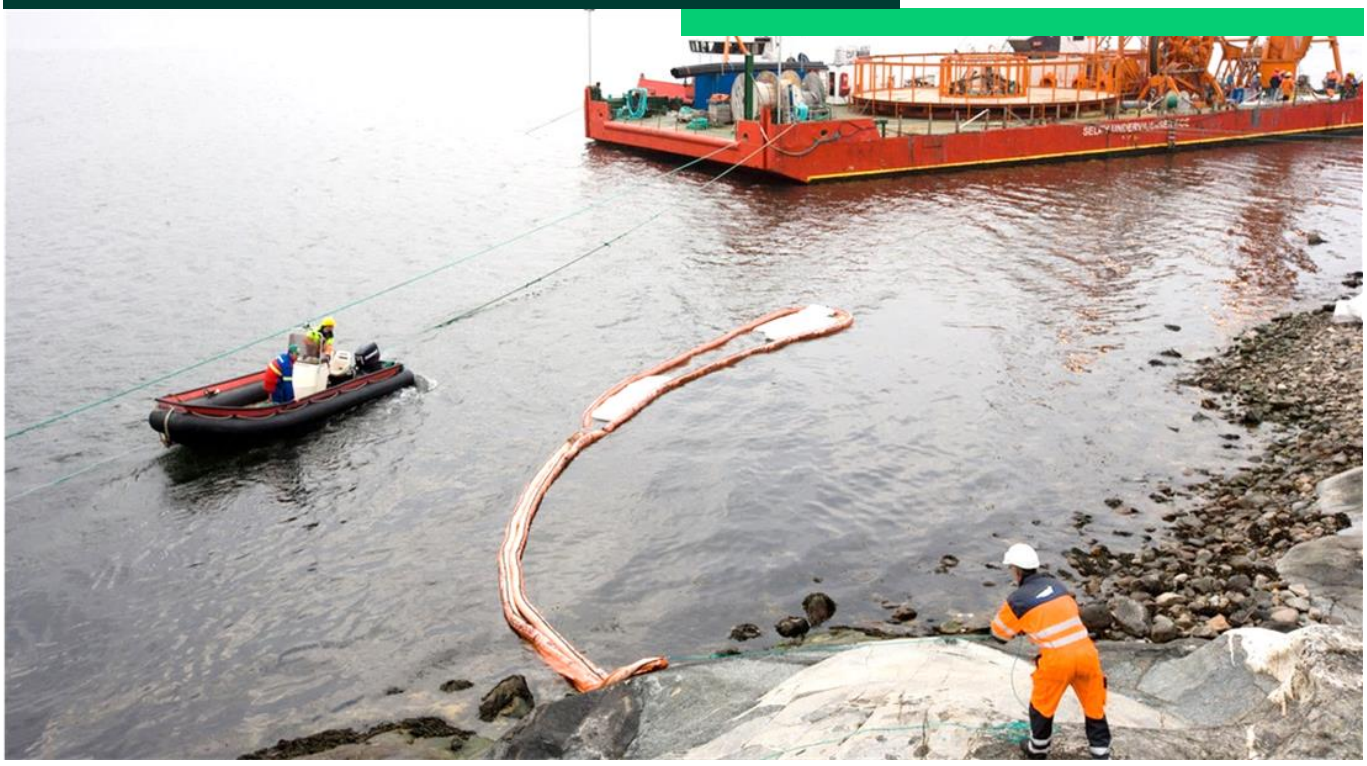
| Types of internal carbon prices | Volume at stake (tCO2e) | Prices applied (NOK/tCO2e) | Perimeter description |
|---|---|---|---|
| Carbon pricing in procurements – construction services | No data | NOK 6,000/CO2 | Pricing is limited to selected grid development projects |

# E2 Pollution

Pollution is a global driver of the nature crisis, is strictly regulated and is generally prohibited in Norway. Given Statnett's extensive construction activities and operations nationwide, there is an inherent risk of unintentional pollution. This may occur through particle runoff, chemical and fuel spills during the construction phase, as well as oil leaks from facilities during the operational phase.

The consequences can be severe and long-lasting for ecosystems, particularly when water resources are impacted. Therefore, preventing and managing pollution is critical to Statnett's environmental responsibility and sustainable operations.

In this chapter, Statnett reports on relevant governing documents, actions, indicators and targets related to pollution.



## Material impacts, risks and opportunities related to pollution

For a description of the identified IROs, see Table 5 "E2 Pollution – material IROs" in Chapter ESRS 2.

## The DMA process

For a description of the DMA process for E2, refer to the section on topic-specific IROs in Chapter ESRS 2.

## Governing documents and guidelines related to pollution

Statnett has a number of governing documents which, to varying extents, relate to pollution. These are briefly outlined below. For further information about the company's management system and governing documents, please see Chapter ESRS 2, and Table 13 "Our governing documents":

- Ethical guidelines (Code of Conduct)
- Supplier Code of Conduct
- Sustainability policy
- Instructions for the handling of chemical substances
- Instructions for project-related environmental targets

In addition to the above-mentioned documents, Statnett has a number of handbooks, templates and guides which ensure that our production units and construction projects comply with prevailing laws and requirements. All of the specified governing documents include sections on the reduction of pollution. The chemicals handling instructions describe the procedures that Statnett employs to avoid all types of chemical pollution events. The instructions also fulfil Statnett's duty to evaluate the use of alternative, less harmful substances (principle of substitution). Furthermore, the instructions also require absorbent materials to be available in the immediate vicinity of chemical substances to limit leaks. If a pollution event cannot easily be dealt with locally, the matter must be notified in accordance with the emergency response plan, and the volume of the emission/discharge reported internally via the nonconformity management system.

The instructions for the handling of chemical substances apply to all substances which may be harmful to health or the environment. Specific pollutants are not otherwise mentioned in Statnett's governing documents.

In addition to prevailing statutory provisions, our activities are governed directly by the terms and conditions set out in our operating licences and permits.

## Actions related to pollution

Table 28, "Overview of actions completed or initiated in 2024", contains an overview of key actions we have implemented or plan to implement to address material IROs related to pollution.

None of the actions mentioned involves significant operational expenditures or investment costs.

## Targets related to pollution

Our goal is for no major emissions or other serious environmental incidents to be caused by our day-to-day operations or construction activities. In 2024, no such pollution-related incidents took place[25].

Our goal is in line with the commitment enshrined in our sustainability policy to prevent and mitigate pollution in our operations. It also aligns with leading research into the connection between pollution and loss of biodiversity. The term "major emission" is defined as an emission event classified as category red in Statnett's nonconformity management system, pursuant to the company's risk matrices. In other words, an event which results in "harm to high-value areas of nature or environments with a recovery time in excess of 10–20 years". All incidents are reported immediately, while code red incidents are reported externally on an annual basis. The figures are drawn from Statnett's nonconformity management system at the close of the year.

[25] On Sunday, March 16, 2025, a significant oil spill was discovered from the decommissioned Hamang transformer station in Bærum municipality. The circumstances surrounding the incident are not clear at the time of publication of the Annual and Sustainability Report, and follow-up is being conducted according to current procedures.

The goal has no predefined benchmark or final year but will apply for as long as Statnett's activities involve a pollution risk.

Apart from the goal of generating zero emissions, Statnett has set no further targets with respect to pollution, nor is it in the process of drawing up any such targets. This is because pollution in excess of permitted levels is illegal and must be avoided. Reduction targets are therefore unsuitable for the management of pollution at Statnett.

Where licences contain specific terms and conditions or emission permits contain threshold values, Statnett verifies that emission levels stay within the parameters set. Relevant threshold values vary geographically and in light of the pollution risk the various substances represent. The different threshold values are proposed by Statnett and determined by the County Governor. Where the risk relates to water pollution, for example, compliance with threshold values is measured by testing samples drawn from both treated wastewater and the emissions recipient.

## Pollution metrics

Potential sources of pollution include emissions to water from transformer substation oil separators, tunnel drilling operations and other major construction projects. Statnett had no major emission events in 2024. At present, we do not have sufficient data from oil separators or test results related to threshold values at major construction projects to assess the emissions against the threshold values defined in Annex II of Regulation (EC) No 166/2006. We have elected not to estimate whether emissions exceed defined threshold values because the level of uncertainty in such estimates would be unacceptably high.

In 2025, we will examine potential solutions that would enable us to collect high-quality volume data on emissions of oil from substations.

**Table 28: Overview of actions completed or initiated in 2024**

| Measures | Description and expected results | Related to the goal | Scope | Progress | Mitigation hierarchy |
|---|---|---|---|---|---|
| **Cleansing of oiled power cables by means of bacteria-based technology** | In 2024, Statnett applied for permission to let an old power cable between Smestad and Sogn remain buried underground. Instead of removing it, we will introduce bacteria into the cable to remove the oil. The bacteria secrete a substance that displaces the oil from the cable, which emerges from the other side. | Will help to realise the goal of zero major emission events or other serious environmental incidents | Own operations, Norway | Provided the necessary permits are granted, this work will be carried out over a six-month period in 2025. | The measure will help to avoid pollution |
| **Installation of pollution barriers on old transformers** | Statnett is installing oil separators and other barriers to reduce the risk of pollution from old transformers to avoid oil spills. In 2024, an old transformer was reused at the Tveiten substation, | Will help to realise the goal of zero major emission events or other serious environmental incidents | Norway and abroad | Ongoing | Will help to avoid major leaks of transformer oil. |

| Measures | Description and expected results | Related to the goal | Scope | Progress | Mitigation hierarchy |
|---|---|---|---|---|---|
| | and an oil collection tank and oil separator were installed. | | | | |
| **Mitigating measures during the construction phase** | Mitigating measures are implemented in compliance with statutory provisions and any licensing conditions during the construction phase. Normal project-related measures include the establishment of sedimentation pools, designated locations for the fuelling and washing of vehicles, the watering of loose rubble to prevent particle pollution from rock crushing facilities, as well as monitoring wells and other monitoring activities. | Will help to realise the goal of zero major emission events or other serious environmental incidents | Own operations, Norway | Ongoing | Depending on their nature, mitigating measures in the construction phase may contribute to multiple levels in the mitigation hierarchy |

# E4 Biodiversity and ecosystems

Nature is the foundation for value creation in our society. Norway has a larger amount of untouched wilderness than many other countries. Statnett therefore has both a responsibility and an opportunity to be proactive and take the lead with respect to nature.

In 2024, we intensified our efforts to systematise, standardise and integrate our nature-related endeavours. Because the climate and environmental crises cannot be separated, Statnett will strive to ensure that the development of the power grid is nature positive.

In this chapter, Statnett reports on how biodiversity and ecosystems are taken into account in the company's strategy. This chapter also covers relevant governing documents, actions, metrics and targets.

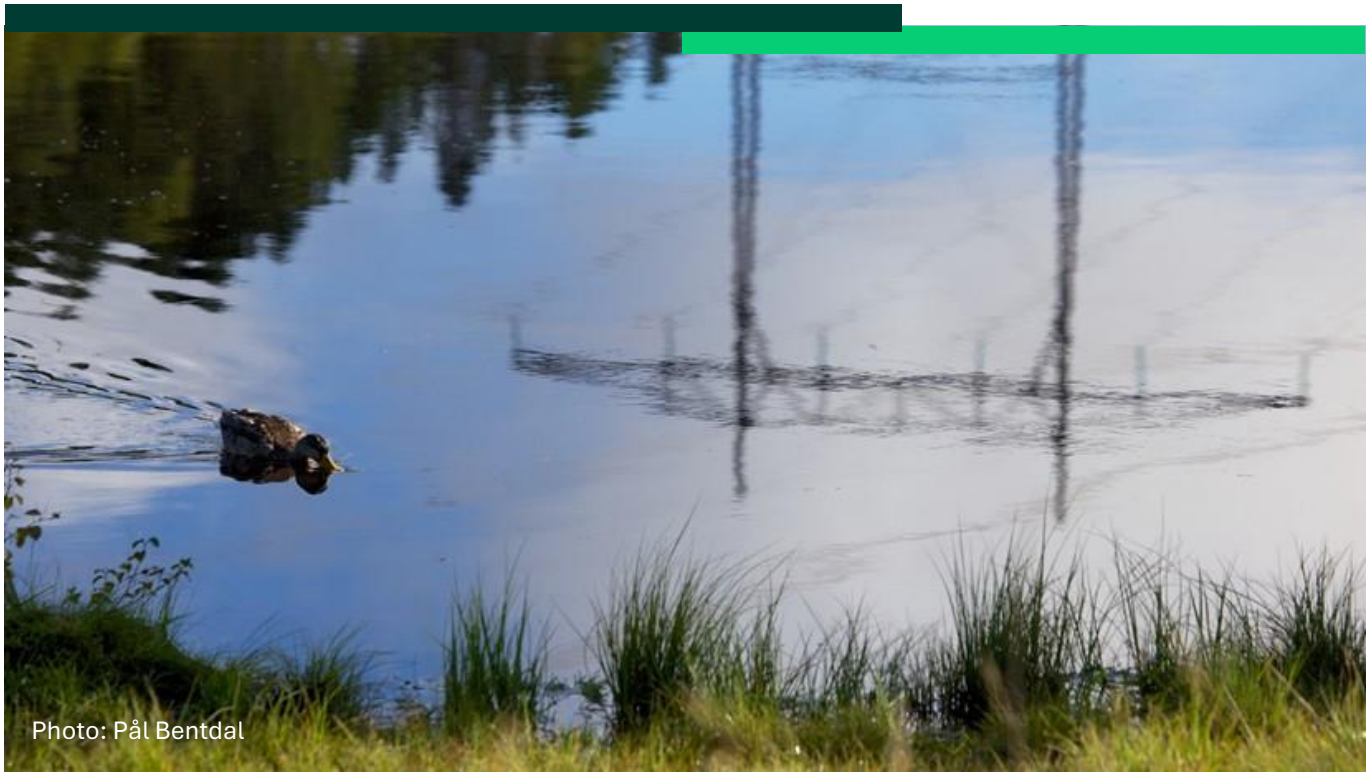


Photo: Pål Bentdal

## Preservation of biodiversity and ecosystems as part of Statnett's strategy

Statnett impacts ecosystems in the areas in which it builds power transmission facilities. We also have an indirect impact on the areas in which our materials are extracted and manufactured, and where the electricity Statnett transmits is generated.

Environmental impacts represent both risks and opportunities for Statnett. In connection with our double materiality assessment (DMA), these risks and opportunities were identified through the application of the well-regarded Locate, Evaluate, Assess and Prepare (LEAP) approach, which has been developed by the Taskforce on Nature-related Financial Disclosures (TNFD). This approach involves the structured identification, assessment and reporting of companies' interactions with nature. It is a useful tool to ensure that our business model and strategy are able to handle material nature-related impacts, risks and opportunities.

The findings from the LEAP analysis have been incorporated into Statnett's strategy, which makes it clear that we will establish our target grid in a way that preserves nature in the value chain, avoids and minimises impacts wherever we build and minimises our use of space.

In addition, Statnett has decided to base its efforts to preserve nature on the mitigation hierarchy. Going forward, all projects must document their use of the mitigation hierarchy at decision points. The mitigation hierarchy means that we will, in the following order, strive to:

1 Avoid::

- Adverse impacts on especially vulnerable and valuable areas of nature.[26]
- The fragmentation of large contiguous areas of nature.[27]

2 Restrict and reduce:

- The use of land and materials and adverse impacts on nature

3 Restore and compensate/offset:

- Habitat loss and the areas of nature impacted by our projects and operations

We believe that Statnett's updated strategy and the integration of the mitigation hierarchy in its projects, makes the company better equipped to manage its most material impacts, risks and opportunities related to biodiversity and ecosystems.

Read more about the scope and assumptions underpinning the analysis, as well as identified impacts, risks and opportunities, in Chapter ESRS 2.

All of Statnett's major activities are subject to public permitting, with associated processes for the involvement of local communities and affected stakeholders. Through consultation processes and dialogue meetings, Statnett receives feedback on how its impact on affected stakeholders, including Indigenous peoples, and nature may be reduced. Read more about stakeholder involvement in the chapter S3 – Affected communities.

## Material impacts, risks and opportunities related to biodiversity and ecosystems

For a description of the identified IROs, please see Table 6 "E4 Biodiversity and ecosystems – material IROs" in Chapter ESRS 2.

## Material sites and impacts on species

**Sites**

Statnett has two substations abutting protected areas, and 11 substations abutting 14 areas of high or extremely high conservation value.[28]

26 Defined as: protected areas, proposed protected areas, areas designated as having a high or extremely high conservation value, extremely important, important, or locally important marine habitats and wild reindeer habitats.
27 Intervention-free areas of nature are areas that lie 1 km or more (as the crow flies) from larger-scale technical interventions.

28 The environment assessment value (KU-value) refers to the Norwegian Environment Agency's habitat category dataset, broken down in accordance with the valuation criteria set out in the guide M-1941 Impact Assessments for Climate and Environment. For further details, see: Norwegian Environment Agency – Map Catalogue (miljodirektoratet.no)

Statnett also has 111 power line corridors abutting 196 registered protected areas in Norway, and 167 corridors in areas recorded as having a high or extremely high conservation value. In total, these corridors abut 982 such areas.

Statnett's overview, shown in Table 29 "Material sites", includes:

- The five power lines in contact with the largest number of protected areas or proposed protected areas (more than 100 $m^2$)
- The five power lines that affect the largest number of areas with a high or extremely high conservation value (more than 100 $m^2$)
- The five transformer substations that occupy the largest percentage of high-value areas of nature
- Transformer substations in both protected areas and proposed protected areas

At present, Statnett's assessment of vulnerable areas is restricted to Norway. Efforts have begun to improve Statnett's overview of its suppliers, which will enable an assessment of material sites in the value chain.

Statnett has infrastructure installations in vulnerable and high-value areas of nature. However, the extent of its impact differs depending on the type of nature concerned. See the following paragraphs on flora and fauna for a description of Statnett's impact on differing vulnerable and high-value areas of nature.

## Impacts on species

Statnett's power line corridors, substations, cables, operating and construction activities all have an impact on the natural environment. This impact varies between habitats and over the course of the infrastructure's lifespan.

**Flora**

Power lines have relatively little impact on vegetation, with the clearing of corridors and construction of pylons being the most intrusive interventions in the natural landscape. Only a small amount of land is directly occupied. In open landscapes any impact on the vegetation will be minor and local. In forested areas, however, the power lines will require the felling of trees along the corridor, with clearance belts dimensioned to individual requirements. This may affect both robust and endangered species. The impact of such changes will depend on the type of forest through which the power lines pass, and the plant species to be found there.

**Table 29: Material sites**

| Sites | | No. of protected areas | Areas of high/extremely high conservation value, no. (power line corridors), per cent (substations) | Conservation value/purpose of protection in the affected area |
|---|---|---|---|---|
| Power line corridors | Honna–Arendal | 5 | | Forest protection |
| | Kvilldal–Rjukan | 5 | | Nature reserve, landscape, biotope and fauna protection |
| | Rendalen–Fåberg | 4 | | Forest and birdlife protection |
| | Røykås–Fåberg | 4 | | Nature reserve |
| | Tokke–Førre | 3 | | Nature reserve, forest protection |
| | Skillemoen–Skaidi | | 50 | Lime-deficient mountain heath and leeward tundra |
| | Frogner–Follo | | 46 | Gully terrain and natural pastureland |
| | Rød–Hasle | | 39 | Important brook systems and natural pastureland |
| | Ådal–Frogner | | 38 | Gully terrain |
| | Flesaker–Tegneby | | 35 | Rich deciduous forest, tall herbaceous vegetation, calcareous pine forest |
| Substations | Bjørnevatn | 1 | | Mammals and birds |
| | Kirkenes | 1 | | Mammals and birds |
| | Fagrafjell | | 28,42 % | Coastal heathland |
| | Sykkylven | | 2,84 % | Intact upland heath |
| | Førre | | 0,74 % | Coastal pine forest |
| | Bærum | | 0,64 % | Open calcareous grassland |
| | Steinsland | | 0,26 % | Floodplain forest |

Almost all projects affect forests of one kind or another. In Norway, two types of forest are critically endangered (calcareous broadleaf forest and olivine forest), while seven types are classed as vulnerable. A large number of rare and endangered species (cryptogams, fungi and vascular plants) live in these types of forest. Due to the limited data available in Norway (only a small area has been fully surveyed), the extent to which existing power lines have traversed and still traverse such habitats is unclear. New projects seek to avoid impacting vulnerable and high-value areas of nature.

In connection with the construction of pylons and substations, and the laying of buried cables, Statnett could contribute to the spread of unwanted non-native species through the handling of infected soil/rubble or use of contaminated equipment and machinery. This could potentially have a significant adverse impact on the existing vegetation. Statnett's substations also result in soil sealing, which is considered a permanent reduction in the quality and properties of the soil.

Statnett may also affect marine ecosystems through the expansion of the subsea grid. This relates primarily to physical disturbances in connection with cable-laying, as well as the introduction of a hard substrate. The extent of such impacts will increase in line with the expansion of the subsea grid, although they will probably be mostly local.

**Fauna**

A number of bird species may be adversely impacted by Statnett's facilities. Birds which collide with overhead power lines risk injury or death. The likelihood of collisions depends on species-specific characteristics and behaviours, as well as the visibility and positioning of the power lines in the terrain, the type of pylons used and whether an earth wire is installed.

A number of bird species are prone to colliding with power lines. These include landfowl, ducks, owls and birds of prey. A total of 21 such species in these

categories are red-listed. Of these, two are critically endangered, one endangered and seven near threatened. The lesser white-fronted goose (*Anser erythropus*) is one of the critically endangered species that Statnett is striving to protect and safeguard during the construction of a new power line between Skaidi and Lebesby. Mitigating actions that increase visibility, such as bird deterrents on the earth wire, can reduce the risk of collision.

Power lines may also have an adverse impact on species that are not prone to colliding with them. In particular, Statnett's use of land may affect nesting sites or other important functional areas.

During the construction phase, the presence of people, noise from construction equipment and helicopters, and light pollution may also adversely impact animal life. This has, for example, been documented for wild reindeer, which are recognised as "near threatened". Almost all of Europe's wild reindeer live in Norway, which makes it a species for which Norway has a national responsibility. Statnett seeks to avoid construction work at critical times of the year. This includes the breeding, nesting and calving seasons for vulnerable and endangered species. We also participate frequently in research projects to identify impacts on various species. Statnett has also commissioned a guide to minimum distances for a number of bird species. Statnett and other companies now use this guide when planning their construction work.

The establishment of power line corridors in commercial forests with little biodiversity could lead to more light reaching the ground, allowing the understory to flourish and encouraging the presence of pollinators and other insects. For some deer species, deciduous trees growing in the power line corridors constitute an important source of food.

## The DMA Process

A description of the double materiality assessment (DMA) process for E4 may be found in the section concerning topic-specific IROs in Chapter ESRS 2.

# Governing documents and guidelines for biodiversity and ecosystems

Statnett has a number of governing documents which, to varying extents, relate to biodiversity and ecosystems. These are briefly outlined below. For further information about the company's management system and governing documents, please see Chapter ESRS 2, and Table 13 "Our governing documents".

- Ethical guidelines (Code of Conduct)
- Supplier Code of Conduct
- Sustainability policy
- Supply chain policy
- Instructions for project-related environmental targets
- Instructions for motorised transport in uncultivated landscapes and watercourses
- Engineering standard for forest clearance

Statnett's sustainability policy addresses in broad terms the company's material contributions to the drivers of the nature crisis: changes in land and sea use, pollution, harmful non-native species, impacts on species and the scope and condition of ecosystems, and impacts and dependence on ecosystem services.

The instructions for project-related environmental targets further operationalise these contributions and describe how the mitigation hierarchy must be applied to avoid and reduce adverse impacts. While the instructions for motorised transport in uncultivated landscapes and the technical standard for forest clearance cover several of the previously mentioned drivers, they apply to more specific types of nature and work processes.

The specified documents cover all of Statnett's material impacts to a greater or lesser extent. They also cover transitional risks identified in the DMA. This is because they help to reduce Statnett's environmental footprint and adverse impact on biodiversity, and therefore related transitional risks.

The supply chain policy is intended to promote sustainable solutions and reduce adverse impacts on the climate, nature and environment. Sustainability and

safety must be reflected in all procurements, which includes a value chain perspective. Apart from these principles, Statnett does not currently have any governing documents that contribute to the traceability of products with a negative environmental footprint or help the company to select suppliers that make a positive contribution to biodiversity and ecosystems. Efforts to intensify the follow-up of suppliers with respect to biodiversity and ecosystems are ongoing.

To some extent, the instructions for engagement with Indigenous peoples address how the loss of biodiversity and ecosystem services impacts individuals and communities. The Supplier Code of Conduct requires that natural resources be exploited in a sustainable fashion and not contribute to their depletion or the loss of local livelihoods. This may, for example, result from the seizure of large areas of land or other natural resources belonging to Indigenous people or marginalised population groups.

The sustainability policy and instructions for project-related environmental targets state that Statnett must avoid adversely impacting vulnerable and high-value areas of nature, and apply the mitigation hierarchy to reduce its impact on known aspects of natural value. The instructions also make clear which areas of nature linked to Statnett are considered vulnerable and of high value. The instructions and standards related to E4 contribute to more sustainable use of both land and sea. Although the supply chain policy does not address deforestation directly, it does require suppliers to ensure the sustainable extraction of resources and management of both fresh and salt water, forest and other landscapes, as well as the preservation of biodiversity.

## Actions related to biodiversity and ecosystems

Table 30 “Overview of actions completed or initiated in 2024” contains an overview of key actions that we have implemented or plan to implement in order to address material IROs related to biodiversity and ecosystems.

None of the key actions in the reporting year involves the offsetting of natural environments or sites. None of the actions mentioned involves significant operational expenditures and/or investment costs.

All of the actions are temporary development projects. However, the objective is to integrate the resulting tools and methods in Statnett’s processes.

**Figure 7: The mitigation hierarchy**

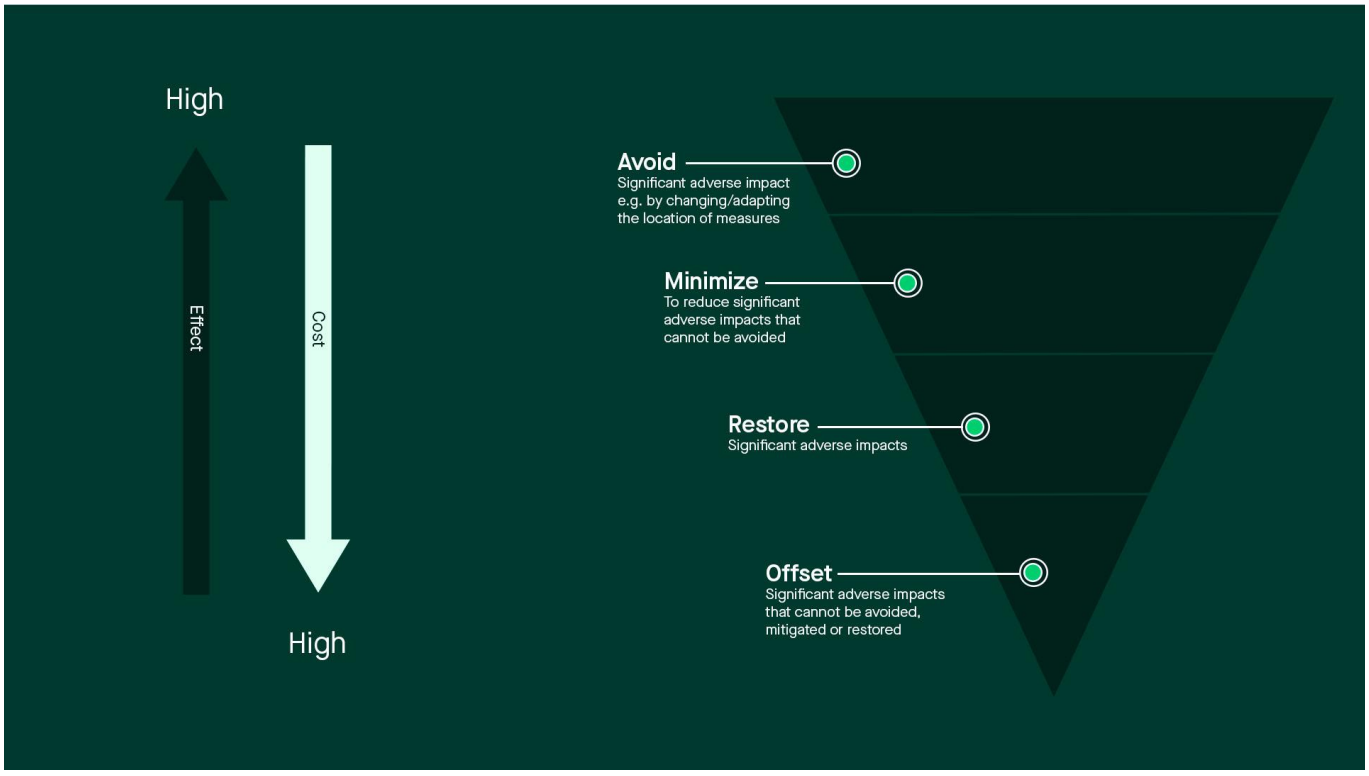


**Table 30: Overview of actions completed or initiated in 2024**

| Actions | Description and expected results | Related to the goal | Scope | Progress | Mitigation hiearchy |
|---|---|---|---|---|---|
| **Development of a land use index** | Projects can measure the impact on land use of various power line corridor alternatives in phases before construction starts. Statnett obtains an overview of the selected corridors' impact on nature and an aggregate figure showing overall land use per year. | This helps to avoid the fragmentation of large contiguous areas and to minimise impacts on nature. | Own operations throughout Norway | Index ready in 2024. Expected rollout to corridor planners in the first half of 2025. The land use index was reported as a commenced action in the 2023 report. In 2024, work continued to complete and test the tool. | Reduce impact: This will, in practice, help to reduce Statnett's overall impact on nature |
| **Development of a method for project-based environmental accounting** | This is being done in conjunction with Renewables Norway and other actors in the electricity and energy sector. The objective is to better document impacts on nature and provide a robust foundation for decisions concerning nature. The methodology will create a uniform approach for many actors in Norway | This will help to minimise impacts on nature | Own operations throughout Norway | The method was completed in Q4 2024, with a pilot project due to be conducted in 2025 | Avoid impact: This action could help to avoid impacts and contribute to the restoration of nature. It will, however, reduce the project's overall impact on nature |
| **Digital tool for power line corridor and substation planning** | We are developing an in-house digital tool for the planning of substations and power line corridors. The tool will, in part, use artificial intelligence (AI) to find alternative corridors with the lowest impact on nature. | This will help to avoid the fragmentation of large contiguous areas and minimise impacts on nature. | Own operations throughout Norway | The project will be tested in 2025 | Avoid impact: This may reduce impacts, although its primary purpose is to create a tool that helps to avoid them. |

| Actions | Description and expected results | Related to the goal | Scope | Progress | Mitigation hiearchy |
|---|---|---|---|---|---|
| **Inclusion of land use in procurement competitions** | This year, we piloted a scheme whereby contractors competed to reduce land use throughout the entire project process. | This will help to reduce land use and minimise impacts on nature. | Own operations throughout Norway | During 2025. The pilot has been completed | Reduce land use and impacts |
| **Creation of a menu of mitigating actions** | The menu will be digitalised, enable reporting and help projects integrate environmental targets in each phase, from choice-of-concept study to commercial operations. | This will help to avoid the fragmentation of large contiguous areas and minimise impacts on nature | Own operations throughout Norway | The menu of mitigating actions is expected to be implemented by the end of February 2025. | Avoid and reduce impacts: the menu of mitigating actions is intended to reduce impacts. However, some will lead to their avoidance |

## Targets related to biodiversity and ecosystems

Statnett does not have quantitative targets for biodiversity and ecosystems for the reporting year 2024. In January 2025, we decided to set a requirement that all projects in Norway must use, and document the use of, the mitigation hierarchy at decision points by the end of 2026. Statnett will work systematically to reduce adverse impacts on nature and will increase its level of ambition in the longer term. This target encompasses all of Statnett's direct impacts on ecosystems and biodiversity in its own operations because it covers the entire mitigation hierarchy, which seeks to avoid, minimise, restore and offset adverse impacts on nature. Indirectly, it therefore also addresses transitional risks related to the degradation of nature.

Ecological thresholds were not used in relation to this target.

Statnett has no experience of the extensive use of nature offsets. However, it will be relevant to consider these if impacts on critical habitats cannot be remedied in other ways.

The target aligns with Statnett's sustainability policy and instructions for project-related environmental targets. It also supports the leading scientific consensus that the best way to promote biodiversity is to avoid and reduce our impacts. This is reflected in international goals for the systematic integration of nature-related considerations in planning processes, especially as expressed in the Kunming-Montreal Global Biodiversity Framework (GBF)[29] and Norway's follow-up of this framework.[30] The mitigation hierarchy provides a structured approach to avoiding, minimising, restoring and offsetting adverse impacts on biodiversity. This is in line with the GBF's goal of halting and reversing the loss of biodiversity by 2030. Systematic application helps to operationalise several of the GBF's objectives, including the protection of particularly important areas of nature, the restoration of degraded ecosystems and the sustainable harvesting of biodiversity.

A standardised way of documenting and reporting the use of the mitigation hierarchy is currently under

[29] Target no. 1 in the Kunming-Montreal Global Biodiversity Framework (GBF): Ensure that all areas are under participatory, integrated and biodiversity-inclusive spatial planning and/or effective management processes addressing land- and sea-use change, to bring the loss of areas of high biodiversity importance, including ecosystems of high ecological integrity, close to zero by 2030, while respecting the rights of Indigenous peoples and local communities.

[30] Norwegian action plan for biodiversity, p. 79: The government of Norway will continue its efforts to develop a template and official guidance to highlight the trade-offs that have been made between the different levels in the mitigation hierarchy and the consequences these choices have had.

development and will be completed in the first quarter 2025. The Sustainability Report for 2025 will quantify the status of Statnett's target realisation.

## Biodiversity and ecosystem metrics

In addition to reporting on the integration of the mitigation hierarchy and its continued efforts to meet other quantitative targets, Statnett will systematically report on a number of metrics to ensure transparency and the sharing of knowledge about its own impacts and efforts to preserve biodiversity. The metrics shown in Table 31 "Biodiversity and ecosystem metrics" reflect Statnett's most material impacts. The metrics have been chosen to quantify Statnett's impact on vulnerable and high-value areas of nature, habitat fragmentation, the spread of non-native species and general impact on nature. A potential weakness of the metrics used is that they reflect the company's presence in various types of nature rather than its actual impact on these ecosystems. Furthermore, because the metrics measure the status of energised facilities in the reporting year, it will take time for the effect of any actions implemented to become measurable. The figures in Table 31 and Table 32 have not been validated by an independent third party.

See Table 32 "Infrastructure land use in vulnerable and high-value areas of nature" for an overview of the amount of land used by Statnett's infrastructure in vulnerable and high-value areas of nature including wild reindeer habitats.

**Table 31: Biodiversity and ecosystem metrics**

| Metrics | 2024 | Unit |
|---|---|---|
| New energised infrastructure in intervention-free nature | 0 | $km^2$ |
| Proportion of total land use in intervention-free nature | 0 | % |
| New energised infrastructure in vulnerable and high-value areas of nature | 0 | $km^2$ |
| Proportion of total land use in vulnerable and high-value areas of nature | 3 | % |
| New power line corridors laid parallel with other infrastructure | 26 | km |
| Proportion of new power line corridors laid parallel with other infrastructure | 100 | % |
| No. of substations where actions have been implemented to combat non-native species | 1 | No. |
| Area restored | 0 | $km^2$ |
| Forest area restored | 0 | $km^2$ |
| No. of serious environmental incidents | 1 | Incidents |

This information is based on various map data from Naturbase, Statnett's own map database, and Geonorge, the national website for map data and other location information in Norway. Statnett downloads data from public map services. Our analyses are based solely on the information contained in the database when it is downloaded. Updated and subsequently entered data will apply only from the next download and analysis. Data is validated by the owners of the relevant data sources and reported by in-house experts. A new reporting system to document compliance with the mitigation hierarchy will constitute a new data source in 2025.

**Table 32: Infrastructure land use in vulnerable and high value areas of nature**

| Vulnerable and high-value areas of natures | Type | Power line corridors | | Pylons (Direct) | | | | Subsea cables | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. | Hectares | No. | Hectares | No. on organic ground[29] | No. on hard ground[30] | No. | Hectares | No. | km |
| Protected areas[31] | Habitat protection (game) | 109 | 491,54 | 377 | 10,07 | 302 | 75 | | | | |
| | Animal protection area | 8 | 313,68 | 269 | 2,11 | | 269 | | 0,01 | | |
| | Animal protection | 9 | 280,34 | 263 | 2,54 | 20 | 243 | | 0,06 | | |
| | Landscape protection area | 10 | 142,70 | 184 | 2,34 | 38 | 146 | | | | |
| | Landscape protection area (habitat protection) | 9 | 116,64 | 254 | 3,97 | 84 | 170 | | 0,67 | | |
| | Landscape protection area (animal protection) | 3 | 51,91 | 48 | 0,38 | | 48 | | 0,00 | | |
| | Landscape protection area (plant protection) | 10 | 29,87 | 19 | 0,48 | 14 | 5 | | | | |
| | Marine protection area | 1 | 14,24 | 12 | 0,09 | | 12 | | | | |
| | National Park | 2 | 2,68 | 0 | | | | | | | |
| | Cultural heritage site | 1 | 0,00 | 0 | | | | | | | |
| | Nature reserve | 1 | 0,00 | 0 | | | | | | | |
| | **Total** | **163,00** | **1,443.6** | **1 426,00** | **21,98** | **458,00** | **968,00** | **5,00** | **0,74** | | |
| International Union for Conservation of Nature (IUCN) protected area categories | IUCN IV | 31 | 690,03 | 611 | 5,60 | 34,00 | 577 | | 0,07 | | |
| | IUCN Ia | 109 | 491,54 | 377 | 10,07 | 302,00 | 75 | | | | |
| | IUCN V | 10 | 142,70 | 184 | 2,34 | 38,00 | 146 | | | | |
| | Protected area not assessed in accordance with IUCN criteria | 11 | 119,33 | 254 | 3,97 | 84,00 | 170 | | | | |
| | **Total** | **163** | **1,443.5** | **1 426** | **21,98** | **458** | **968** | **5** | **0,74** | | |
| Proposed protected areas | Marine protection area | 3 | 41,68 | | | | | | | | |
| | National Park | 1 | 0,04 | | | | | | | | |
| | Nature reserve | 25 | 85,44 | 102 | 2,14 | 57 | 45 | | | | |
| | **Total** | **29** | **127,16** | **102** | **2,14** | **57** | **45** | | | | |
| Extremely high value | Coastal heathland | 97 | | 212 | 1,95 | 12 | 200 | | 10,03 | | |
| | Pasture (mown grass/bogland) | 7 | | 10 | 0,31 | 10 | | | | | |
| | Pasture (natural) | 13 | | 2 | 0,06 | 2 | | | | | |
| | Floodplain forest | 29 | | 6 | 0,19 | 6 | | | | | |
| | Pasture (mown) | 25 | | 4 | 0,13 | 4 | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Other areas of extremely high value | 170 | | | 0,35 | 11 | | | | | |
| | **Total** | **341** | | **245** | **3,33** | **45** | **200** | **5** | **10,03** | | |
| High-value areas | Calciferous mountain areas | 11 | | 58 | 0,74 | 12 | | | | | |
| | Gully terrain | 22 | | 30 | 0,91 | 29 | | | | | |
| | Rich broadleaf forest | 43 | | 33 | 0,94 | 30 | | | | | |
| | Other high-value areas | 778 | | 274 | 7,14 | 212 | 112 | | 4,34 | | |
| | **Total** | **854** | | **395** | **9,37** | **283** | **112** | **8** | **4,30** | | |
| National Park, regionally and locally important marine habitats | Soft-bed areas in the littoral zone | | | | | | | | | | 2,15 |
| | Fjords with naturally low-oxygen bottom water | | | | | | | | | | 1,03 |
| | Shell sand deposits | | | | | | | | | | 0,75 |
| | Large-scale scallop beds | | | | | | | | | | 0,60 |
| | Large-scale kelp | | | | | | | | | | 0,06 |
| | **Total** | | | | | | | | | **50** | **4,59** |
| Wild reindeer | Wild reindeer | 71 | 0,53 | 836 | 26,25 | 836 | | | | | |
| | **Total** | **71** | **0,53** | **836** | **26,25** | **836** | | | | | |

[29] Forest, bog and farmland

[30] Land that is neither bog nor farmland, forest or used for buildings/transport infrastructure

[31] In 2024, nine new protected areas were established where Statnett's power line were already installed. These areas are linked to forest protection and are abutted by 190 of Statnett's power lines

Statnett first published statistics detailing its infrastructure's use of land in vulnerable and high-value areas of nature in its 2023 sustainability report. The statistics provided in 2024 are better because they are based on the actual width of the corridor for the various power lines. Furthermore, in this year's statistics, a distinction is made between direct and indirect land use. Direct land use is defined as the area inside the fence surrounding transformer substations and pylons, while indirect land use applies to the power line corridors. For pylons standing in areas defined as farmland, forest or bog, the direct impact of the pylon is estimated to extend for a distance of 10 m around the centre point. For pylons situated elsewhere, the directly impacted area is defined as extending 5 m from the central point.

# E5 Resource use and circular economy

For a key player in the power grid, resource consumption and the circular economy represent both opportunities and challenges. Our activities can affect people, the climate and environment in both positive and negative ways through the way we plan our projects, the materials we purchase and the waste we dispose of.

It is a priority for Statnett to contribute to more circular material flows in the future.

In this chapter, we report on relevant governing documents, actions, targets and the composition of Statnett's incoming and outgoing resource streams (materials purchases and waste).

## Material impacts, risks and opportunities related to resource use and the circular economy

For a description of the identified IROs, see Table 7 “E5 Resource use and circular economy – material IROs” in ESRS 2.

## The DMA process

A description of the double materiality assessment (DMA) process for E5 may be found in the section concerning topic-specific IROs in Chapter ESRS 2.

## Governing documents and guidelines for resource use and the circular economy

Statnett’s sustainability policy currently addresses the circular economy and emphasises that we will contribute to sustainable resource use through our choice of technology and circular solutions. Several governing documents operationalise this further through general principles for sustainable procurements. Our supply chain policy and instructions for procurement at Statnett ensure that we take the climate and environment into account in our procurement processes. These are briefly outlined below. For further information about the company’s management system and governing documents, please see Chapter ESRS 2, and Table 13 “Our governing documents”:

- Sustainability policy
- Supply chain policy
- Instructions for procurement at Statnett
- Instructions for waste management

Statnett manages its waste in accordance with a waste management hierarchy. The planning, construction, operation and demolition of buildings and facilities is implemented in a manner that results in the least possible impact on natural resources and the external environment. Waste must therefore be reduced and materials reused before being recycled into new materials or used for energy recovery.

## Actions related to resource use and the circular economy

Table 33 “Overview of actions completed or initiated in 2024” presents key actions that we have implemented or plan to implement to address material IROs related to resource use and the circular economy.

None of the actions mentioned involves significant operational expenditures or investment costs

**Table 33: Overview of actions completed or initiated in 2024**

| Actions | Description and expected results | Related to the goal | Scope | Progress | Waste management hierarchy |
|---|---|---|---|---|---|
| **Resale of technical equipment** | We have resold components to underlying distribution system operators (DSOs) in Norway and abroad. This provides better resource use, an extended lifecycle and less waste | This will help to reduce resource use and environmental impacts by prolonging components' lifespans and reducing the need to extract new resources | This may be expanded to the whole of Norway, and abroad | This is frequently done when underlying DSOs or fellow transmission system operators (TSOs) can make use of Statnett's components. | This contributes to reuse |
| **Responsible waste management** | We have created a set of instructions and a checklist for waste management, which realises the intention of the waste management hierarchy. Moreover, we have signed a framework agreement with a waste management services provider. In connection with construction projects, environmental inspectors verify that the contractor is handling waste in line with the project-specific HSE plan | This helps reduce Statnett's use of materials and environmental impacts | Upstream and in own operations | This procedure is used in all Statnett's projects | This contributes to all levels in the waste management hierarchy |

| Actions | Description and expected results | Related to the goal | Scope | Progress | Waste management hierarchy |
|---|---|---|---|---|---|
| **Requirement for recycled steel in procurements** | We integrate climate considerations in our procurement processes and require recycled steel to be used in the new pylons we purchase | We do not currently have separate targets related to renewable resources. The actions relate to Statnett's sustainability and supply chain policies | Upstream | We are working to establish a method for reporting the proportion of recycled steel in our procurement contracts | This will contribute to materials recycling |

## Targets related to resource use and the circular economy

## Targets related to waste

We aim to sort 90 per cent of the Group's waste, in line with the instructions for project-related environmental goals. The objective is to ensure, and document, that Statnett facilitates reuse and materials recycling, and seizes opportunities for circular processes.

A high waste sorting rate is important because it reduces the strain on the environment by increasing the level of materials recycling, thereby reducing the need for new raw materials. It leads to lower waste management costs and supports the transition to the circular economy. The target applies to all projects where Statnett is the construction client.

The objective of achieving a high waste sorting rate aligns with Norway's national strategy for the circular economy, which builds on the EU's Circular Economy Action Plan (CEAP).
At 96 per cent, the 2024 result exceeded our waste sorting target by six percentage points.

**Table 34: Waste sorting rate**

| Year | 2024 | 2023 | 2022 |
|---|---|---|---|
| Per cent | 96 | 91 | 93 |

The target has no end date, and performance is reported annually. The data has been consolidated from the annual report published by Norsk Gjenvinning, with which Statnett has signed a framework agreement for waste management, and the reports submitted by the projects completed in 2024.

The target helps boost materials recycling in particular but also supports every level in the waste management hierarchy.

## Targets related to resource inflows

Statnett has not drawn up measurable, results-oriented and time-bound targets related to resource inflows, circular materials utilisation, use of circular products or the minimisation of primary raw materials. Nor has Statnett established any clear targets related to the inflow of resources in connection with sustainable procurements or the use of renewable resources.

This is because we currently lack available data concerning the percentage of renewables in various resource categories in the Group. When drawing up our transition plan, we will assess the company's maturity and set quantifiable

## Resource inflows

Resource inflows are defined as raw materials, components and other resources that a business uses in the production of its products or services. Statnett's resource inflows relate primarily to the construction of new grid infrastructure.

Resource inflows are linked mainly to impacts for E1, including greenhouse gas emissions from capital goods, and for E4, including changes in land use, habitat fragmentation and the degradation of ecosystems through raw materials extraction and materials production.

The majority of our resource inflows relate to electromechanical equipment, such as transformer substations, high-voltage pylons and power lines, as well as construction materials. This equipment primarily comprises the following materials:

- Steel
- Aluminium
- Copper (critical raw material)
- Rebar
- Concrete
- Sand and gravel
- Rare-earth minerals

The use of these is associated with identified risks and opportunities linked to the upstream value chain. This applies especially to higher prices for and the lower availability of raw materials, restricted access to critical technologies or increased legal requirements.

We do not currently acquire materials resources directly. However, we report resources as part of purchased products and/or services that are used in voltage-carrying projects in a specific year. The volume of material resources included in electromechanical products is calculated on the basis of activity data obtained from our own ERP system, as well as datasheets from suppliers who disclose total weight and materials composition. Because we do not currently have activity data for construction materials spanning all our projects, we rely on estimates obtained from our own lifecycle analyses.

The 2024 results show a 72 per cent decrease in resource inflows. This is primarily attributable to a far smaller number of voltage-carrying grid projects being implemented in 2024 compared with the year before. We expect the figure to increase going forward, due to an accelerated rate of grid expansion, in accordance with our transmission system development plan.

Statnett uses biological resources to a smaller extent. Wooden masts are used in a few selected cases for lower voltage power lines. No such masts went live in 2024.

We make use of recycled materials on multiple occasions. For example, we currently use large quantities of recycled steel in pylons and recycled aluminium in power lines. Some products also contain small amounts of rare-earth minerals. At present, we lack the complete set of data from suppliers that is needed to document the total volume of rare-earth minerals or the proportion of recycled materials. Going forward, however, we will strive to collect this data in accordance with sustainability requirements in new procurements.

**Table 35: Resource inflows**

| Type of material (tonnes) | 2024 | 2023 | Change from previous year |
|---|---|---|---|
| Total materials | 61 500 | 220 644 | -72 % |
| Biological materials | 0 | 0 | NA |
| Proportion of circular resources | Incomplete data | Incomplete data | NA |

## Waste generated in 2024

Statnett's materials streams are complex and include: power lines and cables, transformers and other electrical equipment, insulation materials, poles and pylons made of wood, steel or concrete. These items often contain metals such as copper and aluminium, and may also contain substances potentially harmful to the environment. In addition, polluted soil and rubble must be dealt with on a regular basis. Apart from this, hazardous waste, paper, rubber, plastic, some textiles and biomass must also be dealt with.

Table 36 "Waste generated in 2024" shows the amount of waste generated by Statnett and treated by a third party. The data has been consolidated from the annual report published by Norsk Gjenvinning, with which Statnett has signed a framework agreement for waste management, and the reports submitted by the projects completed in 2024. For specific rows, the figures supplied by Norsk Gjenvinning are supplemented by estimates based on Statistics Norway's statistical breakdown of treatment.

**Table 36: Waste generated in 2024**

| Data point | Amount | Unit |
|---|---|---|
| Total quantity of waste generated | 6,201,373 | kg |
| Hazardous waste prepared for reuse | 41,542 | kg |
| Non-hazardous waste prepared for reuse | 272,786 | kg |
| Hazardous waste recycled[31] | 24,765 | kg |
| Non-hazardous waste recycled31 | 3,558,272 | kg |
| Hazardous waste delivered for other types of treatment (but not disposal) (Further information on the meaning of "other types of treatment" may be found in *Annex II of Directive 2008/98/EC (Waste Framework Directive)* | N/A | kg |
| Non-hazardous waste delivered for other types of treatment (but not disposal) (Further information on the meaning of "other types of treatment" may be found in *Annex II of Directive 2008/98/EC (Waste Framework Directive)* | N/A | kg |
| Total quantity of waste sent for disposal/traditional treatment (hazardous and non-hazardous) | 652,924 | kg |
| Hazardous waste to incineration31 | 28,443 | kg |
| Non-hazardous waste to incineration31 | 355,225 | kg |
| Hazardous waste to landfill31 | 63,507 | kg |
| Non-hazardous waste to landfill | 1,670,709 | kg |
| Hazardous waste destined for other types of disposal (Further information on the meaning of "other types of disposal" may be found in *Annex I of Directive 2008/98/EC (Waste Framework Directive)*31 | 53,719 | kg |
| Non-hazardous waste destined for other types of disposal (Further information on the meaning of "other types of disposal" may be found in *Annex I of Directive 2008/98/EC (Waste Framework Directive)*31 | 446,729 | kg |
| Total quantity of non-recycled waste | 238,210 | kg |
| Total percentage of non-recycled waste | 4 | % |
| Total quantity of hazardous and radioactive waste generated by the company | 0 | kg |

[31] Estimates based on the volume of waste delivered for processing and Statistics Norway's statistical breakdown of treatment methods for construction waste in Norway

# People

In the section on people, we report in accordance with the three most material reporting standards: S1 Own workforce; S2 Workers in the value chain; and S3 Affected communities.

# S1 Own workforce

Our own workforce is the foundation for our business activities. Their contentment and engagement are crucial for Statnett. Promoting equality, diversity and inclusion is therefore not only an ethical responsibility but a strategic advantage. Statnett strives to create a working environment that values and embraces different perspectives, an environment where employees feel respected and included, irrespective of gender, ethnicity, age, sexual orientation, disability or other differences.

Statnett must be a safe workplace. We strive to prevent any accidents and/or injuries to our staff. This is particularly important as some of the activities we perform entail a high personal risk. There is also a risk that human and labour rights could be adversely impacted by Statnett's business activities. We are therefore working actively to uphold such rights in both our own operations and the entire value chain.

In this chapter, Statnett reports on how we safeguard the interests of our own workforce in our strategy as well as governing documents, actions, metrics and targets.

Photo: Bendik Raaen Maniska

## Material impacts risks and opportunities related to Statnett's own workforce

For a description of the identified IROs, see Table 8 "S1 Own workforce – material IROs" in Chapter ESRS 2. For information on how identified material IROs for our own workforce have been addressed in Statnett's strategy, see the discussion on strategy in Chapter ESRS 2.

Statnett plays a key role in Norway's transition to a low-emission society, where we have now entered a phase of increased construction activity. This must be done in a responsible manner, ensuring our responsibility to respect human rights is upheld and where the social impacts on our own workforce are properly managed. We are currently drawing up a transition plan, which will be finalised in 2025.

Those in Statnett's workforce who are affected by our operations may be categorised as follows: permanent employees (part-time and full-time), temporary employees, apprentices, time-limited contract staff (relief workers, students and summer jobs), as well as retirees working specific hours.

We also have a responsibility for workers in our value chain, including third-party consultants working under contract and temporary substitutes. Third-party consultants working under contract and temporary substitutes are sourced from temporary employment agencies or production companies. In such cases, the individual's employer of record is the contractor, while we, as the hiring company, are responsible for their day-to-day workplace supervision. We also have a joint and several liability and a duty to ensure their proper treatment (including non-discrimination). Where tasks or projects are outsourced, we are neither the individual's employer of record nor provide day-to-day workplace supervision. Our responsibility is that of client.

Our risk assessments have enabled us to create an overview of affected employee categories and vulnerable groups. Since Statnett employs both administrative and operative personnel, the workforce's risk exposure is not identical. By its very nature, operative work is more exposed to both direct and consequential risk. Operative personnel are particularly exposed to physical risks related to high-voltage work, work at height, driving on- and off-road, exposure to chemicals, explosives etc. Due to their lack of experience, apprentices may be more exposed to risk. They therefore receive specially tailored follow-up. Office workers are particularly exposed to the consequences of physical inactivity and static work. As a result, the company's health services are designed to offer preventive activities at the various sites.

Statnett focuses intently on occupational health, safety and environment (HSE) issues in relation to both administrative and operative personnel. For operative personnel, we have established wide-ranging HSE guidelines and procedures for managing identified risks. These also ensure that appropriate measures are taken to cater for any employee who may require any functional needs or adjustments in the workplace.

There is a risk that human and labour rights could be adversely impacted by Statnett's business activities. In line with the OECD's Guidelines for Responsible Business Conduct, we perform risk-based due diligence assessments to assess, prevent and manage actual and potential adverse impacts. Statnett has operations and activities at various sites in Norway, with the majority of our employees working at the headquarters in Oslo. We have not identified child labour, forced labour or other involuntary work as risks affecting our own workforce.

Statnett is working actively and systematically to promote equality and prevent discrimination. The potential for discrimination and obstacles to equality, on various grounds, have been identified in connection with different phases in the individual's employment journey. The results of our survey and subsequent actions and action plans are described in our equality report, which is available at www.statnett.no.

## Governing documents and guidelines for Statnett's own workforce

Statnett has a number of governing documents that relate to its own workforce. These are briefly outlined below. For further information about the company's management system and governing documents, as well as relevant

frameworks and instruments, please see Chapter ESRS 2 and Table 13 “Our governing documents”:

- Ethical guidelines (Code of Conduct)
- Sustainability policy
- Safety policy
- Procedures for reporting issues of concern at Statnett (whistleblowing procedure)

Statnett’s ethical guidelines (Code of Conduct) are based on international standards and principles with which the company wishes to comply. These include the Universal Declaration of Human Rights and the ILO’s core conventions, which cover child labour, human trafficking, forced labour or other forced labour.

Statnett has adopted a number of specific guidelines to safeguard the performance of certain work operations, as well as the management of identified risks at this level. In addition, the organisation has its own system for the registration and management of incidents, nonconformities and improvement suggestions.

The objective is to ensure reporting, learning and continuous improvement. Statnett is a driver for equality, diversity and inclusion. We accept no form of discrimination or harassment. Commitments related to this area are embedded in our management system via a number of guidelines.

Our Code of Conduct expresses an expectation that everyone will be treated with dignity and respect. Statnett must accommodate everyone, regardless of gender, age, nationality, skin colour, religious or cultural background, political views, disability, sexual orientation, gender identity or other differences. In Statnett’s sustainability policy, we pledge to promote equality, diversity and inclusion, and take account of the interests and views of affected stakeholders through a process of dialogue, with particular consideration for marginalised groups (including Indigenous people and other minorities).

These commitments are operationalised through a series of procedures, guidance documents, templates and checklists, which cover various areas related to employment conditions, including recruitment, pay and working conditions, personal development opportunities, facilitation and the opportunity to achieve a good work-life balance.

Photo: Gro Walldén

We have a dedicated Ethics Committee that advises on ethical issues and that ensures that notifications of issues of concern are handled as prescribed by law and established procedures. Information about this is set out in the company's Code of Conduct. The committee advises employees on ethical dilemmas and the Code of Conduct, and follows up all reports of issues of concern from both internal and external sources. For further information, see the chapter G1 – Business conduct.

## Processes for engaging with own workforce and workers' representatives about impacts

There are a number of different activities that include efforts to enhance the working environment, equality, diversity and inclusion. Engagement with our employees is an important aspect of this work, since it enables us to ensure that their perspectives are heard and taken into account.

At Statnett, the employer is responsible for the working environment. The employer must provide safe and decent working conditions, as well as equal treatment and opportunities for all. Statnett's CEO is the officer ultimately responsible for this. The employer is responsible for compliance. Formal and informal points of contact between the employer and the workforce have been established to facilitate good cooperation and day-to-day follow-up.

We have also established a number of initiatives and forums to evaluate management's engagement with the workforce and ensure its success. These include regular meetings with employee representatives, quarterly organisational surveys and employee performance appraisals.

Employer-employee engagement is presented in Table 37 "How we engage with our own workforce and its representatives".

**Table 37: How we engage with our own workforce and its representatives**

| How we take employees' perspectives into account | Purpose of engagement | Parties involved | Method of engagement | Frequency and format |
|---|---|---|---|---|
| Employee status meetings and performance appraisals | Facilitation of satisfactory working conditions through clarity about tasks and responsibilities and necessary support for personal and competency-building | • All employees | • Meetings between the employee and their immediate supervisor | • Annual performance appraisals<br>• Status meetings held throughout the year |
| Organisational surveys | To develop engagement and employee satisfaction | • All employees | • Employee satisfaction survey | • Distributed quarterly to all employees, with results followed up in teams and departments, and incorporated |

| How we take employees' perspectives into account | Purpose of engagement | Parties involved | Method of engagement | Frequency and format |
|---|---|---|---|---|
| | | | | into performance management metrics |
| Trade unions and elected officials | To follow up general employment terms and conditions (as set out, for example, in the Norwegian Working Environment Act and relevant collective agreements), take part in pay negotiations and settlements, comply with statutory and collectively agreed processes, inform and discuss company-related matters. | • Four trade unions: The Federation of Norwegian Professional Associations (Akademikerne), the Norwegian Society of Graduate Technical and Scientific Professionals (Tekna), NITO – the Norwegian Society of Engineers and Technologists, and the Electrician and IT Workers' Union (EL og IT Forbundet)<br>• Trade union members are represented by elected shop stewards | • Meetings<br>• Day-to-day engagement | • Scheduled weekly meetings between the employer and senior shop stewards<br>• Scheduled meetings with the CEO<br>• Monthly contact meetings attended by representatives from HR<br>• Semi-annual contact forum attended by the senior employee safety officer |
| The workplace safety organisation | Follows up to ensure that the company is operating in compliance with HSE requirements and ensures that employees are not exposed to danger | • Senior employee safety officer<br>• Local employee safety officer<br>• HSE groups (different representative | • All-staff meetings<br>• Incident reviews<br>• Cooperative forum<br>• Incident investigations | • HSE expert communities: multiple weekly meeting arenas<br>• HSE forum: annual |

| How we take employees' perspectives into account | Purpose of engagement | Parties involved | Method of engagement | Frequency and format |
|---|---|---|---|---|
| | | s depending on the location)<br>• Working environment committee (AMU) comprising employer and employee representatives, union shop stewards | • Safety inspections<br>• HSE forum<br>• Monthly meetings between the senior employee safety officer and the employer | • Senior employee safety officer:<br>• AMU: 5 times a year<br>• Contact forum: semi-annually |
| Company health service provider | Provides services as part of the company's preventive HSE endeavours. Assists managers, employees and employee safety officers in connection with working environment issues | • All employees | • Health surveys<br>• Doctor and psychologist<br>• Physiotherapy or equivalent treatment<br>• Group fitness training<br>• Workplace adaptation | • Health checks conducted at regular intervals (depending on age and type of work)<br>• Different formats depending on risk exposure<br>• Various services and supplementary services as required |
| Employee-elected Board members | To ensure that the employees' perspective is taken into account by the Board of Directors | • Employee-elected Board member | • Meetings of the board and board subcommittees (Project Committee, Audit Committee, Remuneration Committee etc.) | • Monthly board meetings<br>• Subcommittee meetings |

## Processes to remediate adverse impacts on and provide whistleblowing channels for Statnett's own workforce

Statnett has established processes to facilitate the reporting of issues of concern in the company's operations. For further information, see the chapter G1 – Business conduct.

Statnett has a workplace safety organisation, with a senior employee safety officer and employee safety officers linked to organisational units in various protected areas. Adverse impacts on our own working environment may be reported to employee safety officers, union shop stewards and HR representatives or the company health service provider, who will respond as appropriate. HSE incidents are documented and followed up via the reporting system.

## Actions related to Statnett's own workforce

Table 38 "Overview of actions completed or initiated in 2024" contains an overview of key actions we have implemented or plan to implement to address material IROs related to our own workforce.

None of the actions mentioned involves significant operational expenditures or investment costs. Adequate resources have been allocated to manage material impacts through the actions implemented. We regularly assess the need for additional resources.

In 2024, we implemented a number of actions to enhance Statnett's safety culture. The objective has been to improve the organisation's risk management, improve procedures and make the company's HSE endeavours more systematic, increase the quality of workplace safety activities and reduce the number of incidents. We have also worked to raise awareness, increase the workforce's competency and facilitate knowledge sharing and learning.

A dedicated diversity group has been established to help foster an inclusive working environment. This group comprises employees and management representatives, and works on initiatives to raise awareness of diversity and equality within the organisation. For example, the group has worked on initiatives related to the inclusion of neurodiverse people, the celebration of different religious festivals for minority employees, the facilitation of alternatives for those with food allergies or intolerances, and the staging of Pride-related talks and events at Statnett's headquarters and administrative offices around the country.

## Follow-up

Because our employees' engagement and contentment are important to us, Statnett takes a systematic approach to organisational surveys. Surveys are conducted quarterly and cover topics that are important for the workforce's engagement and contentment. The results are followed up with action plans in teams and departments, as well as at the corporate level through Statnett's performance management process.

To monitor the development of key metrics related to our own workforce, such as engagement, the sick leave rate, the total number of employees, age distribution, gender balance, staff turnover and employees' reasons for leaving, we produce quarterly reports. These reports are used as the basis for the development and follow-up of actions in the area people, organisation and culture.

**Table 38: Overview of actions completed or initiated in 2024**

| Actions | Description and expected results | Related to the goal | Scope | Progress |
|---|---|---|---|---|
| Partnership with Unicus to increase the organisation's competency with respect to neurodiversity | Increase the competency of supervisors, co-workers and the organisation as a whole with respect to neurodiversity and how the needs of neurodiverse employees may be accommodated. | To promote equality, diversity and inclusion | Neurodiverse employees, their immediate supervisors, co-workers and the organisation as a whole | Maturity analysis conducted in Q4 2024. An action plan will be drawn up during Q1 2025 |
| To deliver a leadership development programme for all managers with personnel responsibility | A two-year programme focusing on the development of leadership skills related to change management, effective collaboration and increased organisational performance capacity | To work systematically with leadership development to ensure managers' leadership practices align with the company's expectations and strategy | All managers with leadership responsibility (around 180 people) | The programme commenced in the spring of 2023 and will end in the spring of 2025. Some activities remain ongoing. |
| Clearer focus on diversity and inclusion in our recruitment processes | To better accommodate diversity through the inclusion of a diversity statement in job advertisements, targets for the number of women and people from minority backgrounds or with disabilities invited to interviews and the use of tests to reduce unconscious bias | To promote equality, diversity and inclusion | Must be used for all job advertisements and recruitment processes | Started in 2023, further development of the recruitment process in 2025 |
| Internal audit of HSE risk management related to minor modifications, maintenance and work performed in-house | Improved risk management | To comply with the requirements for the performance of risk assessments and uncover areas for improvement | All Statnett sites and own workforce | Audit completed in Q2 2024. The actions identified are scheduled for completion in Q1 2025 |
| Internal control project, comprising overarching internal control processes for HSE and the further development of sub- | To take a more systematic approach to HSE-related activities and facilitate compliance with Norway's Internal Control Regulations | Better and more uniform follow-up by both line and workplace safety organisations. More complete | All Statnett sites and own workforce | Although the project will conclude in 2025, internal control will remain an area |

| Actions | Description and expected results | Related to the goal | Scope | Progress |
|---|---|---|---|---|
| processes with necessary system support | | compliance with regulatory requirements | | for continuous improvement |
| Improved framework for internal investigations | The revised process and procedure boost the effectiveness of internal investigations, with respect to time and resources. | Improved root cause analyses, more targeted actions and effective learning from incidents | All Statnett sites and own workforce | Completed |

## Targets related to Statnett's own workforce

To work systematically with respect to impacts on Statnett's own workforce, we make use of several different targets and metrics.

## Serious incident frequency rate

Our objective is to reduce the number of serious HSE incidents. We aim to gradually bring the Serious Incident Frequency (SIF) rate down to 1.9 by 2029 through annual reductions of 0.3.

The SIF rate expresses the number of serious incidents per million hours worked:

- Personal injuries, potential and/or actual consequences involving fatalities or serious lost-time injuries
- Near misses, potential consequences involving fatalities or serious lost-time injuries
- Hazardous conditions, including work at height or electrical safety issues, potential consequences involving fatalities or serious lost-time injuries
- Damage to the external environment, potential and actual consequences involving permanent damage / irreversible harm

This target relates to the goal set out in Statnett's safety policy. It applies to Statnett's own workforce, employees in our value chain (in our capacity as construction client) and employees on service contracts. We track our performance with respect to this target by means of monthly measurement and reporting.

**Table 39: Serious incident frequency rate (SIF)**

| Year | 2024 | 2023 | 2022 (Benchmark year) |
|---|---|---|---|
| Serious Incident Frequency Rate (SIF) | 4,5 | 2,6 | 4,1 |

Statnett's increasing level of activity going forward also increases personal safety risks. Targeted actions to prevent and reduce the number of serious incidents are key to Statnett's efforts to strengthen its safety culture.

The various HSE communities work closely together through weekly meetings to review incidents. These meetings are also attended by the senior employee safety officer and first-line operational managers. Targets, progress and identified improvement points are discussed in these forums. Relevant professional environments, key managers and the workplace safety organisation jointly propose SIF targets, which are then approved by group management.

The SIF rate in 2024 failed to meet the target we had set. The overall SIF rate closed the year 1.1 higher than our subgoal for 2024. The increase in the SIF rate in 2024 is attributed primarily to several serious incidents related to electrical safety and transport (on and offroad driving). In 2024, there were seven incidents associated with transport, compared with three in 2023. Correspondingly, there were six incidents associated with electrical safety in 2024, compared with four in 2023. We investigated and

systematically followed up on all the incidents. Statnett also stages an annual road-safety awareness campaign and has a framework agreement for driver training with the Norwegian Automobile Federation (NAF). We also implemented several initiatives to promote electrical safety. These included better planning at the intersection between projects and operations, greater awareness of existing escort procedures and clearer requirements related to electrical safety risks in the tender specifications for our framework agreements.

In 2024, we substantially increased the reporting frequency for serious incidents. We have therefore reason to believe that more issues have been uncovered and included in the statistics than in previous years.

## Percentage of women in the workforce

Our goal was to increase the proportion of women employed by Statnett to 30 per cent in 2024. The percentage of women in the workforce is calculated on the basis of the total number of people we employ. The target relates to the goal set out in Statnett's sustainability policy. We track our performance with respect to this target by means of monthly measurement and reporting.

**Table 40: Percentage of woman in the workforce**

| Year | 2024 | 2023 (Benchmark year) |
|---|---|---|
| Percentage | 28,2 % | 27,9 % |

We have not involved stakeholders in the setting of this target, the evaluation of progress made or the identification of improvement points.

The 2024 result failed to meet the target we had set. The overall percentage of women in the workforce was 1.8 percentage points below target. We are working actively with guidelines defined in the recruitment process in order to increase the percentage of women in the workforce. These include a diversity statement in all job advertisements, encouraging candidates to apply irrespective of gender, multicultural background, CV gaps or disability. In addition, we aim to have at least one qualified female candidate in the final rounds and invite at least one qualified female candidate for interview, in connection with every position advertised externally.

## Employee engagement score

We aimed to achieve an employee engagement score of 8 (out of 10) in 2024. Employee engagement is measured using an engagement score in our quarterly employee surveys. Although Statnett has not defined a long-term target for this, we strive for a consistently high level of engagement among our employees. This target is not linked to any governing documents.

The 2024 results show a steady quarterly increase in the employee engagement score, which closed the year just 0.1 percentage point below our target. Since the results are only a fraction below target, no specific actions have been implemented.

**Table 41: Employee engagement score**

| Year | 2024 | 2023 (Benchmark year) |
|---|---|---|
| Score | 7,9 | 7,4 |

## About Statnett's own workforce

**Table 42: No. of employees by gender**

| Gender | No. Employed |
|---|---|
| Men | 1 547 |
| Women | 608 |
| Total no. Of employees | 2 155 |

**Table 43: No. of employees by contract type**

| Description | Women | Men | Total |
|---|---|---|---|
| No. employed | 608 | 1 547 | 2 155 |
| No. of permanent employees | 588 | 1 444 | 2 032 |
| No. of temporary employees | 20 | 103 | 123 |
| No. of employees with zero hours guaranteed | 11 | 31 | 42 |
| No. of full-time employees | 588 | 1 505 | 2 093 |
| No. of part-time employees | 20 | 42 | 62 |

Statnett has 123 temporary employees, 42 employees with zero hours guaranteed and 62 part-time employees, some of whom may belong to multiple categories (e.g. someone employed in a temporary part-time position). Temporary employees are engaged as temporary substitutes for other employees or perform work of a temporary nature. Employees with zero hours guaranteed are students or employees who have retired but who contribute with their specialist expertise to the company on a limited basis. Seven part-time employees fill positions that have been defined by the company as part-time cleaning positions. All of these positions are held by women. The positions are located in different places around the country and have a scope of work that does not allow for a higher FTE percentage. Ther other part-time employees work reduced hours due to partial disability or at their own request. Women make up 32 per cent of the part-time workforce.

**Table 44: Employees who have left the undertaking**

| Description | Result |
|---|---|
| Total number of employees who have left the undertaking | 90 |
| Percentage of staff turnover | 4,84 % |

The reported figures reflect the status at the close of the reporting period (31 December 2024).

## Own workforce who are not employees

**Table 45: Non-employees in the workforce**

| Description | Result |
|---|---|
| No. of non-employees in the workforce | 152 |

Statnett's workforce includes 152 people who are employed by temporary employment agencies and production companies. The contract workers have specialist competency and largely provide IT services. The reported figures reflect the status at the close of the reporting period (31 December 2024).

## Diversity metrics

Executive management, including the CEO, comprised five women (56 per cent) and four men (44 per cent) at the close of 2024. Statnett's executive management is defined as the parent company's group management and consists of the CEO as well as the EVPs in charge of the various business areas and group staff departments

**Table 46: Workforce by age**

| Age distribution | No. Of employees |
|---|---|
| Under 30 | 288 |
| 30–50 | 985 |
| Over 50 | 882 |

## Employees with disabilities

The datapoint is material, but is not reported as disability-related information is considered to be very sensitive personal data pursuant to the Norwegian Personal Data Act.

## Education and competency building metrics

**Table 47: Employee performance appraisals**

| Gender | Percentage of the workforce who took part in regular performance evaluation and career development meetings (employee performance appraisals) |
|---|---|
| Men | 98,4 % |
| Woman | 97,3 % |
| Percentage of the workforce | 98,1 % |

All permanent employees attend annual performance appraisal meetings with their immediate manager. Such appraisals are supported by a digital application with a fixed structure for content and follow-up. In addition, managers and employees hold status meetings as required throughout the year.

**Table 48: No. of hours devoted to training**

| Gender | Average no. Of training hours per employee |
|---|---|
| Men | 8,9 |
| Woman | 8,4 |
| Average no. | 8,6 |

## Health and safety metrics

**Table 49: Health and safety**

| Description | Own workforce | Workers in the value chain (third-party employees working at Statnett's production sites) |
|---|---|---|
| Percentage of own workforce encompassed by Statnett's working environment system | 100 | I/A |
| No. of fatalities resulting from work-related injuries and work-related ill health | 0 | 0 |
| No. of reportable work-related accidents | 8 | I/A |
| Accident frequency rate | 2,3 | I/A |
| No. of reportable incidents of work-related ill health | 3 | I/A |
| No. of days lost due to injuries and fatalities caused by work-related accidents, work-related ill health and deaths from ill health | 281 | I/A |

## Work-life balance metrics

**Table 50: Family related leave**

| Description | Own workforce | | |
|---|---|---|---|
| | Women | Men | Total |
| Percentage of own workforce who are entitled to family-related leave and the percentage who have taken parental leave | 10,4 % | 6,6 % | 7,7 % |

Parental leave is a statutory right applicable to all employees, with the exception of retirees working specific hours (also provided by law).

## Remuneration metrics

**Table 51: Pay gap and total remuneration**

| Description | Result |
|---|---|
| Gender pay gap* | -0,34 % |
| The highest paid person's total annual pay in relation to the median value for all employees | 3,60 |

* Defined as the difference in the average rate of pay between male and female employees, expressed as a percentage of the average rate of pay for male employees. The calculation of the gender pay gap is based on fixed salary plus fixed increments.

## Incidents, complaints and serious human rights impacts

**Tabell 52: Work related incidents and complaints**

| Description | Result |
|---|---|
| Total no. of incidents of discrimination, including harassment | 0 |
| No. of complaints filed via whistleblowing channels* | 10 |

| | |
|---|---|
| Total amount paid in fines, penalties and indemnifications as a result of the above- | 0 |

* In 2024, the Ethics committee processed ten reports, with potential issues of concern followed up in accordance with the company's whistleblowing procedure.

**Table 53: Serious human rights related incidents**

| Description | Result |
|---|---|
| No. of serious human rights-related incidents in Statnett's own workforce | 0 |
| Total amount paid in fines, penalties and indemnifications as a result of the above-mentioned incidents and complaints | 0 |

# S2 Workers in the value chain

The speed of grid expansion in Norway and the rest of the world is accelerating in order to accomplish the green transition. For Statnett, the supplier market is therefore challenging, with a high level of demand and with global supply chains that impact workers in the value chain. The risk of human rights abuses and poor working conditions is increasing and may be found in multiple parts of the supply chain, such as in relation to the extraction of minerals, the production of components and the use of foreign workers to construct the grid.

The energy transition may positively impact workers in the value chain in several ways. Increased demand for labour may, for example, strengthen their bargaining position and lead to better pay and working conditions.

It may also lead to requirements for new competency and strengthen the role of trade unions in safeguarding workers' rights. Working strategically with respect to suppliers is crucial to strengthening our capacity to undertake the transition to a low-emission society, premised on respecting human rights and decent working conditions.

In this chapter, Statnett reports on the groups of workers in the value chain who are impacted by our activities, as well as actions and targets relating thereto. We also describe activities that incur a significantly increased risk of adverse impacts, procedures for engagement with workers in the value chain and whistleblowing channels.

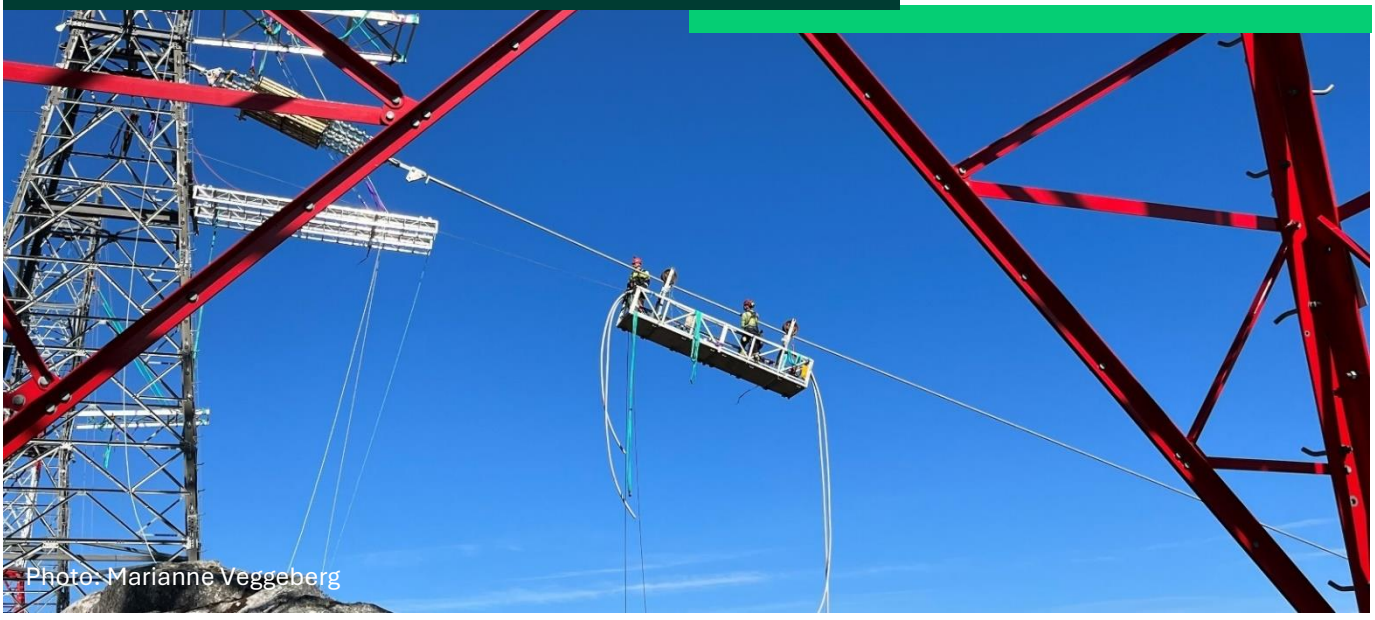


Photo: Marianne Veggeberg

## Material impacts, risks and opportunities relating to worker in the value chain

For a description of the identified IROs, see Table 9 "S2 Workers in the value chain – material IROs" in Chapter ESRS 2. Statnett defines workers in the value chain as individuals employed by our suppliers and their subcontractors in all areas, ranging from minerals extraction to the installation and maintenance of pylons in our projects.

For details of how identified material IROs are addressed in Statnett's strategy, see the section on strategy in Chapter ESRS 2.

Table 54 "Impacted workers in the value chain" shows the workers in the value chain who are likely to be materially impacted upstream, in Statnett's own operations and downstream (relating to products and services). Impacts relating to human rights abuses and failure to provide decent working conditions include HSE risk, social dumping and discrimination. Some vulnerable groups that are generally exposed to adverse impacts have also been identified.

Through our due diligence assessments, we are working to develop a complete overview of the types of workers and vulnerable groups that are impacted.

Statnett's experience and assessments have given us an understanding of how workers who perform specific tasks may be exposed to greater risk of injury, and we have implemented preventive actions, particularly in the area of safety, to reduce the risk.

No material risks or opportunities have been identified as arising from impacts or dependencies on workers in the value chain who belong to specific groups.

**Table 54: Impacted workers in the value chain**

| **Upstream** | | | |
|---|---|---|---|
| | **Activity** | **Type of employee** | **Vulnerable groups** |
| **Products** | Extraction of minerals/metals | Miners | Children, women |
| | Agriculture | Agricultural workers and small-scale farmers | Children, women, migrant workers |
| | Refining/production or processing | Production/factory workers | Women, migrant workers, disabled people |
| | Transport | Lorry drivers and seafarers | Migrant workers, women |
| **Services** | Outsourcing | Consultants | |
| | Building and construction | Tradespeople, skilled workers and installers | Apprentices, skilled workers, women, disabled people |
| **Own operations** | | | |
| | **Activity** | **Type of employee** | **Vulnerable groups** |
| **Services** | Maintenance and service | Skilled workers | |
| | Cleaning services | Cleaners | Women, minority groups |
| | Consultants | Consultants and contract workers | |
| **Downstream** | | | |
| | **Activity** | **Type of employee** | **Vulnerable groups** |
| **Products** | Recycling of raw materials | Factory workers | Women, children, people engaged in the informal labour market |

There is a significant risk that child labour, forced labour or other involuntary labour may occur in several business sectors and at several stages in Statnett's value chain. This risk applies to most companies that depend on global value chains. Table 55 "Areas with a significant risk of child labour and forced labour being used in the value chain, by category" provides an overview of identified risks based on a list of goods produced using child or forced labour published by the US Department of Labor and the High-Risk Product List produced by the Norwegian Agency for Public and Financial Management (DFØ).

Lack of respect for, and violations of, human and labour rights among supply chain workers constitute a material impact. Such material impacts can encompass key issues such as the right to freedom of association and collective bargaining, equality, discrimination and harassment, fair wages and working time, and the prevention of child and forced labour. Many of these issues are sector-specific and affect different parts of the value chain. This makes it especially challenging for vulnerable groups to assert their rights with employers, in the face of barriers such as power imbalances, language difficulties and lack of legitimate representation.

Violations of human rights and decent working conditions are becoming more common in sectors that supply critical raw materials and essential equipment required for the transition to a low-emission society. As a state-owned enterprise with a social mission and clear expectations from its stakeholders, Statnett has a particular responsibility to minimise negative impacts and help create safe and fair workplaces. In 2025, we will continue our efforts to establish an overview of confirmed and potential negative impacts so we can prioritise the most serious issues.

Through responsible procurement practices, Statnett helps promote decent working conditions across our supply chains, which help promote positive impacts for most groups of workers.

This is likely to have the greatest impact on the workers of our direct contracting partners and suppliers in Norway, including vulnerable groups such as foreign workers and cleaners. This is due to the closer proximity to our contracting parties and suppliers, as well as other local partners. We will continue to strive to positively influence employees throughout our global supply chains.

We set requirements and follow up with our suppliers. Strengthening strategic supplier development and collaboration will help ensure a responsible energy transition that benefits all stakeholders throughout the value chain. We are continuously working to strengthen, streamline and systematise the integration of sustainability considerations into our project engineering, procurement and supplier management processes.

In 2024, we developed an action plan to identify priority areas for sustainability in procurement and supplier management, with human rights and decent working conditions at the core. This year, we also introduced contractual terms for responsible business conduct into our steel framework agreement. The terms require suppliers to conduct due diligence in line with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines on Responsible Business Conduct.

**Table 55: Areas with a significant risk of child labour and forced labour being used in the value chain, by category** [32] [33]

| Category | Raw material | Region |
|---|---|---|
| **Protection and control systems** | Metals, minerals and conflict minerals | Africa, Asia and South America |
| **Building and construction – materials** | Metals, rock and wood | Africa, Asia and South America |
| **ICT products** | Minerals and conflict minerals | Africa, Asia and South America |
| **Workwear and office supplies** | Natural fibres, synthetic fibres and minerals | Africa, Asia, North America and South America |
| **Commercial vehicles** | Aluminium, rubber | Africa, Asia and South America |
| **Food and beverages** | Fruit and vegetables, nuts, coffee, cocoa, fish, meat, rice and legumes | Africa, Asia, Europe, North and South America |

[32] US Department of Labor – List of Goods Produced by Child Labor or Forced Labor
[33] High-Risk Product List produced by the Norwegian Agency for Public and Financial Management (DFØ).

Our DMA did not reveal any material risks or opportunities for Statnett directly resulting from impacts from on or dependency on workers in the value chain.

## Governing documents and guidelines for workers in the value chain

Statnett has a number of governing documents which, to varying extents, relate to workers in the value chain. These are briefly discussed below. For more details on our management system and governing documents, and relevant international frameworks and instruments, please see Chapter ESRS 2, and Table 13 “Our governing documents”:

- Code of Conduct
- Supplier Code of Conduct
- Sustainability policy
- Supply chain policy
- Safety policy
- Procedure for reporting issues of concern at Statnett (whistleblowing procedure)

As a construction client, we are subject to contractual requirements regarding professionalism, wages and working conditions, as well as health, safety and the working environment. Specific guidelines are in place to ensure safety during particular work operations, and to manage specific risks.

Statnett’s commitments to human rights for workers in the value chain align with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines on Responsible Business Conduct, and are explicitly stated in our Sustainability policy.

Our Supplier Code of Conduct specifically addresses forced labour and child labour in line with the ILO’s core conventions. In 2024, we worked on developing a compliance programme for supplier management, where one key focus was on strengthening the structure and implementation of due diligence. This work will continue in 2025, with further processes established to systematise and follow up all steps in due diligence related to workers in the value chain. These actions will also include processes and mechanisms for monitoring compliance.

Significant violations of decent working conditions, if unaddressed, result in sanctions against suppliers. Such sanctions may include day penalties, the cancellation of the contract or exclusion from forthcoming tender competitions.

## Processes for engaging with value chain workers about impacts

Statnett is developing a comprehensive strategy to engage workers in the value chain on impact-related issues, in line with best practices and the standards established in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Responsible Business Conduct. As part of our ongoing efforts to strengthen meaningful stakeholder dialogue and engage key stakeholders and affected rights holders, we will establish processes related to workers in the value chain.

As a construction client, we ensure that our requirements for internal control and a systematic and secure working environment comply with the Norwegian Working Environment Act. This includes requirements for participation and engagement, and informing workers about risks and plans relevant to their activities.

## Processes to remediate negative impacts and provide whistleblowing channels for workers in the value chain

Statnett’s processes for addressing negative impacts, such as injuries or disputes related to wages and working conditions, meet Norwegian legal requirements. For example, the Construction Client Regulations require us to monitor and ensure that our contracting partners fulfil their employer responsibilities.

If we are responsible for the negative impact, we will, as the construction client, take steps to remediate the damage and prevent it from happening again. We hold weekly incident reviews to share lessons learned across projects.

We are continually enhancing our compliance with our construction client responsibilities and actively work to address any negative impacts on suppliers or

contractors. We achieve this through regular comprehensive audits integrated into our processes, and targeted internal audits. For instance, in 2023, our internal auditor conducted an audit of Statnett as construction client.

Occasionally, incidents, nonconformities or hazardous conditions necessitate a thorough investigation of their causes and development. We have procedures outlining the framework for both internal and external investigations where appropriate. Internal investigations are always owned by the EVP or the relevant management team leader. The investigation leader must be a qualified employee with the necessary competency for the role.

## Whistleblowing channels

Statnett has established multiple channels to allow workers in the value chain to voice their concerns and needs, whether directly to Statnett, their own employer or third parties, as shown in Table 56, "Whistleblowing channels for workers in the value chain". For more details on our whistleblowing scheme, please see Chapter G1 - Business Conduct.

We actively communicate the availability of these channels through supplier contract terms, incident and accident notification plans and various meeting points with suppliers. Suppliers are required to establish processes for reporting issues of concern related to contract execution and to ensure that these are available and publicised. These mechanisms must be available to the supplier's employees including the supplier's and subcontractor's contract personnel. Suppliers must also inform all employees, including their contract personnel, about our Ethics committee and the relevant contact information published on statnett.no.

Our supplier requirements clearly state that individuals who report legal or ethical violations must be safeguarded against retaliation.

**Follow-up**

Statnett monitors and follows up cases that are reported in line with the procedure for handling whistleblowing cases. The Ethics committee offers guidance to parties involved in matters that could be deemed to be issues of concern.

Statnett believes that these reporting mechanisms comply with legal requirements. However, we have not conducted a comprehensive assessment to gauge overall awareness and confidence in these reporting processes and mechanisms among the workers in our value chain.

As discussed in chapter G1 we have not yet implemented a methodology to measure the effectiveness of our whistleblowing channels. This includes engaging with workers in the value chain to assess their awareness of and confidence in these channels. Guided by the UN Guiding Principles, we aim to enhance our whistleblowing channels to ensure that these operate effectively.

**Table 56: Whistleblowing channels for workers in the value chain**

| Channel | Established and | Scope |
|---|---|---|
| **Statnett's digital channel for raising concerns "Mitt Varsel"** | Statnett | All groups of workers in the value chain |

| | | |
|---|---|---|
| **Cooperation agreement with the Norwegian Tax Administration concerning unannounced inspections, providing employees with a channel to report issues of concern** | The Norwegian Tax Administration | Employees of suppliers/contractors |
| **Safe Construction Site** | Statnett | A collaborative platform for ensuring the safe execution of construction projects, bringing together stakeholders on |
| **Employee representatives** | Trade union | Employees who are union members |
| **Safety representative** | Statnett | Protects employees' interests in matters concerning the working |
| **Safety inspections** | Principal enterprise and contractor | Proactive HSE initiatives designed to prevent unfavourable working conditions, identify potential risk factors and ensure |
| **Coordination meetings and regular checks** | The principal enterprise is responsible for coordinating HSE work at workplaces where multiple companies operate | Employees at companies operating in the same place. Contractors/enterprises acting as the responsible contractor and the principal enterprise who coordinate hazard and risk assessments, as well as HSE work on construction sites. |

## Taking action on workers in the value chain

Table 58, "Overview of actions completed or initiated in 2024", outlines the key actions we have taken, or plan to take, to address material IROs related to workers in the value chain.

Table 57, "Processes to identify actions", details how Statnett identifies necessary actions related to identified impacts.

We assess the effectiveness of these actions through various internal processes, target management and regular supplier follow-up.

**Table 57: Processes to identify action**

| Statnett as a construction client | In procurements |
|---|---|
| • **Establishing the risk profile and residual risk**<br>• **Contract requirements and follow-up**<br>• **Organising the OHS organisation in each project**<br>• **Coordination, kick-off meetings, evaluation meetings and morning meetings**<br>• **Emergency preparedness plan and drills**<br>• **Follow-up of:**<br>• **health, safety and working environment plan, risk profile, progress and changes**<br>• **coordination and the execution of activities in line with HSE legislation**<br>• **incidents**<br>• **electrical safety and safe implementation and coordination with the facility owner through Instructions for the Safety Manager and Electrical Safety Coordinator**<br>• **Personal safety briefings are conducted for everyone entering the construction site before work begins**<br>• **Safe start-up and construction site**<br>• **Evaluation meetings using scorecards for suppliers** | • Qualification requirements and contract terms<br>• Risk profile (including residual risk and specific actions) in the tender round<br>• Review of HSE deliverables in the tender round<br>• Negotiation meetings<br>• Follow-up of compliance with requirements during the contract period<br>• Follow-up of wages and working conditions<br>• Scorecards are used in all contracts with a duration of more than one year<br>• DFØ "Evaluation of Contractor Assignments" is used in construction contracts valued over MNOK 5 excl. VAT |

We have processes and procedures in place to manage cases involving potential or confirmed material negative impacts. This includes evaluating the effectiveness of both implementation and results.

None of the aforementioned actions involve significant operational expenditures and/or investment costs. Sufficient resources have been allocated to manage material impacts through implemented actions. The need for additional resources is regularly assessed.

**Table 58: Overview of actions completed or initiated in 2024**

| Actions | Description and expected results | Related to targets | Scope | Affected stakeholder groups | Progress |
|---|---|---|---|---|---|
| Strengthen the system for implementing risk-based due diligence in the supply chain | Risk mapping and follow-up of prioritised impacts as well as enhanced engagement with workers in the value chain | Respect human rights and promote decent working conditions in our operations and in the value chain. | Upstream, own operations and downstream in Norway and globally | All workers in the value chain | The action has been initiated and will continue in 2025 |
| Investigation and corrective and remedial actions following a serious work-related accident | Fewer accidents involving service personnel | Enhanced safety measures for external personnel who perform work on Statnett's | Downstream and own operations in Norway | Contractors/service providers in service/maintenance agreements | Planning of actions completed in 2024. Implementation to begin in 2025 |

| Actions | Description and expected results | Related to targets | Scope | Affected stakeholder groups | Progress |
|---|---|---|---|---|---|
| involving external service personnel | | construction sites | | | |
| Development and implementation of our safety culture programme Safe Construction Site | Fewer accidents and serious incidents in construction activities, and increased safety awareness among employees | Enhanced safety measures for external personnel working on Statnett's construction sites, along with increased professionalism in construction projects. | Upstream, downstream and own operations in Norway | Contractors/service providers in construction projects and employees on construction sites | Planning of the action completed in 2024. Implementation to begin in 2025 |
| Procurement and development of digital system support for health, safety and the working environment | Electronic register for crew lists and professionalism in construction projects | Enhanced safety measures for external personnel working on Statnett's construction sites, along with increased professionalism in construction projects | Upstream, downstream and own operations in Norway | Contractors/service providers in construction projects and employees on construction sites | Process initiated in 2024 and will continue in 2025 |
| Establishment of a compliance programme for supplier management | Enhance accountability in procurement practices through further development and digitalisation of key processes related to risk management and supplier follow-up | Respect human rights and promote decent working conditions in our operations and in the value chain | Upstream in Norway and globally | All workers in the value chain | The action has been initiated and will continue in 2025 |
| Reinforce qualification requirements in health, safety | Suppliers must now demonstrate compliance with the Norwegian | Respect human rights and promote decent working conditions in our | Upstream, downstream and own operations in Norway | Employees on construction sites | Action implemented in 2024 |

| Actions | Description and expected results | Related to targets | Scope | Affected stakeholder groups | Progress |
|---|---|---|---|---|---|
| and the working environment | Working Environment Act's requirements for a safe working environment and systematic HSE practices. Suppliers must also be ISO 45001 certified or have an equivalent system in place | operations and in the value chain. | | | |

## Responsible business conduct

Through our business conduct related to procurements and supplier management practices, we actively strive to avoid causing or contributing to material negative impacts for workers in the value chain. Our expectations and requirements are embedded in our Supplier Code of Conduct and our minimum standards for pay and working conditions. These stipulations are integral to our contractual terms and must be communicated to all subcontractors throughout the contractual chain.

Suppliers must also confirm that no subcontractors are on selected sanctions lists. We also stipulate that the design and build contractor may not engage more than two tiers of subcontractors beneath them without the construction client's written consent. Planned use of foreign companies or labour must also be disclosed.

This applies to both subcontractors and sub-suppliers of goods and services. We communicate clear expectations to our suppliers through ongoing follow-up and dialogue.

Assessments of country and product risk are part of the procurement process and may therefore result in stricter qualification requirements in tender competitions.

Statnett's contractual counterparties must be qualified in Achilles and StartBANK, which provide prequalification arrangements for the energy and supply sectors respectively, as well as the construction sector.

## Collaboration to tackle work-related crime

There is a high risk of work-related crime in the construction, trade services, transport and cleaning sectors. To prevent and reduce the risk related to these services, Statnett collaborates with other actors engaged in efforts to combat work-relate crime and human rights abuses, both nationally and internationally. This provides us with a better basis on which to select responsible and law-abiding suppliers and subcontractors. Our partners include StartBANK, the Norwegian Tax Administration, the Joint Forum against Work-Related Crime (Samarbeidsforum mot a-krim) and Fair Play Bygg.

## Serious incidents

On 6 March 2024, a supplier's employee was seriously injured while performing service work at Vang substation in Innlandet County. Internal and external investigations were conducted to derive lessons from the incident and to implement actions to reduce the risk of similar incidents in the future.
No other human rights incidents involving workers in the value chain were reported.

## Targets related to workers in the value chain

Statnett has established specific targets and metrics to monitor individual HSE impacts for workers in the value chain in Norway. Our objective is to reduce the number of serious HSE incidents involving supplier personnel working on our projects or performing maintenance and service activities at our facilities. This target aligns with our Safety policy and encompasses our own workforce and workers in our value chain, through our role as construction client and in managing service contracts. Our long-term goal is to reduce the SIF indicator to 1.9 by 2029. This target is monitored continuously, and is measured and reported on monthly; please see Table 39 “Serious incident frequency rate (SIF)” in the chapter S1 Own workforce.

Beyond our HSE objectives, we currently lack measurable, results-oriented targets related to workers in the value chain. The actions we are implementing in 2025, particularly those intended to ensure a more systematic approach to due diligence, are designed to establish effective goals that can demonstrate the impact of our actions related to respecting human rights and decent working conditions.

Photo: Johan Wildhagen

# S3 Affected communities

The transition to a low-emission society depends on broad support from the population, both globally and locally – and especially from those who are directly affected by new construction projects. This means a rapid transition must also be a responsible transition.

When planning and constructing, we must do so as considerately as possible for the local communities affected by our operations. Statnett must balance the needs of local communities and Indigenous peoples with the demands of supply security and project progress. This process presents both risks and opportunities. In this chapter, we detail how our company's strategy, engagement processes, governing documents, actions and goals work together to protect and engage affected communities.

Photo: Johan Wildhagen

## Material impacts, risks and opportunities related to affected communities

For a description of the identified IROs, please see Table 10 “S3 Affected communities – material IROs” in Chapter ESRS 2. For information on how identified material IROs for affected communities have been taken into account in the strategy, please see the discussion of strategy in Chapter ESRS 2.

Statnett can affect local communities where our planning, construction, operation and maintenance activities take place. Potential conflicts of interest may arise in many areas where new grid facilities are being considered. This is particularly relevant with regard to visual pollution and disturbances during the construction phase, as well as when relating to direct and indirect impacts on Indigenous lands.

Local communities that are likely to be significantly impacted by Statnett's activities are included in our DMA. This applies to impacts from Statnett's own activities or from work carried out by contractors on behalf of Statnett as developer. We have identified a potential negative impact on Indigenous peoples' opportunities for cultural practice related to the development of power generation in Norway.  For our global value chain, we are working to map any significant impacts on local communities.

A material risk concerning affected local communities is the potential for conflicts of interest among various groups regarding our plans and construction activities. This could lead to postponement of projects, extension of licensing processes, multiple or protracted legal proceedings and costly mitigation measures, which would pose a material financial risk to Statnett. Reindeer husbandry is carried out on approximately 40 per cent of Norway’s land area, including in areas where Statnett executes and plans activities. We work to ensure that our dialogue with reindeer herders and affected communities can contribute towards good understanding of the impacts related to Indigenous peoples.

Indigenous people in Norway are affected by our activities, in particular in the construction phase. This increases the risk of conflicts of interest and an associated risk of delayed construction work and protracted licensing processes. This was identified as a financial risk for Statnett in the DMA.

As part of our efforts to promote coexistence and plan our projects, we implement actions to avoid, minimise, mitigate or compensate for negative impacts.

## Indigenous peoples

Reindeer husbandry plays a vital role in the Sámi culture, local economy, employment and cultural identity. We have long maintained regular dialogue and collaboration with the reindeer husbandry industry to ensure their interests are considered. In 2024, Statnett established the role of reindeer husbandry advisor, and employed two new reindeer husbandry coordinators. Statnett aims to proactively find solutions that safeguard the interests of Indigenous peoples and the reindeer husbandry industry, and to engage in dialogue in line with the principle of free and prior informed consent (FPIC). Statnett focuses on enabling effective dialogue with reindeer herders in all project phases, including by establishing meeting places where Statnett’s reindeer husbandry coordinators meet reindeer herders, usually in the field. For licensable projects, Statnett covers items such as travel expenses, and provides interpreters if needed.

## Governing documents and guidelines for affected communities

Statnett has several governing documents that refer to our commitment to safeguard human rights, including for local communities and Indigenous peoples. These are briefly discussed below. For further information about our management system, governing documents and relevant frameworks and instruments, please see Chapter ESRS 2, and Table 13 “Our governing documents”:

- Code of Conduct
- Supplier Code of Conduct
- Sustainability policy
- Procedures for reporting issues of concern at Statnett
- Instructions for engagement and dialogue with Indigenous peoples

Our instructions for engagement and dialogue with Indigenous peoples specifically address impacts on Indigenous peoples.

## Processes for engaging with affected communities about impacts

Statnett has activities in many parts of Norway. Consequently, we have procedures and processes for interacting with and engaging affected communities throughout all project phases, from the planning and choice-of-concept, licensing and construction phases to the operation of our facilities.

The Norwegian Energy Act requires Statnett to develop and operate the power grid in a socially beneficial manner, including by emphasising non-quantifiable considerations.[34] The responsible execution of this is governed by national laws and regulations and carried out through Statnett's internal guidelines and procedures.

Statnett prepares grid development area plans describing power system needs and grid plans. We also prepare choice-of-concept studies for new grid facilities. In connection with such assessments, we arrange for dialogue meetings, where we invite a broad range of representatives from the local community, including from reindeer grazing districts. We also arrange separate meetings with the reindeer grazing districts and their organisations.

The Norwegian Energy Act and Regulations on Impact Assessments require Statnett to report the consequences for the environment and society of all planned actions. Statnett must report on its plans as soon as possible, submit them to the licensing authorities for consultation, and make them available for public review before finalising the programme. The licensing process must assess the need for and set requirements for mitigation measures to reduce negative impacts. These conditions must be stated in the decision.[35]

We systematically evaluate our engagement with stakeholders during the licensing processes and internal project development on a case-by-case basis.

Table 59 "Examples of methods for engaging with affected communities" provides examples of methods for interacting with affected communities. These include procedures and processes specifically aimed at reindeer herders.

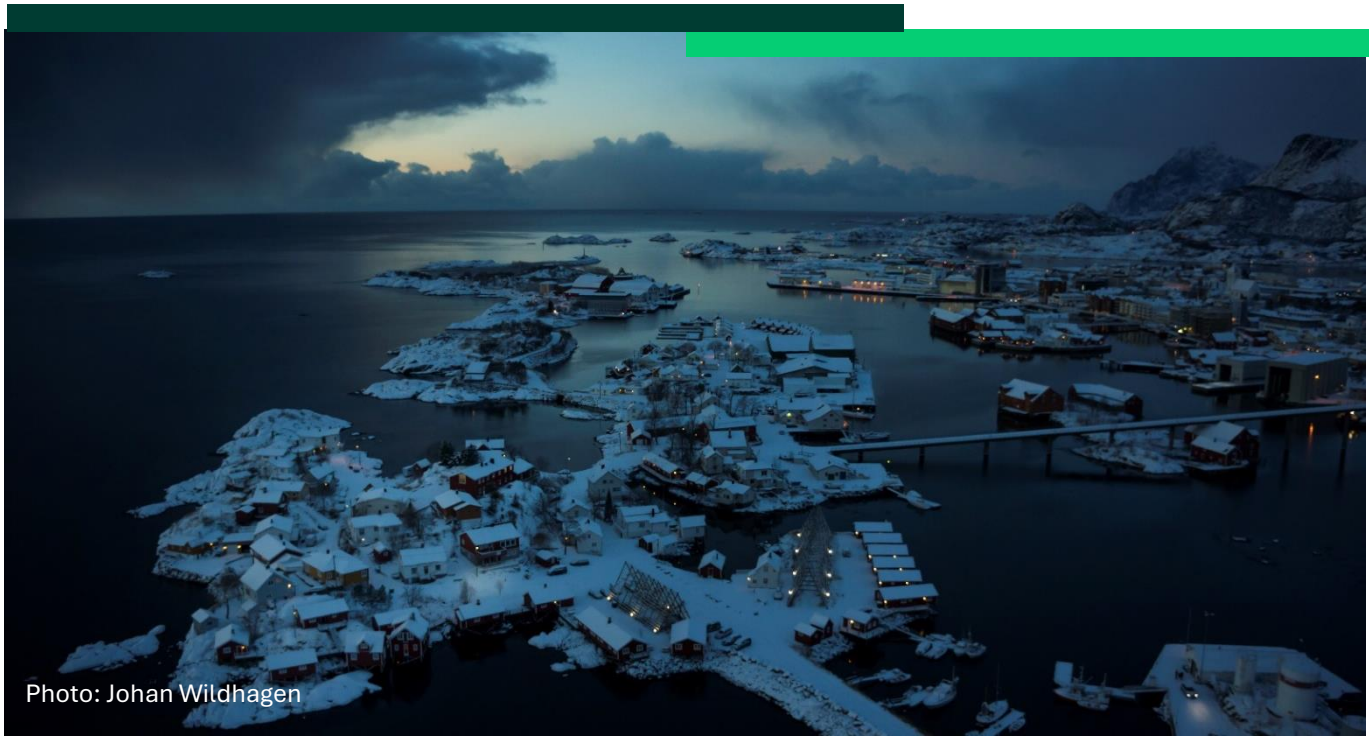


Photo: Johan Wildhagen

34 The Act related to the production, conversion, transmission, trading, distribution and use of energy, etc. (the Norwegian Energy Act)

35 The Act related to planning and the processing of building application (the Norwegian Planning and Building Act)

**Table 59: Examples of methods for engaging with affected communities**

| Form of engagement | Affected group | Purpose/Why we engage | Examples | Phase or frequency of engagement |
|---|---|---|---|---|
| **Survey** | Customers and stakeholder organisations | Gather feedback and advice on how Statnett can better support the green transition | Statnett's customer survey | Annual |
| **Consultation organised by NVE and ED** | Everyone | Collect input from stakeholders | Consultation rounds as part of NVE's licensing process; consultation organised by the Ministry of Energy for selection of choice-of-concept studies | Regularly |
| **Public meetings organised by NVE** | Everyone | Part of the consultation process for applications submitted by Statnett Statnett participates and provides information about relevant projects | Three public meetings were held in connection with the licence application for the new 420 kV Lebesby–Seidafjellet power line | Regularly during project licensing phases |
| **Open office days** | Affected landowners, rights holders, neighbours and residents | Present the project and invite questions about Statnett's plans | Information meeting and open office days in Hammerfest | Planned investments for start-up of construction work |
| **Inspections** | Directly affected parties, including reindeer herders | Statnett conducts an inspection with representatives from affected groups, including reindeer herders, to jointly find solutions | Follow-up from the ruling in Hålogaland Court of Appeal. Identifying a new solution to maintain the functionality of reindeer migration routes. | During the planning, licensing or later stages, adjustments and corrections are made to address any identified negative impacts. |
| **Regional dialogue meetings in connection with grid development area plans** | Customers, grid companies, authorities and other affected groups locally | To provide information about developments in the area, affecting both the transmission and regional grids.The purpose of these meetings is to gather input for updating the grid development area plan. | Overview of dialogue meetings about the various grid development area plans: Grid development area plans: comprehensive and predictable grid development \| Statnett (Only available in Norwegian) | Regularly: Dialogue meetings are arranged for all ten grid development area plans, which are updated every two years. |

| Form of engagement | Affected group | Purpose/Why we engage | Examples | Phase or frequency of engagement |
|---|---|---|---|---|
| **Dialogue meetings about choice-of-concept studies** | Customers, grid companies, authorities and other affected groups locally | To provide information about the choice-of-concept studies and gather input | Dialogue meeting about choice of concept study Helgeland, 8 March 2024<br>Dialogue meeting Helgeland choice-of-concept study \| Statnett (Only available in Norwegian) | During work on choice-of-concept study |
| **Other meetings** | Directly affected parties, including reindeer herders | To establish contact and relationships with affected communities and groups | Meeting between the CEO and President of the Sámi Parliament of Norway in Karasjok. Meetings at operational level with county governors (for reindeer husbandry administration) and reindeer herders | At management level: 1–2 times a year<br>At operational level: periodically |
| **Impact assessments** | Directly affected parties, including reindeer herders, specialists and experts | Impact assessment conducted by a third party, and engagement with affected groups | Licence application 420 kV Skaidi–Lebesby | Dialogue with reindeer husbandry industry as part of the preparatory work – and during the development of the impact assessment (technical reports) |
| **Conferences and public discussion forums** | Business stakeholders, stakeholder organisations, experts and authorities | Bringing together key players from the energy sector and business for presentations and important discussions | Statnett's annual autumn conference. Focus in 2024: Security and Coexistence | Annual |
| **Contact point** | Local communities, landowners, reindeer herders | Statnett has several direct contact points through which affected groups can get in touch if needed – addressing the specific needs of Indigenous peoples through reindeer husbandry coordinators | Contact information for the project manager and communication team is displayed on our website, to directly address questions, concerns and related enquiries.<br>The reindeer husbandry coordinator is in regular contact with reindeer herders | Continuously |

The administrative, management and supervisory bodies have overall responsibility for ensuring that Statnett interacts with affected stakeholders, including affected communities.

- The EVP People and Sustainability is the owner of the Sustainability policy and is responsible for ensuring that Statnett considers the concerns of affected stakeholders through dialogue and engagement
- The EVP Grid and Asset Management is responsible for ensuring that dialogue and engagement take place during the entire project process
- The Grid and Asset Management business area is responsible for monitoring the licensing process, land use permits, property management and land and rights acquisition, as well as portfolio management, project development and project ownership

Engagement with affected local communities is given special consideration during project impact assessments and when evaluating mitigation measures.

## Processes to remediate negative impacts, and whistleblowing channels for affected communities

Statnett has established processes related to the remediation of negative impacts and whistleblowing channels for affected communities. For more details on our whistleblowing channels, please see the chapter G1 Business Conduct.

Statnett has several processes and channels for notifying and remedying negative impacts. Statnett's reindeer husbandry coordinators serve as direct points of contact for reindeer herders. The coordinators work in the field and are in regular contact with reindeer herders who have been or could potentially be affected by Statnett's activities.

The coordinators also receive information in all phases of Statnett's activities (planning, construction and operation phases), and pass on information to relevant projects. Such information could, for example, relate to incidents that necessitate adjustments to construction work. All dialogue with reindeer herders is documented, and this documentation plays an important role in any licensing applications, detail plans and ongoing construction work to incorporate input and help identify preventive or mitigating measures. Documenting processes and engagement is also used to evaluate the effectiveness of our community engagement efforts. These processes also facilitate feedback from the relevant target groups.

However, as discussed in chapter G1, we have not yet implemented a methodology for measuring the effectiveness of our whistleblowing channels. Guided by the UN Guiding Principles, we aim to enhance our mechanisms for raising concerns to ensure they operate effectively.

A key principle in communicating whistleblowing channels is that individuals who use them are protected from retaliation and reprisals.

Affected communities can also raise their concerns and needs via the County Governor and through participation in consultation rounds organised by NVE.

Statnett always aims to reach amicable agreements with individuals or groups in local communities who are negatively impacted by Statnett's activities. This work is governed by laws and internal guidelines and processes. If an amicable agreement cannot be reached, compensation for expropriation cases will be determined through a court-led compensation assessment.

## Actions related to affected communities

Table 60 "Overview of actions completed or initiated in 2024" contains an overview of key actions we have implemented, or plan to implement, to address material IROs related to affected communities.
These actions are specifically aimed at strengthening the protection of Indigenous peoples' rights.
None of the actions mentioned involves significant operational expenditures or investment costs. Sufficient resources have been allocated to manage material impacts through implemented actions. The need for additional resources is regularly assessed. The

effectiveness of the actions is assessed through Statnett's regular dialogue with stakeholders and based on the number of complaints received. We do not yet have sufficient data to assess the effectiveness of more recent actions.

In 2023, Statnett established an internal interdisciplinary working group tasked with reinforcing efforts around coexistence. Identifying impacts and actions, and updating relevant governing documents, were among the tasks performed by the group. In 2024, these efforts were stepped up with a strong focus on reindeer husbandry.

The working group's goals include strengthening compliance with our Code of Conduct and external due diligence requirements, reinforcing our competency base and experience-sharing, as well as establishing a more systematic approach to engagement and dialogue with the reindeer husbandry industry, particularly in the early phase.

**Table 60: Overview of actions completed or initiated in 2024**

| Actions | Description and expected results | Related to targets | Scope | Progress |
|---|---|---|---|---|
| **Updating communication guidelines** | Updating the guidelines as a competency-building measure and tool for project managers | Reinforce efforts around stakeholder dialogue and engagement with affected communities | Project managers/all employees | Completed Q4 2024 |
| **New processes for early dialogue with the local population, including the reindeer husbandry industry** | Open dialogue on choice-of-concept study for Helgeland as well as separate meetings with directly affected reindeer herders and reindeer grazing districts, and their representatives, the Norwegian Reindeer Herders' Association (NRL), and the County Governor's reindeer husbandry department | Reinforce efforts around stakeholder dialogue and engagement with affected communities, including Indigenous peoples | Reindeer herders and representatives, including NRL and the County Governor in Nordland | This work is in the pilot phase. Plans are in place to systematically integrate early dialogue into the processes in 2025 |
| **Reindeer husbandry course** | Developed and launched an internal course on reindeer husbandry. Four courses were held in Oslo, Trondheim and Alta with the aim of strengthening internal competency | Awareness-raising and competency-building to protect the rights of affected Indigenous peoples | Available to all Statnett employees | Development and delivery of (four) courses completed. These will be further developed in 2025 |
| **Development of an internal reindeer husbandry manual** | Detailed guidance on handling cases where reindeer husbandry is affected at operational level | Reinforce efforts around stakeholder dialogue and engagement with | For all employees, suppliers and other partners | Versions 1 and 2 delivered in 2024. Regular updates – plans to introduce |

| Actions | Description and expected results | Related to targets | Scope | Progress |
|---|---|---|---|---|
| | | affected Indigenous peoples | | as a governing document in 2025 |
| **Professional luncheon on the topic of reindeer husbandry** | Internal competency-building and experience-sharing | Reinforce efforts around stakeholder dialogue and engagement with affected Indigenous peoples | Available to all Statnett employees | Delivered in September 2024 |
| **Dialogue at management level** | The CEO's meeting with the Sámi Parliament of Norway in January 2024 to establish regular dialogue at management level with a view to ensuring effective engagement | Reinforce efforts around stakeholder dialogue and engagement with affected communities | CEO | Meeting held with the intention of further developing dialogue |
| **Development of a governing document on engagement and dialogue with Indigenous peoples** | Instructions for engagement and dialogue with Indigenous peoples, including requirements based on laws and guidelines that recognise the special rights of Indigenous peoples | Reinforce efforts around stakeholder dialogue and engagement with affected Indigenous peoples | Applies to all Statnett employees | Developed and adopted in 2024 |
| **Mapping of projects that could impact reindeer husbandry** | Identification of relevant projects to improve proactive engagement with the reindeer husbandry industry | Mapping and identification of impact areas and risks | Project managers/others working on projects in relevant areas | Start-up in 2024 – completion planned for 2025 |
| **Formalise processes related to Indigenous peoples in all project phases** | Clarification of special considerations and actions related to Indigenous peoples in all project phases | Systematisation of work | Acquirers of land and other rights | Start-up in 2024 – completion in 2025 |

## Serious incidents

There have been no reports of serious human rights incidents relating to affected communities.

The effectiveness of the actions is regularly assessed throughout the project, with Statnett obtaining feedback from stakeholders through dialogue and consultation processes. Statnett also regularly collects information through media analyses and reputation surveys, to learn more about how Statnett is perceived externally, and as part of the mapping of impacts and risks related to our stakeholders.

## Targets related to affected communities

Statnett is working to develop measurable, results-oriented and time-limited targets for addressing material

negative impacts, enhancing positive impacts and managing material risks and opportunities.
Statnett aims to enhance stakeholder dialogue and engagement with affected communities, including Indigenous peoples, and is planning the following actions for 2025:

- Updating Statnett's internal processes, to clarify how to involve the reindeer husbandry industry in the different phases (apart from the mandatory dialogue with licensees and landowners)
- Introduce mandatory courses on reindeer husbandry for Statnett employees involved in projects that impact the reindeer husbandry industry
- Share experiences and learning with other stakeholder groups and participate in relevant external forums on the topic

# Governance

In the Governance section, we report on one significant reporting standard, G1 Business conduct.

# G1 Business conduct

If we are to successfully transition to a low-emission society, it is critical that we carry out the transition in a responsible manner. Our business has the power to influence people, climate and nature, both positively and negatively, through our approach to corporate management.

Consequently, we prioritise transparency in our business conduct and strive to provide comprehensive insights into various aspects of our corporate management.

In this chapter, we report on our relevant governing documents, processes and whistleblowing channels, how we prevent corruption and Statnett's payment practices.

Photo: Henrik Glette

# Governing documents and guidelines for business conduct and corporate culture

Statnett has a number of governing documents which, to varying extents, relate to business conduct. These are briefly discussed below. For further information, please see Chapter ESRS 2, and Table 13 “Our governing documents”:

- Code of Conduct
- Supplier Code of Conduct
- Instructions for the board
- Instructions for the CEO
- Statnett’s governance principles
- Statnett’s Articles of Association
- Sustainability policy
- Supply chain policy
- Procedures for reporting issues of concern at Statnett

Our Code of Conduct expresses our expectations and sets out our requirements for how each of us should conduct ourselves. It reflects who we are and forms the foundation for Statnett’s corporate culture.
The guidelines stipulate that all permanent and temporary employees, hired consultants and Board members must comply with applicable laws and regulations in their work. This applies to both external requirements and internal rules, including laws, regulations and Statnett’s governing documents. All employees undertake to familiarise themselves with Statnett’s Code of Conduct and use it as the basis for the work they perform and the role they fulfil on behalf of Statnett. Statnett also expects all employees to acquire the necessary knowledge to be able to comply with the laws and regulations that apply to their field of work, and to seek advice from their manager or dedicated specialists when needed. Managers must ensure that employees are familiar with the external and internal guidelines that apply within their field of work.
At Statnett, all new employees are informed of the company’s expectations and requirements to act in accordance with our Code of Conduct, which is appended to the employment contract and is presented at induction meetings.

All employees, including the administrative, management and supervisory bodies, must undertake mandatory training on our Code of Conduct.
To help ensure that Statnett employees work safely and comply with applicable requirements, each year everyone must complete mandatory courses relevant to their specific role and responsibilities. Completion of these courses is followed up by line managers and in Statnett’s learning system, the Competency Portal.

## Whistleblowing

To cultivate a strong corporate culture, Statnett encourages open dialogue and maintains a low threshold for reporting issues of concern and seeking advice on ethical issues. Statnett encourages all employees to speak openly with both their managers and colleagues about ethical conduct and ethical dilemmas.

Statnett’s whistleblowing scheme is open to all employees, including contracted workers at Statnett and external whistleblowers. A dedicated channel has been established to facilitate anonymous reports. The whistleblowing scheme is also open to individuals who are not employees or contract personnel at Statnett – for example, employees of our suppliers. Statnett encourages employees and contract personnel to speak up about any issues of concern or suspicious conduct. In some cases, employees have an obligation to report – for example, in the event of a threat to life or health.

Information about opportunities to report issues of concern is published both internally and externally, on the company’s intranet and website. Whistleblowing is also covered in the company’s personnel handbook, in our Code of Conduct and in the internal Procedure for reporting issues of concern. A key principle in communicating whistleblowing channels is that individuals who use them are protected from retaliation and reprisals.

## The Ethics committee

The Ethics committee (the Committee) advises on ethical issues and ensures that reports of issues of concern are handled in line with established procedures.

The Committee also provides guidance to employees, managers and other affected parties on matters that could be deemed to constitute issues of concern. An issue of concern is a matter that is contrary to the law, our Code of Conduct or ethical norms that are widely accepted in society. Such concerns could relate to an unreasonable or unsafe working environment, corruption or other financial crimes, climate or environmental violations, or conditions that pose a risk to life and health. In 2024, the Committee considered ten such reports.

The Committee forwards reports of issues of concern to the responsible EVP for the relevant area and escalates particularly serious cases to the CEO and the Board of Directors. The Committee's annual report is presented to the CEO and Statnett's Board of Directors.

The Chair of the Committee logs incoming reports of issues of concern. In addition to investigating the report, the Committee conducts a risk assessment to evaluate the risk of retaliation against whistleblowers and implements any necessary preventive measures.

Violations of Statnett's guidelines must be reported through Statnett's whistleblowing channels. The Committee, in consultation with the recipient, continuously assesses whether human resources, the occupational health service or others can assist in protecting the whistleblower, the person reported and others affected by the case. We have not yet implemented a methodology for measuring the effectiveness of these channels. Guided by the UN Guiding Principles, we aim to enhance our mechanisms for raising concerns to ensure they operate effectively.

## Supplier relations

The power system's supply chains are international. Statnett sources from suppliers around the world, using a range from long-term framework agreements to smaller purchases of products and services. Increased geopolitical instability, the ripple effects of the pandemic and climate change are adding to supply chain uncertainty.
Transmission grids are being expanded throughout Europe. This is resulting in high demand, long lead times and high prices for many components and raw materials.

Statnett must also consider people, the climate and nature when selecting suppliers and materials, as well as the sites and methods we use to build the grid. Addressing these considerations requires us to adopt a strategic and professional approach to supplier management, collaboration and innovation around sustainable technologies.

As a principle, we have a responsibility to manage risks related to sustainability in procurement processes and contract follow-up. We have established a comprehensive set of social and environmental standards that our suppliers are required to meet. This includes our Supplier Code of Conduct, requirements for wages and working conditions, and sanctions.

We set strict climate, environmental and nature-related criteria in our supplier qualification process and expect all suppliers to implement environmental management systems. Our contracts focus on effective waste management and material reuse, and we prioritise climate and environmental considerations in our tender evaluation criteria. We recognise that the early stages of projects offer the best opportunity to reduce our climate and environmental footprint and prioritise these factors during the planning phase.

## Prevention and detection of corruption and bribery

All employees, including the administrative, management and supervisory bodies, must complete a mandatory training course on our Code of Conduct each year. This training course includes theory and dilemma training specifically adapted for Statnett and covers the Criminal Code's definition of corruption.

Everyone at Statnett must avoid situations where offering or accepting benefits could constitute, or appear to constitute, undue influence. This includes, for example, gifts, hospitality, gestures of courtesy, expense coverage or other benefits.

The Committee prepares an annual report for the administrative, management and supervisory bodies, covering subjects such as the Group's activities and the number of cases considered. The whistleblowing

procedure is evaluated annually and is updated to reflect any legislative changes. The Chair of the Committee coordinates this process. The Committee, or the individuals appointed to investigate cases of corruption and bribery, are independent of those involved in the case.

All Statnett employees must speak up if they suspect corruption and maintain transparency about offers of gifts or other benefits. If employees are in any doubt regarding gifts or benefits, they must consult their manager, the Legal department or the Committee. If they observe actions that could constitute corruption or could otherwise violate, or could be perceived as violating, our Code of Conduct, they must notify these via Statnett's established whistleblowing channels.

Table 61 "Incidents of corruption or bribery" presents instances of corruption or bribery, including any related fines and convictions for the year 2024.

**Table 61: Instances of corruption or bribery**

| | 2024 | Unit |
|---|---|---|
| Number of convictions for violation of anti-corruption and anti-bribery laws | 0 | Number |
| Scope (total amount) of fines for violations of anti-corruption and anti-bribery laws | 0 | NOK |
| Number of confirmed incidents of corruption or bribery | 0 | Number |
| Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents | 0 | Number |
| Number of confirmed incidents related to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery | 0 | Number |

## Social dialogue

Statnett is not a political entity and we do not associate ourselves with political movements. We contribute to the public debate by means of analyses, studies and other fact-based information related to our activities and our social mission.

As part of our social mission, we communicate with the media and the public based on Statnett's guidelines and stated authorisations. Information we hold may be subject to regulations such as the Norwegian Freedom of Information Act, the Regulations on Grid Regulation and the Energy Market, the Norwegian Securities Trading Act and the Norwegian Procurement Act. These regulations define where and how such information can be shared.

The Board of Directors and CEO have ultimate responsibility for Statnett's social dialogue.

As part of Statnett's dialogue with other European TSOs (Transmission System Operators), we are registered in the EU's Transparency Register.

## Board members' independence from public administration

During the two years prior to the 2024 reporting period, Statnett appointed two new Board members who joined from a comparable position in public administration. Nils Kristian Nakstad has been Chair of the Board of Statnett since 2022. Nakstad is the Chief Executive Officer of Enova and served as the Chair of the Power Grid Committee, which presented Norway's Official Report 2022: 6 – "Grid on Time: On the Development of the Power Grid".

Hilde Singsaas joined Statnett's Board in 2022. Singsaas is the Director of the Norwegian Agency for Public and Financial Management. In November 2024, she was appointed on a fixed-term basis as Director of the Norwegian Environment Agency, effective March 2025.

## Payment practices

Statnett imposes payment requirements on suppliers who invoice for bought-in goods and services. These requirements are set out in our contracts. If there is no contract, the invoicing terms are communicated to the supplier. Standard payment terms are 30 days for all

suppliers. In special cases, accounts are settled daily, and in exceptional situations, shorter payment deadlines may be agreed. In 2024, Statnett took an average of 32 days to pay an invoice from the start of the calculation of the contractual or statutory payment deadline.

In total, 84 per cent of payments were made in line with the standard terms. We had no legal cases due to late payments.

Our procedures ensure timely payment and apply equally to all suppliers, regardless of size or any other criteria. These procedures involve follow-up of invoices before and after the due date through system notifications, manual follow-ups and reporting. Additionally, all employees now receive training in invoice processing to enhance understanding and ensure compliance with our obligations. We have also established a dedicated KPI to ensure that all suppliers are paid on time.

# ESRS index

## Reporting requirements adressed

For a summary of the reporting requirements addressed and their location in the report, please see Table 62, “Table of reporting requirements addressed».

**Table 62: Table of reporting requirements adressed**

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| **ESRS 2** | BP-1 | General basis for preparation of the sustainability statement | Basis for preparation of sustainability report |
| | BP-2 | Disclosures in relation to specific circumstances | Estimation and outcome certainty/Changes in preparation and presentation of sustainability information |
| | GOV-1 | The role of the administrative, management and supervisory bodies | Managing sustainability/Responsibilities and mandates/Relevant experience among Board members and Group Management/Treatment of sustainability matters in governing bodies |
| | GOV-2 | Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies | Treatment of sustainability matters in governing bodies |
| | GOV-3 | Integration of sustainability-related performance in incentive schemes | Responsibilities and mandates |
| | GOV-4 | Statement on due diligence | Statement on due diligence |
| | GOV-5 | Risk management and internal controls over sustainability reporting | Risk management and internal control of sustainability reporting |
| | SBM-1 | Strategy, business model(s) and value chain | Business model, value chain and strategy/Geographic location |
| | SBM-2 | Interests and views of stakeholders | Stakeholder engagement in Statnett’s strategy and DMA |
| | SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model(s) | Our double materiality analysis/Material impacts, risks and opportunities/Financial effects//Market and suppliers/How we consider sustainability in our decisions/The DMA process |
| | IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | The DMA process/Sources/Threshold values/Time horizons/Scenarios/Consolidation/ Decision-making, risk management, internal control and corporate governance related to DMA/Details on topic-specific IROs |
| | IRO-2 | Disclosure Requirements in ESRS covered by the undertaking’s sustainability statements | ESRS index/Indices with references to other legal requirements and standards |

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| **E1** | E1 GOV-3 | Integration of sustainability-related performance in incentive schemes | Responsibilities and mandates |
| | E1-1 | Transition plan for climate change mitigation | Climate transition plan |
| | E1 SMB-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | Material impacts, risks and opportunities related to climate change |
| | E1 IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities | ESRS 2: Details on topic-specific IROs<br>The DMA process |
| | E1-2 | Policies related to climate change mitigation and adaptation | Governing documents and guidelines for climate change |
| | E1-3 | Actions and resources in relation to climate change policies | Actions related to climate change |
| | E1-4 | Targets related to climate change mitigation and adaptation | Targets related to climate change mitigation and adaptation |
| | E1-5 | Energy consumption and mix | Energy consumption and mix |
| | E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | Greenhouse gas emissions |
| | E1-8 | Internal carbon pricing | Carbon pricing |
| | E1-9 | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities | Phase-in |
| **E2** | E2 IRO-1 | Description of the processes to identify and assess material pollution-related impacts, risks and opportunities | ESRS 2: Details on topic-specific IROs<br>The DMA process |
| | E2-1 | Policies related to pollution | Governing documents and guidelines related to pollution |
| | E2-2 | Actions and resources related to pollution | Actions related to pollution |
| | E2-3 | Targets related to pollution | Targets related to pollution |
| | E2-4 | Pollution of air, water and soil | Not reported |
| **E3** | E3 IRO-1 | Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities | ESRS 2: Details on topic-specific IROs |
| **E4** | E4-1 | Transition plan and consideration of biodiversity and ecosystems in strategy and business model | Preservation of biodiversity and ecosystems as part of Statnett's strategy |
| | E4 SMB-3 | Material impacts, risks and opportunities and their | Material impacts, risks and opportunities related to biodiversity and ecosystems |

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| | | interaction with strategy and business model | |
| | E4 IRO-1 | Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities | ESRS 2: Details on topic-specific IROs<br>The DMA process |
| | E4-2 | Policies related to biodiversity and ecosystems | Governing documents and guidelines for biodiversity and ecosystems |
| | E4-3 | Actions and resources related to biodiversity and ecosystems | Actions related to biodiversity and ecosystems |
| | E4-4 | Targets related to biodiversity and ecosystems | Targets related to biodiversity and ecosystems |
| | E4-5 | Impact metrics related to biodiversity and ecosystems change | Biodiversity and ecosystem metrics |
| | E4-6 | Anticipated financial effects from material biodiversity and ecosystem-related impacts, risks and opportunities | Phase-in |
| **E5** | E5 IRO-1 | Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities | ESRS 2: Details on topic-specific IROs<br>The DMA process |
| | E5-1 | Policies related to resource use and circular economy | Governing documents and guidelines for resource use and the circular economy |
| | E5-2 | Actions and resources related to resource use and circular economy | Actions related to resource use and the circular economy |
| | E5-3 | Targets related to resource use and circular economy | Targets related to resource use and the circular economy |
| | E5-4 | Resource inflows | Resource inflows |
| | E5-5 | Resource outflows | Waste generated in 2024 |
| | E5-6 | Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities | Phase-in |

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| **S1** | S1 SMB-2 | Interests and views of stakeholders | ESRS 2: Stakeholder engagement in Statnett's strategy and DMA |
| | S1 SMB-3 | Material impacts, risks and opportunities and their interaction with strategy and business model(s) | Material impacts risks and opportunities related to Statnett's own workforce |
| | S1-1 | Policies related to own workforce | Governing documents and guidelines for Statnett's own workforce |

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| | S1-2 | Processes for engaging with own workforce and workers' representatives about impacts | Processes for engaging with own workforce and workers' representatives about impacts |
| | S1-3 | Processes to remediate negative impacts and whistleblowing channels for own workforce | Processes to remediate adverse impacts on and provide whistleblowing channels for Statnett's own workforce |
| | S1-4 | Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | Actions related to Statnett's own workforce/ Follow-up |
| | S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Targets related to Statnett's own workforce |
| | S1-6 | Characteristics of the undertaking's employees | About Statnett's own workforce |
| | S1-7 | Characteristics of non-employees in the undertaking's own workforce | Own workforce who are not employees |
| | S1-9 | Diversity metrics | Diversity metrics |
| | S1-12 | Persons with disabilities | Employees with disabilities |
| | S1-13 | Training and skills development metrics | Education and competency building metrics |
| | S1-14 | Health and safety metrics | Health and safety metrics |
| | S1-15 | Work-life balance metrics | Work-life balance metrics |
| | S1-16 | Remuneration metrics (pay gap and total remuneration) | Remuneration metrics |
| | S1-17 | Incidents, complaints and severe human rights impacts | Incidents, complaints and serious human rights impacts |
| **S2** | S2 SMB-2 | Interests and views of stakeholders | ESRS 2: Stakeholder engagement in Statnett's strategy and DMA |
| | S2 SMB-3 | Material impacts, risks and opportunities and their interaction with strategy and business model(s) | Material impacts, risks and opportunities relating to worker in the value chain |
| | S2-1 | Policies related to workers in the value chain | Governing documents and guidelines for workers in the value chain |
| | S2-2 | Processes for engaging with workers in the value chain about impacts | Processes for engaging with value chain workers about impacts |
| | S2-3 | Processes to remediate negative impacts and whistleblowing channels for workers in the value chain | Processes to remediate negative impacts and provide whistleblowing channels for workers in the value chain |
| | S2-4 | Taking action on material impacts on workers in the value chain, and approaches to managing material risks and pursuing material opportunities related to workers in | Taking action on workers in the value chain |

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| | | the value chain, and effectiveness of those actions | |
| | S2-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Targets related to workers in the value chain |
| **S3** | S3 SMB-2 | Interests and views of stakeholders | ESRS 2: Stakeholder engagement in Statnett's strategy and DMA<br>Indigenous peoples |
| | S3 SMB-3 | Material impacts, risks and opportunities and their interaction with strategy and business model(s) | Material impacts, risks and opportunities related to affected communities |
| | S3-1 | Policies related to affected communities | Governing documents and guidelines for affected communities |
| | S3-2 | Processes for engaging with affected communities about impacts | Processes for engaging with affected communities about impacts |
| | S3-3 | Processes to remediate negative impacts, and whistleblowing channels for affected communities | Processes to remediate negative impacts, and whistleblowing channels for affected communities |
| | S3-4 | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | Actions related to affected communities |
| | S3-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Targets related to affected communities |

| ESRS standard | DR | Name of DR | Section in report |
|---|---|---|---|
| **G1** | G1 GOV-1 | The role of the administrative, management and supervisory bodies | ESRS 2: Relevant experience among Board members and Group Management/Our governing documents |
| | G1 IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | ESRS 2: Details on topic-specific IROs |
| | G1-1 | Business conduct policies and corporate culture | Governing documents and guidelines for business conduct and corporate culture/Whistleblowing/The Ethics committee |
| | G1-2 | Management of relationships with suppliers | Supplier relations |
| | G1-3 | Prevention and detection of corruption and bribery | Prevention and detection of corruption and bribery |

| | | | |
|---|---|---|---|
| | G1-4 | Incidents of corruption or bribery | Prevention and detection of corruption and bribery |
| | G1-5 | Political influence and lobbying activities | Social dialogue |
| | G1-6 | Payment practices | Payment practices |

# Indices with references to other legal requirements and standards

**Table 63: Taskforce on Nature related Financial Disclosures (TNFD)**

Statnett is an Early Adopter of the TNFD's framework for nature-related reporting. The reporting standards are met by the broader reporting framework. See references in Table 63: "Taskforce on Nature-related Financial Disclosures (TNFD)".

| Topic | Recommended Disclosures | Section |
|---|---|---|
| **Governance** | Describes the board's oversight of nature-related dependencies, impacts, risks and opportunities. | Chapter ESRS 2, the sections "Managing sustainability" and "Treatment of sustainability matters in governing bodies" |
| | Describe management's oversight of nature-related dependencies, impacts, risks and opportunities. | Chapter ESRS 2, sections "Managing sustainability" and "Treatment of sustainability matters in governing bodies" |
| | Describe the organisation's human rights-related governing documents, activities, and oversight by the administrative, management and supervisory bodies with respect to Indigenous peoples, local communities, affected people and other stakeholders, in the organisation's assessment of and response to nature-related dependencies, impacts, risks, and opportunities. | Chapter ESRS 2, sections "Our governing documents" and Chapter S3, Section "Processes for engaging with affected communities about impacts" |
| **Strategy** | Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified in the short, medium and long term. | Chapter ESRS 2, section "Details on topic-specific IROs" |
| | Describe the impact that nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analyses in place. | Chapter ESRS 2, section "Business model, value chain and strategy", and Chapter E4, section "Preservation of biodiversity and ecosystems as part of Statnett's strategy" |
| | Describe the organisation's strategic resilience to nature-related risks and opportunities, considering different scenarios. | Chapter ESRS 2, section "Details on topic-specific IROs" and Chapter E4, section "Preservation of biodiversity and ecosystems as part of Statnett's strategy" |
| | The location of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for prioritised sites. | Chapter E4, Table 29, "Material sites" |
| **Risk and impact management** | i. Describe the organisation's processes to identify, assess and prioritise nature-related dependencies, impacts, risks, and opportunities in its direct operations. ii. Describe the organisation's processes to identify, assess and prioritise nature-related dependencies, impacts, risks and opportunities in its value chain(s). | Chapter ESRS 2, section "The DMA process'', and section "Details on topic-specific IROs" |
| | Describe the organisation's processes to monitor nature-related dependencies, impacts, risks and opportunities. | Chapter ESRS 2, section "Managing sustainability" |

| Topic | Recommended Disclosures | Section |
|---|---|---|
| | Describe how processes to identify, assess, prioritise and monitor nature-related risks are integrated into and inform the organisation's overall risk management processes. | Chapter ESRS 2, sections "Managing sustainability" and Chapter E4, section "Preservation of biodiversity and ecosystems as part of Statnett's strategy" |
| **Key metrics and targets** | Metrics that the organisation uses to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process. | Chapter E4, section "Targets related to biodiversity and ecosystems" |
| | The targets that the organisation uses to manage nature-related risks and opportunities, as well as the status of target achievement. | Chapter E4, section "Targets related to biodiversity and ecosystems" |

**Table 64: List of datapoints in cross-cutting and topical standards that derive from other EU legislation**

| DR | SFDR | Pillar 3 | Benchmark regulation | EU Climate law | Location in report |
|---|---|---|---|---|---|
| ESRS 2 GOV-1<br>Board's gender diversity paragraph 21 (d | x | | x | | Relevant experience among Board members and Group Management |
| ESRS 2 GOV-1<br>Percentage of board members who are independent paragraph 21 (e) | | | x | | Relevant experience among Board members and Group Management |
| ESRS 2 GOV-4<br>Statement on due diligence paragraph 30 | x | | | | Statement on due diligence |
| ESRS 2 SBM-1<br>Involvement in activities related to fossil fuel activities paragraph 40 (d) i | x | x | x | | Immaterial |
| ESRS 2 SBM-1<br>Involvement in activities related to chemical production paragraph 40 (d) ii | x | | x | | Immaterial |
| ESRS 2 SBM-1<br>Involvement in activities related to controversial weapons paragraph 40 (d) iii | x | | x | | Immaterial |
| ESRS 2 SBM-1<br>Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv | | | x | | Immaterial |
| ESRS E1-1<br>Transition plan to reach climate neutrality by 2050 paragraph 14 | | | x | | Not reported |

| DR | SFDR | Pillar 3 | Benchmark regulation | EU Climate law | Location in report |
|---|---|---|---|---|---|
| ESRS E1-1<br>Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g) | | x | x | | Not reported |
| ESRS E1-4<br>GHG emission reduction targets paragraph 34 | x | x | x | | Targets related to climate change mitigation and adaptation |
| ESRS E1-5<br>Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38 | x | | | | Energy consumption and mix |
| ESRS E1-5 Energy consumption and mix paragraph 37 | x | | | | Table 22 |
| ESRS E1-5<br>Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43 | x | | | | Table 21 |
| ESRS E1-6<br>Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44 | x | x | x | | Table 23 |
| ESRS E1-6<br>Gross GHG emissions intensity paragraphs 53 to 55 | x | x | x | | Table 25 |
| ESRS E1-7<br>GHG removals and carbon credits paragraph 56 | | | | X | Immaterial |
| ESRS E1-9<br>Exposure of the benchmark portfolio to climate-related physical risks paragraph 66 | | | x | | Phase-in |
| ESRS E1-9<br>Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)<br>ESRS E1-9<br>Location of significant assets at material physical risk paragraph 66 (c). | | x | | | Phase-in |
| ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c). | | x | | | Phase-in |

| DR | SFDR | Pillar 3 | Benchmark regulation | EU Climate law | Location in report |
|---|---|---|---|---|---|
| ESRS E1-9<br>Degree of exposure of the portfolio to climate- related opportunities paragraph 69 | | | x | | Phase-in |
| ESRS E2-4<br>Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28 | x | | | | Not reported |
| ESRS E3-1<br>Water and marine resources paragraph 9 | x | | | | Immaterial |
| ESRS E3-1<br>Dedicated policy paragraph 13 | x | | | | Immaterial |
| ESRS E3-1<br>Sustainable oceans and seas paragraph 14 | x | | | | Immaterial |
| ESRS E3-4<br>Total water recycled and reused paragraph 28 (c) | x | | | | Immaterial |
| ESRS E3-4<br>Total water consumption in m 3 per net revenue on own operations paragraph 29 | x | | | | Immaterial |
| ESRS 2- SBM 3 - E4 paragraph 16 (a) i | x | | | | Material sites and impacts on species |
| ESRS 2- SBM 3 - E4 paragraph 16 (b) | x | | | | Material sites and impacts on species |
| ESRS 2- SBM 3 - E4 paragraph 16 (c) | x | | | | Material sites and impacts on species |
| ESRS E4-2<br>Sustainable land / agriculture practices or policies paragraph 24 (b) | x | | | | Governing documents and guidelines for biodiversity and ecosystems |
| ESRS E4-2<br>Sustainable oceans / seas practices or policies paragraph 24 (c) | x | | | | Governing documents and guidelines for biodiversity and ecosystems |

| DR | SFDR | Pillar 3 | Benchmark regulation | EU Climate law | Location in report |
|---|---|---|---|---|---|
| ESRS E4-2<br><br>Policies to address deforestation paragraph 24 (d) | x | | | | Governing documents and guidelines for biodiversity and ecosystems |
| ESRS E5-5<br><br>Non-recycled waste paragraph 37 (d) | x | | | | Table 36 |
| ESRS E5-5<br><br>Hazardous waste and radioactive waste paragraph 39 | x | | | | Table 36 |
| ESRS 2- SBM3 - S1<br><br>Risk of incidents of forced labour paragraph 14 (f) | x | | | | Material impacts risks and opportunities related to Statnett's own workforce |
| ESRS 2- SBM3 - S1<br><br>Risk of incidents of child labour paragraph 14 (g) | x | | | | Material impacts risks and opportunities related to Statnett's own workforce |
| ESRS S1-1<br>Human rights policy commitments paragraph 20 | x | | | | Governing documents and guidelines for Statnett's own workforce |
| ESRS S1-1<br>Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21 | | | x | | Governing documents and guidelines for Statnett's own workforce |
| ESRS S1-1<br>processes and measures for preventing trafficking in human beings paragraph 22 | x | | | | Governing documents and guidelines for Statnett's own workforce |
| ESRS S1-1<br>workplace accident prevention policy or management system paragraph 23 | x | | | | Governing documents and guidelines for Statnett's own workforce |
| ESRS S1-3<br>grievance/complaints handling mechanisms paragraph 32 (c) | x | | | | Processes to remediate adverse impacts on and |

| DR | SFDR | Pillar 3 | Benchmark regulation | EU Climate law | Location in report |
|---|---|---|---|---|---|
| | | | | | provide whistleblowing channels for Statnett's own workforce |
| ESRS S1-14<br>Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c) | x | | x | | Table 49 |
| ESRS S1-14<br>Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e) | x | | | | Table 49 |
| ESRS S1-16<br>Unadjusted gender pay gap paragraph 97 (a) | x | | x | | Table 51 |
| ESRS S1-16<br>Excessive CEO pay ratio paragraph 97 (b) | x | | | | Table 51 |
| ESRS S1-17<br>Incidents of discrimination paragraph 103 (a) | x | | | | Table 52 |
| ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a) | x | | x | | Table 53 |
| ESRS 2- SBM3 – S2<br>Significant risk of child labour or forced labour in the value chain paragraph 11 (b) | x | | | | Table 55 |
| ESRS S2-1<br>Human rights policy commitments paragraph 17 | x | | | | Governing documents and guidelines for workers in the value chain |
| ESRS S2-1 Policies related to value chain workers paragraph 18 | x | | | | Governing documents and guidelines for workers in the value chain |
| ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19 | x | | x | | Governing documents and guidelines for workers in the value chain |
| ESRS S2-1<br><br>Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19 | | | x | | Governing documents and guidelines for workers in the value chain |

| DR | SFDR | Pillar 3 | Benchmark regulation | EU Climate law | Location in report |
|---|---|---|---|---|---|
| ESRS S2-4<br><br>Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36 | x | | | | Serious incidents |
| ESRS S3-1<br><br>Human rights policy commitments paragraph 16 | x | | | | Governing documents and guidelines for affected communities |
| ESRS S3-1<br><br>non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17 | x | | x | | Governing documents and guidelines for affected communities |
| ESRS S3-4<br>Human rights issues and incidents paragraph 36 | x | | | | Serious incidents |
| ESRS S4-1 Policies related to consumers and end-users paragraph 16 | x | | | | Immaterial |
| ESRS S4-1<br>Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17 | x | | x | | Immaterial |
| ESRS S4-4<br>Human rights issues and incidents paragraph 35 | x | | | | Immaterial |
| ESRS G1-1<br>United Nations Convention against Corruption paragraph 10 (b) | x | | | | Not relevant |
| ESRS G1-1<br>Protection of whistle- blowers paragraph 10 (d) | x | | | | Not relevant |
| ESRS G1-4<br>Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a) | x | | x | | Table 61 |
| ESRS G1-4<br>Standards of anti- corruption and anti-bribery paragraph 24 (b) | x | | | | Table 61 |

## Declaration from the Board of Directors and CEO

In accordance with Section 5-5, second paragraph of the Norwegian Securities Trading Act, we confirm that:

- The financial statements for 2024 have been prepared in accordance with IFRSs, including such supplementary disclosures required by the Norwegian Accounting Act. The disclosures in the financial statements provide a true and fair view of the assets, liabilities, financial position and results of the parent company and the Group as a whole.
- The disclosures in the Board of Directors' Report and the chapter on corporate governance provide a true and fair view of the parent company and the Group's development, results and position, as well as a description of the most important risk factors and uncertainties facing the Group.
- The Board of Directors' Report has also been prepared in accordance with sustainability reporting standards pursuant to Section 2-6 of the Norwegian Accounting Act and in compliance with Article 8(4) of the EU Taxonomy Regulation.

Oslo, 20 March 2025

Statnett SF's Board of Directors

| | | | |
|---|---|---|---|
| Nils Kristian Nakstad<br>Board Chair | Hilde Singsaas<br>Board member | Maria Sandsmark<br>Board member | Egil Gjesteland<br>Board member |
| Wenche Teigland<br>Board member | Christian Reusch<br>Board member | Ingeborg Ligaarden<br>Board member | Børre Langgård<br>Board member |
| | Steinar Jøråndstad<br>Board member | Elisabeth Vike Vardheim<br>CEO | |

# Corporate governance

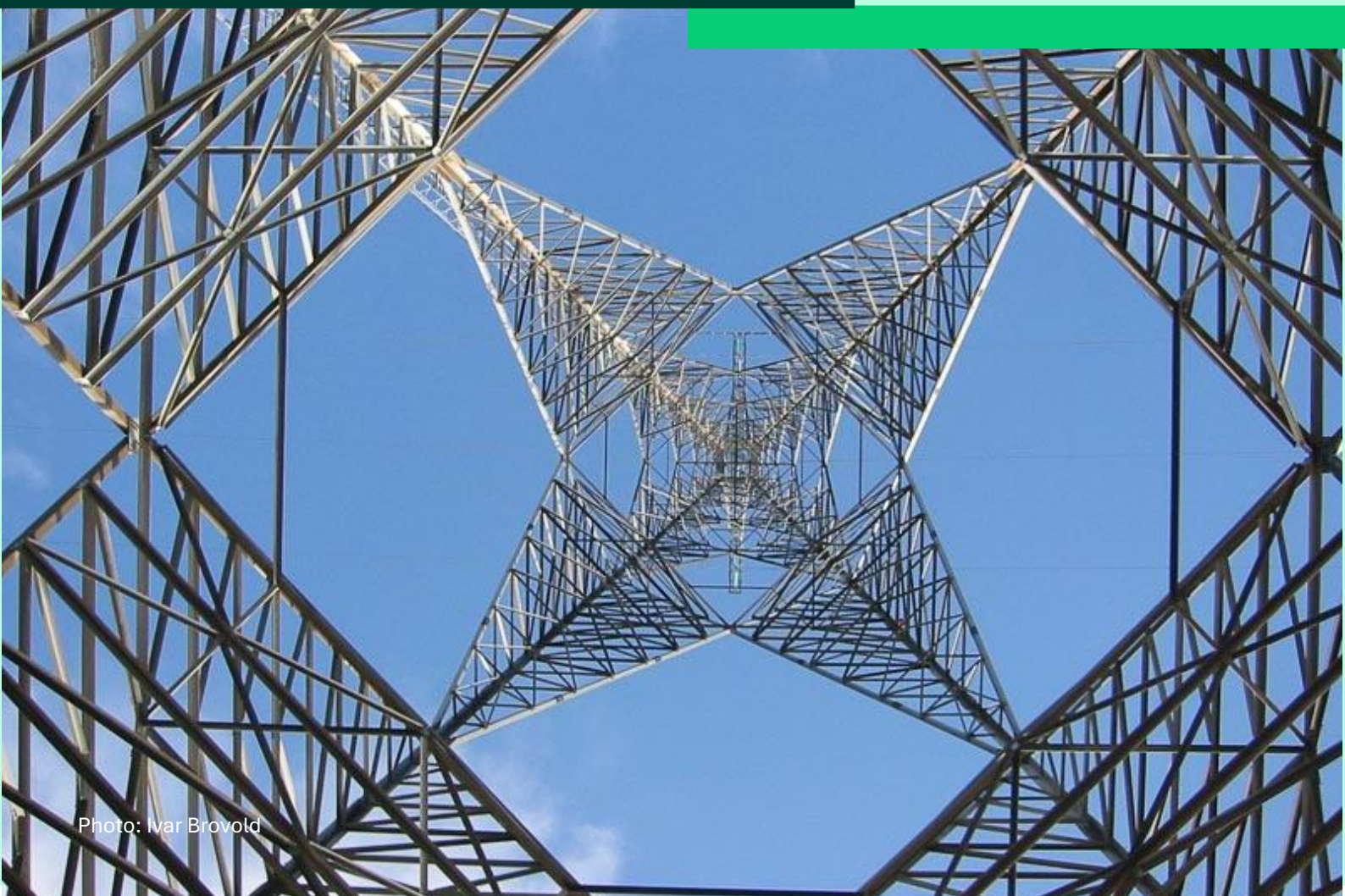


Photo: Ivar Brovold

# Corporate management

Corporate management at Statnett enables the company's owners to apply the government's principles of good corporate governance. The company reports on its compliance in accordance with the Norwegian Code of Practice for Corporate Governance (www.nues.no).

## 1. Implementation and reporting on corporate governance

Statnett SF is a state enterprise (SF) owned by the Norwegian State through the Ministry of Energy. The enterprise is organised as a group.

Sound corporate governance is a prerequisite for stable long-term value-creation and helps ensure that Statnett delivers products and services that meet the requirements and expectations of customers, public authorities and other stakeholders.

The Board ensures that Statnett exercises sound corporate governance and adequate internal control. Together with Statnett's governance principles, policies, rules, processes, procedures and other internal governing documents, these guidelines provide the overarching frameworks of the management system. These frameworks contribute to effective risk management and facilitate continuous improvement and more efficient operations.

## 2. Business

Statnett is responsible for fulfilling public policy goals within the energy sector, and the responsibility of Statnett is stated in its Articles of Association. Statnett is the owner and operator of the transmission grid and acts as transmission system operator (TSO) for the Norwegian power system. The enterprise is responsible for operating and developing the transmission grid in a sustainable and the most efficient possible attainment of public policy goals. Statnett must, on its own or in conjunction with others, plan, design, build, own and operate power transmission infrastructure. Statnett's Articles of Association are displayed on the Group's website. The Government's Ownership White Paper (Report to the Storting 6 (2022–2023): Greener and more active state ownership) clarifies the owner's expectations relating to sustainability and maximising the attainment of public policy goals.

## 3. Equity and dividends

The owner's dividend policy is established in the Norwegian national budget. Dividends are decided at the Annual General Meeting following each financial year. The owner's dividend policy for the 2024 financial year is to pay a dividend corresponding to 50 per cent of the Group's underlying profit. The dividend basis is defined as the Group's net profit for the year, after tax, adjusted for the change in the year's accumulated post-tax higher/lower revenue account. In other respects, the capital structure is managed through the raising and repayment of current and non-current debt, as well as changes in liquidity reserves.

## 4. Equal treatment of owners

Statnett is a state-owned enterprise with no tradable shares. As a result, the company does not have dedicated guidelines governing equal treatment of shareholders.

## 5. Shares and negotiability

Statnett is a state-owned enterprise with no tradable shares. The sale of shares in the enterprise would involve a change in form of incorporation, which, in turn, would require a change in legislation adopted by the parliament.

## 6. General Meeting

As sole owner, the Ministry of Energy exercises the ultimate authority in the enterprise through the General Meeting. The Annual General Meeting considers the

adoption of Statnett SF's income statement and balance sheet, including allocation of the net profit for the year or coverage of the net loss for the year, adoption of the consolidated income statement and consolidated balance sheet. Other matters that fall to the General Meeting in accordance with legislation or the company's Articles of Association are also considered. This includes the election of the Board of Directors and remuneration of Board members and Board committees. The Board and the auditor participate in the General Meeting. The General Meeting adopts Statnett's Articles of Association, which establish frameworks for Statnett's activities. The Annual General Meeting is held each year by the end of June. In accordance with the Norwegian Act relating to state-owned enterprises, the meeting is chaired by the Board Chair.

## 7. Nomination committee

The owner-elected board members are appointed by the Ministry of Energy at the General Meeting. Employee-elected and their deputy members are elected by and from among the company's employees in accordance with the applicable regulations in the Norwegian Act relating to state-owned enterprises. The Board Chair is elected by the General Meeting.

## 8. Board of Directors, composition and independence

Statnett does not have a corporate assembly. In accordance with the Articles of Association, the company's Board of Directors should comprise of seven to nine members and with deputy members. In 2024, Statnett's Board of Directors consisted of nine members, three of whom were elected by and from among the company's employees. In accordance with Section 21 of the Norwegian Act relating to state-owned enterprises, Board members are elected for a term of up to two years,but can remain in office until a new Board member has been elected even if their term of office has expired. With the exception of employee-elected representatives, the Board members are independent of the enterprise and owner.

## 9. The work of the Board of Directors

The Board of Directors has overarching responsibility for ensuring that Statnett executes a sustainable and most efficient possible attainment of its public policy goals. The Board sets and evaluates Statnett's strategy. The Board is responsible for the management of Statnett and ensures that the company's activities are conducted in compliance with Statnett's objectives and Articles of Association, and that Statnett complies with laws, regulations and other formal requirements. The Board is responsible for ensuring appropriate management, governance and control of Statnett. The Board's work follows an annual plan and is performed in compliance with adopted rules of procedure for the Board. The rules of procedure for the Board of Directors clarify the Board's role and responsibilities and help maintain the Board's independence in its work. The Board also adopts the mandate stating the duties and obligations of the CEO, supervises the CEO and ensures that Statnett is appropriately organised. The CEO is responsible for the day-to-day operation of Statnett.

The Board helps ensure that it is appropriately composed, and that the Board's work is based on transparency, trust, competency and impartiality. The Board members' collective competency is intended to contribute to effective, long-term value-creation and development at Statnett. Statnett satisfies statutory requirements for representation of both genders on the Board. A total of 15 board meetings were held in 2024.

**Conflicts of interest and disqualification**
Statnett uses valuations prepared by independent third parties for material transactions between the company and related parties.

Statnett's Code of Conduct obliges employees, consultants and the Board of Directors to notify any issues that could affect the integrity or the reliability of the work they perform for Statnett.

**Audit Committee**
As a company issuing listed bonds, Statnett is obliged to have an Audit Committee to prepare matters for consideration by the Board. The Board has adopted a mandate for the Audit Committee. The mandate for the

Audit Committee includes the statutory responsibilities of the Committee relating to preparing the Board's review of financial accounts, attestation of the annual and sustainability reporting, the Auditor's report and the attestation of the above-mentioned documents, assessing and monitoring the auditor's independence, and preparing for the company's election of auditor. In addition, in accordance with its mandate, the Committee will follow up the internal audit. The Vice Chair of the Board is the Chair of the Audit Committee. The Committee held eight meetings in 2024.

**Remuneration Committee**

The Board has established a Remuneration Committee to prepare matters regarding establishing the CEO's terms of employment for consideration by the Board, together with the main principles for remuneration of Statnett's Group management. The Board has adopted a mandate for the Remuneration Committee. The Remuneration Committee, which is chaired by the Board Chair, held three meetings in 2024.

**Project Committee**

The Board has established a Project Committee and adopted a mandate for the Project Committee. The purpose of the Project Committee is to prepare matters regarding projects considered by the Board, ensure sound governance and control of the projects and follow up the administrative, management and supervisory bodies' reporting regarding the projects. The Project Committee, which is chaired by Board member Egil Gjesteland, held seven meetings in 2024.

**Owner meeting**

In addition to General Meetings, the Ministry of Energy holds meetings with the Board of Directors in its capacity as company owner. These are intended to serve as an informal forum in which the Board and owner can exchange opinions and discuss matters of major economic or strategic importance for Statnett. The views expressed by the owner at these meetings are for Statnett's Board and administrations consideration. Items that require a formal decision are to be discussed at the General Meeting.

| Board member | Role | Number of meetings attended |
|---|---|---|
| Nils Kristian Nakstad | Board Chair | 15 |
| Wenche Teigland | Vice Chair | 15 |
| Maria Sandsmark | Board member | 15 |
| Christian Reusch | Board member | 14 |
| Egil Gjesteland | Board member | 15 |
| Hilde Singsaas | Board member | 15 |
| Steinar Jøråndstad | Employee-elected Board member | 15 |
| Ingeborg Ligaarden | Employee-elected Board member | 14 |
| Rolf-Amund Korneliussen | Employee-elected Board member until 20 June | 7 |
| Børre Langgård | Employee-elected Board member from 30 August | 8 |
| Erika Stadler | Employee-elected Deputy board member August | 1 |

## 10. Guidelines and compliance

Compliance with prevailing laws and regulatory requirements is a prerequisite for Statnett's operations. This is operationalised through the company's own guidelines set out in the governing documents. Statnett's governing documents and key processes, together with the company's organisation and delegation of responsibility, form the basis for internal control in the company.

Statnett is certified to ISO 55001, *Asset management*.

**Code of Conduct**
Statnett's Code of Conduct forms the foundation for the company's business ethics. The Code describes expectations and requirements regarding each individual's conduct. The Code of Conduct applies to all permanent and temporary employees of Statnett, including consultants, as well as board members. All Statnett's policies, instructions and rules of procedure are based on the principles set out in the Code of Conduct.

Statnett has appointed an Ethics and Whistleblowing Committee whose mandate is to ensure compliance with the requirements of the Norwegian Working Environment Act by facilitating reporting of any issues of concern. The Committee also serves as a whistleblowing channel for both Statnett employees and external parties.

**Supplier Code of Conduct**
Our Supplier Code of Conduct is based on the same principles as Statnett's own internal Code of Conduct and expresses Statnett's requirements for its suppliers, other business associates and their representatives. The Code's guidelines have been drawn up to clearly communicate our standards in this area and will form part of the obligations of suppliers who enter into a contractual relationship with Statnett. Statnett's requirements and standards must also be complied by with any subcontractor or supplier throughout the contract chain. Violation of these guidelines is deemed to be a serious matter and may result in sanctions. Compliance with the Code's guidelines is followed up by means of inspections on and audits of the suppliers.

**Sustainability**
From 2024 onwards, Statnett's sustainability report forms part of the Board of Directors' Report. Statnett now reports in accordance with the updated requirements of the Norwegian Accounting Act, which implements the EU Corporate Sustainability Reporting Directive (CSRD) and the accompanying European Sustainability Reporting Standards (ESRS) into Norwegian law. The sustainability report includes targets set, work carried out and actions taken within the area of sustainability.
Statnett's activities related to the disclosure obligations under the Equality and Anti-Discrimation Act is described on statnett.no.

## 11. Remuneration paid to the Board of Directors

Remuneration paid to the Board of Directors is determined by the Ministry of Energy in its capacity as company owner. A detailed overview of the remuneration paid to the Board of Directors is disclosed in the annual financial statements.

## 12. Remuneration of executive personnel

Statnett complies with the government's principles for remuneration of senior executives in state-owned enterprises. The Board issues a declaration on remuneration of senior executives in compliance with Article 8 of the company's Articles of Association, the Norwegian Public Limited Liability Companies Act, the Norwegian Accounting Act and the guidelines for state-owned enterprises. This declaration is presented at the General Meeting. A detailed overview of remuneration paid to senior executives can be found in the notes to the annual financial statements and the declaration on remuneration, which are published on the company's website. The General Meeting has adopted guidelines for the remuneration of senior executives at Statnett and the reporting of this. These guidelines form the basis for the 2024 declaration on remuneration paid to senior executives.

## 13. Information and communications

Statnett is subject to the Norwegian Freedom of Information Act and complies also with the rules on the provision relation to information to the power market and the Act relation to national security. Statnett distributes financial and operational information in compliance with relevant legislation and practises both open governance and transparency with regard to how we handle any negative impacts on fundamental human rights and decent working conditions. Financial and operational information, as well as the enterprise's financial calendar, can be found on Statnett's website.

## 14. Take-overs

Statnett is a state-owned enterprise with no tradable shares. Due to this, Statnett has not implemented any principles on how the company shall act on any take-over bids.

## 15. Auditor

The external auditor is elected by the General Meeting and is independent of Statnett. The auditor presents its annual audit plan to the Audit Committee. The auditor meets the Audit Committee when relevant items are due to be considered,and participates in the Board meeting that reviews the Board of Directors' Report, including the sustainability report and annual financial statements. The auditor holds an annual meeting with the Board without management being present. As an important element of work to ensure the auditor's independence, the Board has established guidelines concerning engagement of the auditor for services other than auditing. The auditor reviews the company's internal control each year in conjunction with the Audit Committee. Details of the auditor's remuneration, split between audit and other services, are disclosed in the annual financial statements.

## 16. Guidelines for equality and diversity

Statnett's guidelines for diversity, equality and inclusion are described in the sustainability report.

# Risk management and internal control

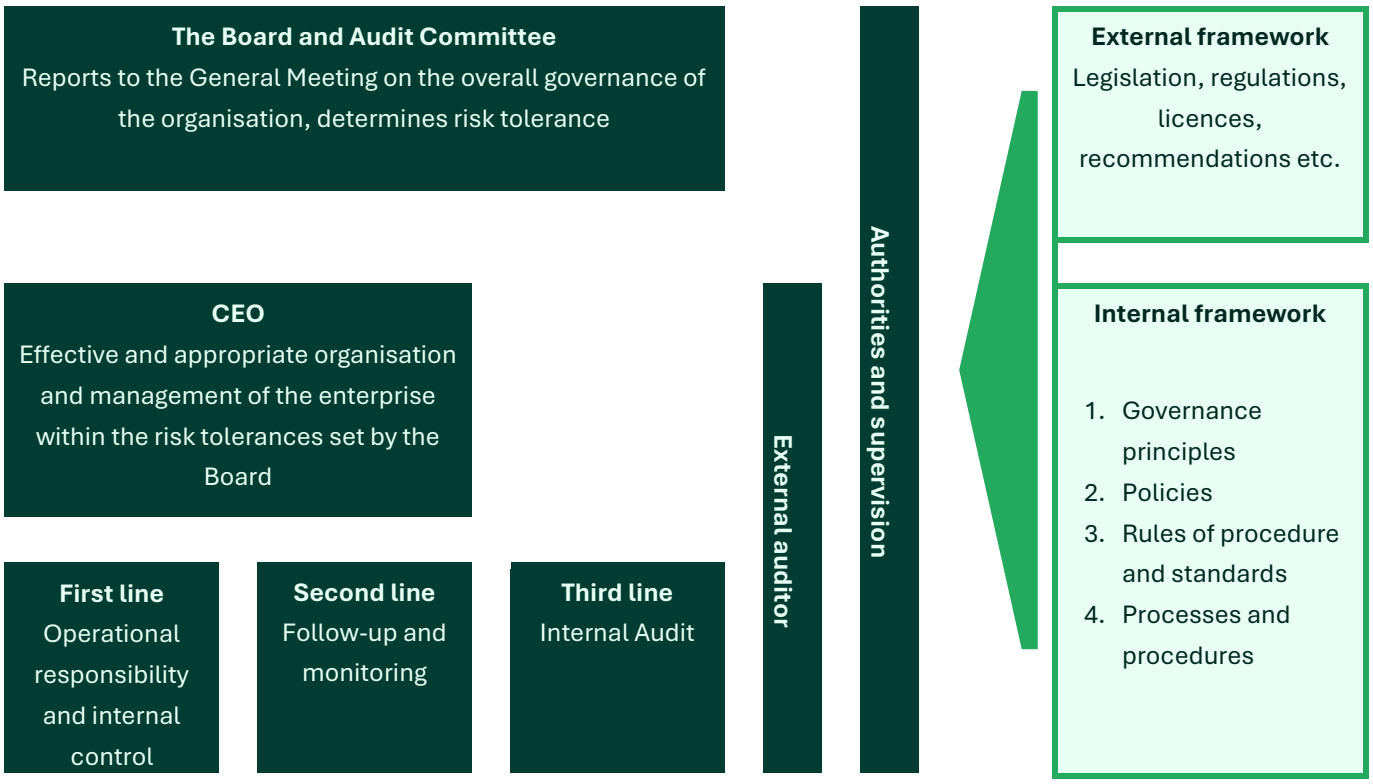
Statnett's ability to identify and manage risk is a prerequisite for long-term value creation. The aim of Statnett's holistic risk management is to ensure appropriate risk exposure in accordance with the Board's established risk tolerance and the company's adopted strategy. Risk management should be a strategic tool that contributes to effective prioritisation and sound decision-making, to enable Statnett to achieve its goals. The systems for risk management and internal control enable Statnett to identify, evaluate and report risks. This in turn allows the company to respond strategically, operationally and financially.

## Roles and responsibilities

Statnett's Board has overall responsibility for ensuring that the company has appropriate risk management systems and good internal control. The Board oversees important processes and monitors significant risk areas.

Statnett's Audit Committee prepares sustainability and financial reporting matters for consideration by the Board and manages the relationship with the company's external and internal auditors.

## Three-line model for governance and control



Group management is responsible for the operationalisation of the company's risk management and internal control, including ensuring that material risks are handled in line with Statnett's goals and corporate social responsibility. Responsibility for day-to-day management is delegated to managers at all levels of the company, applying the guiding principle that risk is owned and managed at the lowest possible organisational level.

Statnett's risk management and internal control systems are organised in accordance with the three-line model. This model highlights the roles and responsibilities relating to management and control of the enterprise: it distinguishes between three groups (lines), where the first line comprises risk owners and those responsible for risk management and the implementation of internal control actions within their own organisation.

In 2024, Statnett focused on advancing and improving its overarching framework for enterprise risk management and internal control. Statnett's second line in enterprise risk management has contributed methodically in this work. The third line (Internal Audit) provides independent assessments for the Board, based on its observations of the efficiency of the risk management and internal control systems.

## Framework and implementation

The framework for risk management and internal control is based on recognised frameworks such as the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) and on guidelines for risk management set out in ISO 31000.

The status of the most important risks and plans to manage these are regularly reviewed by the Board. Risks relating to personal safety, security and emergency preparedness, and sustainability are defined as fixed risk areas that are followed up regularly.

Principles for financial risk management are set by the Board through the adopted finance policy. The company's finance policy establishes specific frameworks for financial management, including for foreign exchange rate and raw material exposure, liquidity management and credit risk.

## Strategic risk

Strategic risk relates to Statnett's strategic focus areas and to Statnett not achieving its overarching strategic goals.

**Changes to the power system**
The integrated power system is experiencing major changes relating to electrification, increased demand and the phasing-in of more renewable energy. This is resulting in greater variations in electricity production and a need for more flexible consumption. The power flow is becoming increasingly volatile and will have an effect on system operations. At the same time, the integration of power systems across international boundaries has amplified the complexity and vulnerabilities of the system. As a result, the consequences of any faults may now be greater.

To reduce long-term risk, Statnett continuously strives to improve solutions for efficient system operations, including the development of new and automated solutions for handling congestion and imbalances. The move towards a higher degree of automation is being effected in close collaboration between TSOs, regulators and market actors.

**Geopolitical changes**
Major geopolitical changes are taking place around us, including threats to European security, increasing rivalry between major powers and more regional conflicts. As a result, there is an increased risk of both physical and digital incidents that could disrupt the power supply. There are also changes to regulations for global trade and increased use of protectionist measures. This represents a risk to the supply chain and has an impact on both prices and access to goods and critical components.

**Framework conditions in Norway and Europe**
The financial regulation of Statnett by the Norwegian Energy Regulatory Authority (NVE-RME) is an important framework condition for the company's mission and strategy. The Authority sets Statnett's permitted revenue from regulated activities, with the risk that this does not

fully reflect changes in costs and activity at a time of great changes in the power market. There are also risks relating to changes in the regulation, even though the main principles have been stable over time and are regarded as among the most stable in Europe by Moody's Investors Service.

At European level, the European Commission is developing principles for revenue and cost distribution in connection with expansion of the power system. This work is part of the EU's broader efforts to accelerate the rollout of renewable energy and strengthen the European energy system's resilience. We are working to ensure that these principles reflect an appropriate cost distribution for Statnett and our grid customers.

Statnett is working closely with other Nordic and Northern European system operators to facilitate increased focus on renewables and electrification, while also maintaining good security of supply and contributing to value creation from Norwegian natural resources. This collaboration is vital in order to manage the increasing challenges relating to the transition of the energy system, which requires more extensive control and the exchange of power and system services between countries.

**Project portfolio risk**
Statnett will substantially increase grid capacity going forward and has a rapidly growing portfolio of grid projects. We also have a large digital project portfolio for system operations, including projects linked to flow-based market coupling and automated balancing solutions. Major risk attaches to operating such a large project portfolio. Statnett must ensure sufficient capacity both internally and externally. Moreover, many countries are focusing on expanding their grid capacity, as a result of which Statnett may experience long lead times and increased costs for critical components.

## Operational risk

Operational risk is linked to physical assets, people, processes and the use of technology in Statnett's day-to-day activities. Management of operational risk involves handling uncertainties, opportunities and risks in ongoing operations as well as the consequences of undesired events.

Statnett continuously strives to minimise undesired operational risk, for example through further development of management systems and internal control. This also includes the strengthening of operational planning and risk assessments.

**Personal safety**
Statnett's project activities and operational tasks involve a high inherent risk of personal injury. We actively endeavour to ensure that all employees enjoy safe working conditions and to minimise the risk of personal injuries in our construction projects. Statnett's safety policy is designed to prevent any serious personal injury through a focus on safety culture, prevention, risk management and internal control.

**Plant operations**
Plant operations are subject to risks relating to maintenance and the upgrading of infrastructure. The assessment of necessary maintenance and upgrades is critical to maintaining secure and efficient operation of the power system. At the same time, planned and unplanned shutdowns represent an increased vulnerability in the system, requiring careful coordination to minimise risk.

**System operations**
The power system's vulnerability is dynamic and varies continuously based on factors such as production, consumption and available facilities. As a result, there is a constant need for monitoring and for adapting the risk management. One critical task in system operations is the continuous balancing of load flow, voltage and frequency to maintain stability in the power system. Good emergency preparedness reduces downtime and the consequences of faults and errors.

In system operations, the N-1 principle plays a key role in planning and operations – i.e. the failure of one individual component will not result in a power outage. Nevertheless, simultaneous faults can occur, especially during extreme weather conditions, potentially resulting in major consequences. More extreme weather increases risk and uncertainty in our operational work, and all new

facilities are designed to withstand extreme weather events.

Statnett must procure sufficient reserves from the market to be able to ensure there is always a balance in the power system. Such reserves play an important role in day-to-day operations and prior to the commissioning of systems for automatic balancing. Statnett is working to secure good access to reserves in consultation with other market actors.

**Physical and digital security**
We are facing a more complex and heightened threat picture, both physically and digitally. A number of serious incidents directed against critical infrastructure in other countries have highlighted the vulnerability of modern society and the necessity of robust security. Statnett is monitoring the security outlook and taking actions to protect critical infrastructure to the best extent possible. This includes making contingency arrangements to be able to handle targeted attacks and withstand demanding long-term scenarios.

The development of robust digital security has been accorded a high priority. Resilient infrastructure is vital for Statnett's operations. The use of new technology such as artificial intelligence (AI) is further complicating the risk landscape, although such technology can also be used to protect our own solutions.

Protecting critical infrastructure requires close cooperation, both internally and across sectors. Statnett is committed to increasing Norwegian, Nordic and European cooperation to strengthen emergency preparedness in the power system.

**Sustainability**
The world is facing an environmental crisis due to human activity and loss of nature. The goal of ensuring a socially equitable transition must be taken into account in developing Statnett's transmission grid. The need for new transmission capacity must be met with limited use of natural areas, as well as the least possible impact on biodiversity, natural landscapes, individuals and local communities. Greenhouse gas emissions from our own operations must be reduced to a minimum.

Statnett adopts the precautionary principle and takes a holistic approach to our responsibility for nature and the climate when planning, constructing and operating our facilities. Conflicts of interest can arise in multiple areas where grid expansion is being considered. Statnett has extensive experience of engaging in early and meaningful dialogue with various stakeholders to help address such issues.

Statnett has established systems for internal control in accordance with the Norwegian Energy Act Regulations, and these are followed up through internal procedures and systems.

Our work on climate and nature risk, and our efforts to reduce the risk of negative impacts on human rights and decent working conditions, are described in more detail in the sustainability report.

## Financial risk

Statnett is exposed to financial risk relating to its flexibility and ability to raise capital or influence its revenue cap in order to be able to carry out necessary restructuring and investments.

**Market risk**
Some of Statnett's costs are affected by power prices, but the risk is reduced as these costs are covered through revenue regulation. The costs of volume changes in transmission losses and system operations are included in the revenue cap, with a two-year delay. Power prices also affect congestion revenues, which arise when there are price differences between different areas in the power grid. These revenues can vary considerably depending on the power prices. However, revenue regulation functions as a levelling mechanism by which any higher or lower revenue is balanced over time, which helps reduce Statnett's long-term financial risk.

Statnett is exposed to risks relating to the supplier market. The company's central supplier markets are experiencing a marked increase in demand from many countries, resulting in longer lead times for key components, increased time consumption and higher costs for projects. This is due in part to various European

countries' ambitions for grid expansion, creating competition for resources and capacity.

**Interest rate risk**

The Group is exposed to interest rate risk through its borrowing, liquidity and financial hedging activities. Statnett SF is exposed to the interest element of the revenue cap (the NVE-RME interest rate). However, interest rate costs on debts correlate with revenues via the NVE-RME interest rate, which reduces the interest rate risk. Residual risk and profit variations are reduced by interest rate swaps. Frameworks are in place to regulate how much of the loans has a flexible interest rate.

**Liquidity risk**

Liquidity risk relates to payment obligations falling due. It is a goal of Statnett to ensure that there is sufficient liquidity for operations and investments on a rolling 12-month basis without raising new debt. This reduces the risk of Statnett being unable to refinance its debt in periods of limited capital access. Statnett has access to multiple lending markets and a spread debt maturity structure and has a credit rating of A+ (S&P Global) and A2 (Moody's Ratings).

**Foreign exchange risk**

Foreign exchange risk arises in the event of income or costs, borrowings, bank deposits or investments in securities in foreign currency. In connection with procurements for investment projects, Statnett may be exposed to foreign exchange risk, but major procurement contracts are denominated in NOK. All borrowings denominated in foreign currency are converted to NOK by means of currency swap agreements.

**Credit risk**

Statnett is exposed to credit risk through investment of surplus liquidity in banks and interest funds. Requirements have been established for counterparties' creditworthiness and maximum exposure for each placement. Statnett also assumes credit risk through its role as balance settlement operator in the regulated power market, minimised through established procedures for follow-up and collateral for participants in this market. Counterparty risk with derivative counterparties is reduced by means of CSA agreements.

In December, Statnett held the first auction for Electricity Price Area Differentials (EPAD) contracts. This is a pilot scheme that is planned to continue for at least one year, providing market actors an opportunity for better risk hedging in the power market. Settlement in the market takes place through Nasdaq Clearing, where Statnett must provide collateral for the contracts. Statnett assumes risk relating to the size of security, and this will increase relative to volume and price differences between electricity price areas.

# Financial regulation of Statnett

Statnett's operating revenue mainly derives from regulated activities. The Norwegian Energy Regulatory Authority (NVE-RME) determines how much revenue Statnett can collect from regulated activities each year, and the underlying profit/loss is based on this permitted revenue. However, the revenue derives from transmission charges (tariff) and congestion revenue, which vary. This means that each year the accounting profit/loss deviates from the underlying profit/loss.

## Regulated operating revenue

Statnett's operating revenue from regulated activities comprises the tariff paid by transmission grid customers, fee revenue from the role as balance settlement operator and congestion revenue. The transmission charge (tariff) is established ahead of the calendar year. Please refer to our website for more information about how we calculate the tariff. The balance settlement operator receives fee revenue for balance settlement of the Norwegian power system and operation of Elhub, the central data hub for meter values and market processes in the Norwegian power market. Congestion revenues arise when power is transmitted from areas with a low power price to areas with a high power price in Norway and to other countries via interconnectors.

## Permitted revenue

Permitted revenue is intended to cover costs arising from the role of system operator and from grid activity and provide a reasonable return on investment. The prerequisite is that the grid must be built, operated and utilised efficiently. In order to give Statnett incentives to be cost-effective, the revenue cap is adjusted by applying an efficiency factor. The factors are determined by comparing Statnett's costs with a historic cost level, taking into account changes in the size of the infrastructure base. The revenue cap is also adjusted by a general productivity requirement of 0.23 per cent per year. The fees determined for the balance settlement operator should cover annual operating expenses and provide a reasonable return on invested capital, provided efficiency is maintained.

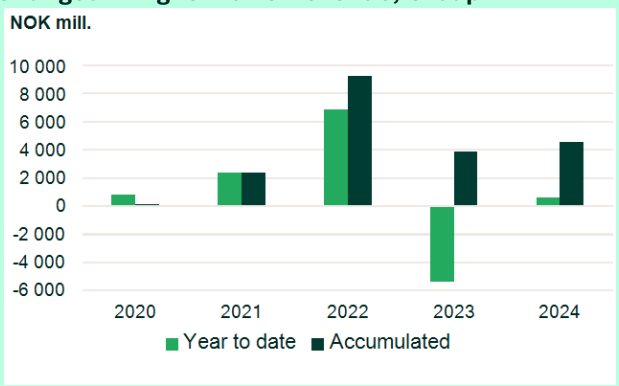
## Higher/lower revenue

In any given year, the regulated operating revenue will normally differ from the permitted revenue set by NVE-RME after the end of the year. These differences are known as higher or lower revenue, which in accordance with NVE-RME regulations are equalised over time through adjustment of future transmission charges. Consequently, higher/lower revenues represent temporary amounts that are not recognised in the balance sheet in accordance with the accounting rules. This results in a difference between the accounting profit/loss and the underlying profit/loss.

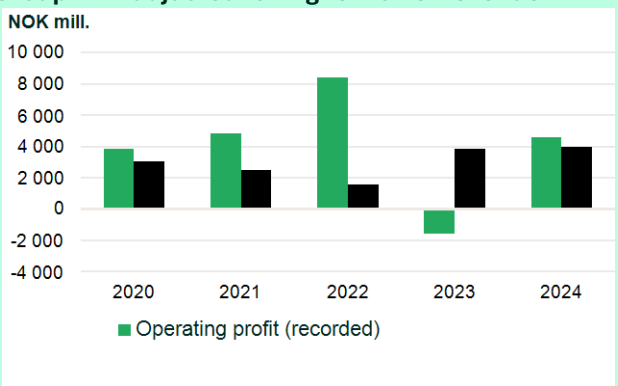
In recent years, major variations in congestion revenue have resulted in substantial higher/lower revenues and fluctuations in Statnett's recognised operating revenue and accounting profit/loss. Underlying revenue and profit/loss, adjusted for higher/lower revenue, are more stable than reported in the financial statements, although underlying variables can also be volatile in the event of major changes in the basis used to calculate permitted revenue.

After a period of unusually high congestion revenue from 2021 to 2023, much of this revenue was returned to customers through low tariffs and temporary compensation schemes for high transmission losses in the underlying grid and a ceiling on the energy element. At the end of 2024, Statnett had a higher revenue balance of NOK 4.3 billion. Statnett expects the higher revenue balance to decrease during 2025.

**Changes in higher/lower revenue, Group**




**Group EBIT adjusted for higher/lower revenue**



# Financial reporting

# 2024

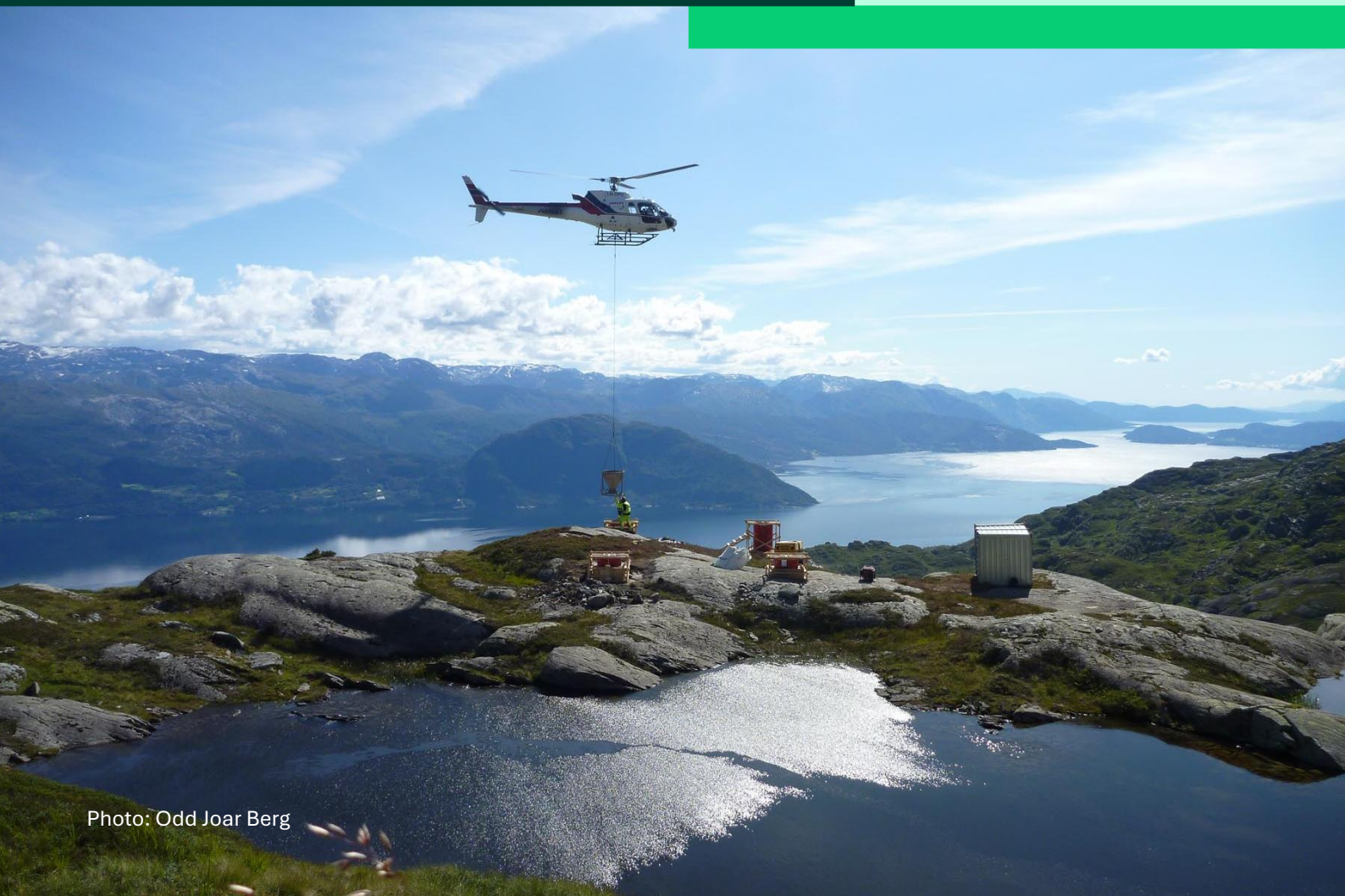


Photo: Odd Joar Berg

# Comprehensive income

| Parent company | | | | Group | |
|---|---|---|---|---|---|
| 2023 | 2024 | *(Amounts in NOK million)* | Note | 2024 | 2023 |
| | | **Operating revenue** | | | |
| 9 771 | 17 144 | Regulated operating revenue | 4 | 18 305 | 10 994 |
| 604 | 518 | Other operating revenue | 4 | 656 | 606 |
| **10 376** | **17 661** | **Total operating revenue** | | **18 961** | **11 600** |
| | | | | | |
| | | **Operating expenses** | | | |
| 3 390 | 4 482 | Ancillary services | 5 | 4 482 | 3 390 |
| 2 203 | 1 474 | Transmission losses | 5 | 1 474 | 2 203 |
| 1 490 | 1 746 | Salaries and payroll costs | 6, 7, 23 | 1 806 | 1 547 |
| 2 995 | 3 184 | Depreciation, amortisation and impairment | 8, 9 | 3 503 | 3 291 |
| 2 581 | 2 894 | Other operating expenses | 27 | 3 076 | 2 716 |
| **12 659** | **13 780** | **Total operating expenses** | | **14 341** | **13 147** |
| | | | | | |
| **-2 283** | **3 881** | **Operating profit** | | **4 621** | **-1 547** |
| | | | | | |
| 668 | 935 | Financial income | 10 | 482 | 217 |
| 2 139 | 2 926 | Financial expenses | 10 | 2 915 | 2 032 |
| **-1 471** | **-1 991** | **Net financial items** | | **-2 432** | **-1 815** |
| | | | | | |
| **-3 754** | **1 890** | **Profit before tax** | | **2 189** | **-3 362** |
| | | | | | |
| -828 | 411 | Income tax expense | 19 | 469 | -745 |
| **-2 926** | **1 479** | **Profit for the year** | | **1 720** | **-2 617** |
| | | | | | |
| | | **Other comprehensive income** | | | |
| 115 | 396 | Changes in fair value of cash flow hedge reserve | 15, 28 | 396 | 115 |
| -25 | -87 | Tax effect | 19, 28 | -87 | -25 |
| **90** | **309** | Other comprehensive income to be reclassified to profit or loss in subsequent periods | | **309** | **90** |
| -46 | 165 | Changes in estimate deviations of pensions | 7, 28 | 165 | -46 |
| 10 | -36 | Tax effect | 7, 19, 28 | -36 | 10 |
| **-36** | **129** | Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | **129** | **-36** |
| **54** | **438** | **Total other comprehensive income** | | **438** | **54** |
| | | | | | |
| **-2 872** | **1 917** | **Total comprehensive income** | | **2 158** | **-2 562** |

# Balance sheet

| Parent company | | | | Group | |
|---|---|---|---|---|---|
| 31.12.2023 | 31.12.2024 | *(Amounts in NOK million)* | Note | 31.12.2024 | 31.12.2023 |
| | | **Assets** | | | |
| | | **Non-curent assets** | | | |
| 1 363 | 2 121 | Intangible assets | 8 | 2 618 | 1 937 |
| 63 949 | 65 304 | Tangible assets | 8 | 72 279 | 71 119 |
| 6 286 | 8 423 | Assets under construction | 9 | 8 422 | 6 320 |
| 2 339 | 2 339 | Investment in subsidiaries | 20 | - | - |
| 189 | 189 | Investments in joint ventures and associates | 20 | 196 | 173 |
| 117 | 432 | Pension assets | 7 | 433 | 118 |
| 4 360 | 5 667 | Derivatives | 15 | 5 667 | 4 360 |
| 4 044 | 3 810 | Other non-current financial assets | 14 | 188 | 138 |
| **82 648** | **88 286** | **Total non-current assets** | | **89 804** | **84 164** |
| | | | | | |
| | | **Current assets** | | | |
| 22 | 49 | Inventories | | 49 | 22 |
| 1 776 | 2 379 | Trade and other current receivables | 11 | 1 866 | 1 221 |
| 1 352 | 4 906 | Market-based securities | 12, 18 | 5 522 | 1 855 |
| 397 | 1 083 | Derivatives | 15 | 1 083 | 397 |
| 2 550 | 7 143 | Cash and cash equivalents | 13, 18 | 7 210 | 2 644 |
| **6 096** | **15 560** | **Total current assets** | | **15 729** | **6 139** |
| **88 744** | **103 846** | **Total assets** | | **105 533** | **90 303** |
| | | **Equity and liabilities** | | | |
| | | **Equity** | | | |
| 5 950 | 5 950 | Contributed capital | | 5 950 | 5 950 |
| 572 | 881 | Hedge reserve | 15 | 881 | 572 |
| 16 343 | 17 158 | Other equity accrued | | 18 651 | 17 596 |
| **22 865** | **23 989** | **Total equity** | | **25 482** | **24 118** |
| | | | | | |
| | | **Non-current liabilities** | | | |
| 4 844 | 5 379 | Deferred tax liability | 19 | 5 602 | 5 039 |
| 270 | 281 | Pension liabilities | 7 | 282 | 270 |
| 875 | 947 | Other liabilities | 24 | 966 | 895 |
| 863 | 784 | Derivatives | 15 | 784 | 863 |
| 44 856 | 53 482 | Long-term interest-bearing debt | 16, 18 | 53 471 | 44 843 |
| **51 708** | **60 874** | **Total non-current liabilities** | | **61 105** | **51 909** |
| | | | | | |
| | | **Current liabilities** | | | |
| 10 106 | 13 491 | Short-term interest-bearing debt | 16, 18 | 13 290 | 9 993 |
| 4 066 | 5 475 | Trade and other current payables | 17 | 5 549 | 4 211 |
| - | 18 | Derivatives | 15 | 18 | - |
| - | (0) | Tax payable | 19 | 88 | 71 |
| **14 172** | **18 984** | **Total current liabilities** | | **18 945** | **14 275** |
| | | | | | |
| **88 744** | **103 846** | **Total equity and liabilities** | | **105 533** | **90 303** |

Oslo, 20. march 2025, Statnett SF's Board of Directors

| | | | |
|---|---|---|---|
| Nils Kristian Nakstad<br>Board chair | Hilde Singsaas<br>Board member | Maria Sandsmark<br>Board member | Egil Gjesteland<br>Board member |
| Wenche Teigland<br>Board member | Christian Reusch<br>Board member | Ingeborg Ligaarden<br>Board member | Børre Langgård<br>Board member |
| | Steinar Jøråndstad<br>Board member | Elisabeth Vike Vardheim<br>CEO | |

# Changes in equity

**Parent company**

| *(Amounts in NOK million)* | Contributed capital | Hedge reserve | Other equity accrued | Total equity |
|---|---|---|---|---|
| 01.01.2023 | **5 950** | **482** | **19 601** | **26 033** |
| Profit/loss for the year | - | - | -2 926 | -2 926 |
| Other comprehensive income, note 28 | - | 90 | -36 | 54 |
| Dividends declared | - | - | -296 | -296 |
| **31.12.2023** | **5 950** | **572** | **16 343** | **22 865** |
| | | | | |
| 01.01.2024 | **5 950** | **572** | **16 343** | **22 865** |
| Profit/loss for the year | - | - | 1 479 | 1 479 |
| Other comprehensive income, note 28 | - | 309 | 129 | 438 |
| Dividends declared | - | - | -793 | -793 |
| **31.12.2024** | **5 950** | **881** | **17 158** | **23 989** |

**Group**

| *(Amounts in NOK million)* | Contributed capital | Hedge reserve | Other equity accrued | Total equity |
|---|---|---|---|---|
| 01.01.2023 | **5 950** | **482** | **20 546** | **26 978** |
| Profit/loss for the year | - | - | -2 617 | -2 617 |
| Other comprehensive income, note 28 | - | 90 | -36 | 54 |
| Dividends declared | - | - | -296 | -296 |
| **31.12.2023** | **5 950** | **572** | **17 596** | **24 118** |
| | | | | |
| 01.01.2024 | **5 950** | **572** | **17 596** | **24 118** |
| Profit/loss for the year | - | - | 1 720 | 1 720 |
| Other comprehensive income, note 28 | - | 309 | 129 | 438 |
| Dividends declared | - | - | -793 | -793 |
| **31.12.2024** | **5 950** | **881** | **18 651** | **25 482** |

# Cash flow

| Parent company | | | | Group | |
|---|---|---|---|---|---|
| 2023 | 2024 | *(Amounts in NOK million)* | Note | 2024 | 2023 |
| | | **Cash flow from operating activities** | | | |
| -3 754 | 1 890 | Profit before tax | | 2 189 | -3 362 |
| -18 | -25 | Loss/gain(-) on sale of fixed assets | 8 | -25 | -18 |
| 2 995 | 3 184 | Depreciation, amortisation and impairment | 8 | 3 503 | 3 291 |
| - | -0 | Net paid taxes | 19 | -12 | -10 |
| 1 483 | 2 106 | Interest recognised in the income statement | 10 | 2 317 | 1 696 |
| 409 | 487 | Interest received[1] | 10 | 252 | 208 |
| -1 730 | -2 465 | Interest paid, excl. construction interest[1] | 10 | -2 466 | -1 743 |
| 142 | -40 | Changes in trade accounts receivable | 11 | -9 | 129 |
| 415 | -105 | Changes in trade accounts payable | 11, 17 | -132 | 438 |
| -1 541 | 731 | Changes in other accruals[1] | 11, 17 | 762 | -1 162 |
| **-1 600** | **5 765** | **Net cash flow from operating activities** | | **6 379** | **-533** |
| | | | | | |
| | | **Cash flow from investing activities** | | | |
| 46 | 455 | Proceeds from sale of tangible assets | 8 | 455 | 46 |
| -5 461 | -7 494 | Purchase of tangible and intangible assets and assets under construction | 8, 9 | -7 506 | -5 527 |
| -249 | -353 | Construction interest paid | 9 | -353 | -249 |
| 11 | - | Cash flow from changes in capital in subsidiaries | 20 | - | - |
| 826 | 285 | Cash flow from short-term loan receivables | 11 | - | - |
| 1 000 | 1 177 | Proceeds from sale of market-based securities | 12 | 1 202 | 1 578 |
| -69 | -4 722 | Purchase of market-based securities | 12 | -4 822 | -637 |
| 171 | 293 | Received dividends and group contributions | 10, 20 | 22 | 14 |
| **-3 724** | **-10 360** | **Net cash flow from investing activities** | | **-11 003** | **-4 775** |
| | | | | | |
| | | **Cash flow from financing activities** | | | |
| 11 962 | 13 367 | Proceeds from new interest-bearing debt | 16 | 13 367 | 11 962 |
| -8 015 | -5 556 | Repayment of interest-bearing debt | 16 | -5 554 | -8 013 |
| 1 973 | 2 099 | Changes in collateral under CSA (Credit Support Annex) agreements | 16, 18 | 2 099 | 1 973 |
| -296 | -793 | Dividends paid | | -793 | -296 |
| **5 623** | **9 117** | **Net cash flow from financing activities** | | **9 119** | **5 626** |
| | | | | | |
| **299** | **4 522** | **Net cash flow for the period** | | **4 495** | **318** |
| 2 432 | 2 550 | Cash and cash equivalents at period start | 13 | 2 644 | 2 507 |
| -182 | 71 | Currency exchange rate effects on cash and cash equivalents | | 71 | -181 |
| 2 550 | 7 143 | Cash and cash equivalents at period close | 13 | 7 210 | 2 644 |

[1] Comparative figures have been revised from previous reporting. For further information, please refer to note 2 Amended accounting principles and new accounting standards.

# Note 1 General information and basis for preparation of financial statements

## General information

Statnett SF (the parent company) is a Norwegian state-owned enterprise that was founded on 20 December 1991. The sole owner is the Norwegian State, represented by the Ministry of Energy (ME). Statnett has issued bond loans that are listed on the Oslo Stock Exchange, the London Stock Exchange and Euronext Dublin as of 31 December 2024. The company's head office is located at Nydalen allé 33, 0484 Oslo, Norway.

The financial statements were approved by the Board of Directors on 20 March 2025.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the parent company's functional currency. All amounts are rounded to the nearest million NOK.

## Basis of preparation of the financial statements

The consolidated financial statements for the Statnett Group and the financial statements for the parent company have been prepared in accordance with the current International Financial Reporting Standards (IFRS®), as adopted by the EU, and incorporated in the Norwegian Accounting Act.

The financial statements have been prepared on the basis of the historical cost principle, with the following exceptions:

- Derivatives, financial assets and liabilities are classified at fair value through profit or loss, amortised cost or fair value through other comprehensive income.
- The carrying amount of hedged assets and liabilities is adjusted in order to recognise changes in fair value as a result of the hedging.

The accounting policies are discussed in the individual notes to the consolidated financial statements. The following notes are considered to contain material accounting policy information:

- Note 3 Estimates, management judgement and climate risk
- Note 4 Operating revenue
- Note 5 Ancillary services and transmission losses
- Note 7 Pensions
- Note 8 Tangible and intangible assets
- Note 9 Assets under construction
- Note 12 Market-based securities
- Note 15 Derivatives and hedge accounting
- Note 16 Interest-bearing debt
- Note 19 Taxes
- Note 21 Joint operations
- Note 24 Other liabilities
- Note 26 Contingent assets and liabilities

## Measurement of fair value

The Group uses the following measurement hierarchy to measure and present the fair value of financial instruments:

- Level 1: Fair value is measured using listed prices from active markets for identical financial instruments. No adjustments are made regarding these prices.
- Level 2: Fair value is measured using other observable input than used at Level 1, either directly (prices) or indirectly (derived from prices).
- Level 3: Fair value is measured using input that is not based on observable market data

Information on the measurement hierarchy is provided in the relevant notes for the various financial instruments. (Notes 12, 14 and 15).

## Segment reporting

Statnett has identified its reporting segments based on the risks and rates of return that affect the business. The Group considers that there is only one operating segment. This corresponds with the internal reporting to the Group's ultimate decision-maker, which is deemed to be the CEO. Statnett's operating revenue are mainly from regulated activities and comprises the tariff paid by transmission grid customers, fee revenue from the role as balance settlement operator and congestion revenue. Internal reporting is based on the Group's underlying profit before tax, by adjusting the ordinary profit for the change in higher/lower revenue as explained in Note 4. The business is reported as a single geographical segment. The company's subsidiaries do not qualify as separate reporting segments in accordance with IFRS criteria. The company and the Group are therefore reported as a single operating segment.

# Note 2 Amended accounting principles and new accounting standards

**Changes in accounting principles, new and amended standards affecting the financial statements**
There are no changes in accounting principles and no new or amended accounting standards implemented during the year.

**Other amendments**
The IASB has also adopted some minor changes and clarifications in various standards effective from or after 1 January 2024. None of these changes are considered to have significant effects for the Group.

The following paragraph contains information on new standards or amendments that are, or may be, relevant for Statnett.

**IFRS 18 Presentation and Disclosure in Financial Statements**
In 2024, the IASB published a new standard that will replace the current IAS 1 Presentation of Financial Statements. The new standard will take effect for the 2027 financial year but will also apply to comparative figures. The purpose of the standard is to create a more standardised reporting. Statnett expects the new standard to have a significant impact on the classification and presentation of the income statement as well as related note disclosures.

The standard has not yet been adopted for use in the EU but is expected to be approved in 2025.

**IFRS 19 Subsidiaries without Public Accountability: Disclosures**
A new standard published in 2024 addresses disclosure requirements for entities that are not publicly accountable and are subsidiaries within an IFRS-reporting group. Such entities may choose to apply IFRS 19 for note disclosures in IFRS reporting instead of the disclosure requirements under other IFRS standards. The purpose of the standard is to simplify reporting for entities that apply a different reporting framework than IFRS and would otherwise have to maintain disclosure information both for their own reporting and for consolidation purposes under IFRS.

The standard is published with an effective date of January 1, 2027, but has not yet been adopted for use in the EU.

Statnett does not expect its subsidiaries to apply the new standard.

**IAS 12 – Income Taxes**
A temporary exemption has been introduced from recognizing deferred tax related to the global minimum tax regime (Pillar 2), effective from January 1, 2023, due to uncertainties regarding the implications of the new regulations for financial reporting.

Statnett is assessed to fall under the public entity exemption according to the global minimum tax regulations (Pillar 2) and will therefore not be subject to the Supplementary Tax Act.

**Regulatory Assets and Liabilities**
Since 2021, the IASB has been working on developing a new IFRS standard on regulatory assets and regulatory liabilities. The standard is expected to be finalized and published in 2025, with an earliest effective date for reporting periods starting in 2028. The new standard will impact companies subject to financial regulation. It is expected to have

a significant effect on Statnett's financial reporting, including the recognition and measurement of regulatory assets and liabilities. These represent future entitlements to compensation or future obligations for repayments arising from revenue regulation, based on accounting transactions in the reporting year. Currently, Statnett reports an underlying result, which is the IFRS result adjusted for changes in higher/lower revenues for the period. The new standard is expected to largely eliminate the differences between the IFRS-reported and underlying results, as higher and lower revenues are expected to be recognized as regulatory liabilities and assets in the period they arise. This is anticipated to result in better alignment of regulated revenues and costs related to regulated activities in the financial reporting.

**Other matters**

**EPAD Pilot Scheme (Electricity Price Area Differentials)**

At the request of the Ministry of Energy, Statnett has initiated a pilot scheme where it acts as a counterparty for a limited volume of EPAD contracts. The purpose is to enhance liquidity in the forward market.

An EPAD contract provides a contractual right or obligation to receive or pay an agreed price difference between the area price and the system price over a given period. A market participant can thus use the contract to secure a fixed price difference between the area price and the system price.

In December 2024, Statnett held its first auction for EPAD contracts for selected bidding zones in Norway. The pilot involves Statnett taking counterparty positions in such contracts under specific price conditions and up to a limited volume (MW) per bidding zone. The contracts are settled financially and presented as derivatives in the balance sheet.

The financial effects of these contracts will be classified as congestion revenues in the income statement.

**Reclassification in the Statement of Cash Flows**

Statnett has conducted an updated assessment of the presentation of activities related to the management of its interest fund portfolio in the statement of cash flows. This assessment has led to a reclassification of such activities from operating activities to investing activities.

The conclusion is based on a reassessment of whether these activities are considered closely linked to Statnett's operational activities. Comparative figures have also been reclassified in the statement of cash flows.

# Note 3 Estimates, management judgements and climate risk

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies. This impacts the carrying amounts of assets and liabilities at the balance sheet date and reported income and expenses for the period.

This note provides an overview of areas characterised by a high degree of uncertainty and where significant discretionary judgements are required to determine carrying amounts. No estimates have been identified that are considered to result in a significant risk of material changes in the carrying amounts of assets and liabilities in the next accounting period. See the detailed description below.

## Material accounting policies

Some amounts that affect the consolidated financial statements must be estimated. This requires management to make assumptions with regard to values or uncertain conditions at the time of the preparation of the financial statements. Key accounting estimates are estimates of importance for the presentation of the Group's financial position and results, and which require management's discretionary judgement. Such estimates often relate to conditions characterised by significant measurement uncertainty. Management evaluates such estimates on an ongoing basis based on historical results and experience, consultations with experts, trends, forecasts and other methods that management considers reasonable in individual cases. Changes in accounting estimates must be recognised prospectively with effect on future periods.

## Main sources of estimate uncertainty

**Useful economic life of tangible assets**

Statnett owns and is responsible for developing and operating the transmission grid in a socio-economically rational manner. This includes transformer substations, high-voltage power lines, subsea and onshore cables. The useful economic life of the components that make up the transmission grid depend on multiple factors, including technological developments, regulatory requirements and environmental and climate risk. This means that there is a significant risk that the useful economic life of the various facilities may change, and therefore materially affect future depreciation charges. Useful economic lives are based on the technical lifetime of asset groups that are included in the basis used to calculate investment decisions. These are determined in consultation with technical personnel and continuously assessed against retirements of facilities and through analysis of fully depreciated assets still in operation. Statnett conducts an annual assessment of the useful economic life that is used as a basis for its various classes of operating assets. The assessment performed in 2023 resulted in a change of estimate for useful economic life for certain assets. The most significant change was an increase in useful economic life for overhead power lines from 55 to 65 years. The change has been in effect from 1 January 2024 and has led to reduced depreciation charges of approx. NOK 132 million for the year. Of this, NOK 100 million relates to overhead power lines. This year's assessment of economic useful life has only resulted in minor adjustments. Therefore, no risk of significant changes in depreciation is expected in the next financial year.

**Climate risk**

The power grid will contribute to Europe's and Norway's goal of becoming emission-free by 2050. The transition to a low-emission society gives Statnett the opportunity to contribute to a sustainable future by developing and upgrading

the power grid for the transport of renewable energy, but with reduced climate emissions and limited use of natural areas. However, more frequent extreme weather events and the transition to a low-emission society are also creating heightened risk and uncertainty around the Group's operational activities and financial results. Statnett operates critical infrastructure with a long useful economic life throughout Norway. This makes climate and nature risk highly relevant topics. Climate risk includes both physical risks and transition risks.

Physical risk entails the risk that climate change may lead to limitations or disruptions in Statnett's transmission capacity due to extreme weather or climate change, as well as the risk of shorter useful economic lives or the need to recognise write-downs. Planning and scenario analyses are important tools for preventing damage as a result of more extreme weather events. All new facilities are designed to withstand extreme weather events. Statnett's technical experts have assessed the implications of more frequent extreme weather events and climate change for the useful economic lives of various infrastructure components. The assessments were carried out in connection with the annual assessment of useful economic lives referred to above. Climate risks and increased frequency of extreme weather conditions has been central in relation to this year's assessment of useful economic life. It is not considered that such climate changes pose a risk of significant changes in depreciation in the next financial year.

Transition risk is the risk that Statnett's facilities are subject to restrictions, increased costs, or reduced useful life due to changes in technology, market conditions, new legal requirements, cuts in own emissions or other factors. We have set an internal goal for Statnett's grid facilities to be SF6-free by 2050 and efforts are underway to implement alternative gases and installation of sensor technology to prevent leaks. Statnett's goals take into account the new regulation in EU for fluorinated greenhouse gases (including SF6), which was published in 2024 regarding a phased-out approach to SF6. From an accounting perspective, a key consideration has been the potential implications this may have for the existing infrastructure. Our assessment of the various infrastructure components where SF6 gas is used indicates that there is no significant risk of material effects relating to shorter depreciation periods or impairment needs in the next accounting period.

**Tax treatment of maintenance costs**

On 21 January 2025, Statnett received a draft decision from the Norwegian tax authorities regarding amendment of the tax assessment for 2018 concerning deductions for maintenance costs relating to replacement of components in the transmission grid. The case is still ongoing. The conclusion will not have any impact on the Group's tax expense, but could result in a reduction in deferred tax assets relating to tax losses carried forward and a corresponding increase in deferred tax assets relating to tax-reducing temporary differences. For further details, see Note 19 Taxes.

# Note 4 Operating revenue

Statnett is licensed as a grid owner in Norway and primarily generates its revenue from operations regulated by the Norwegian Energy Regulatory Authority (RME). Operating revenue derived from the licence as grid owner is recognised under “Regulated operating revenue”.

Statnett is also licensed by the RME to act as the balance settlement operator in Norway. In this role, Statnett is responsible for coordinating the measuring and settlement of all power sales in Norway, and for ensuring that all input and withdrawal of electrical energy are correctly offset, thereby ensuring economic balance in the power market. Operating revenue derived from this licence is recognised under “Regulated operating revenue”.

Operating revenue from regulated grid operations relates to Statnett SF and NordLink Norge AS. Operating revenue from the role of the balance settlement operator relates to fee revenues from Elhub AS and Statnett SF.

Other operating revenue includes revenue from non-regulated grid activities. Other operating revenue includes revenue from consultancy assignments for external parties, construction carried out on behalf of distribution grid owners (customer projects), and rental income.

Congestion revenues are redistributed according to a time-limited statutory regulation authorising Statnett to compensate the owners of the regional grid for increased transmission losses directly through reimbursement of congestion revenue. In 2024, Statnett has paid NOK 781 million in such compensations.

## Material accounting policies

**Operating revenue from regulated activity**
Statnett’s operating revenue are mainly from regulated activities.

a) The fixed element of tariff revenue is recognised on an ongoing basis throughout the year, based on the established tariff for the year in question.
b) The energy element of tariff revenue is recognised in line with the customer’s metered input and withdrawal of power from the grid.
c) Other grid revenue is primarily recognised based on the customer’s metered use of the grid.
d) Congestion revenue is recognised on the basis of metered input and withdrawal of power from the grid between different price areas, and on each side of international interconnectors.
e) Compensation paid to other grid owners is recognised on an ongoing basis throughout the year based on estimates of the other owners’ permitted revenues.
f) Extraordinary reimbursements to grid owners are recognised in the period to which RME’s resolution applies.

**Permitted revenue**
Permitted income is calculated based on regulations established by RME and the associated guidelines. Statnett’s actual operating revenue from regulated activity consists of tariff revenue from the transmission and distribution grids, and congestion revenue.

Each year, a difference arises between Statnett’s actual operating revenue from grid activity and Statnett’s permitted revenue, which the RME determines after the year-end. This difference is referred to as higher/lower revenue.

**Higher/lower revenue from grid operations**
Higher revenue arises when actual revenue is higher than permitted revenue in any given year. Lower revenue arises when the company's actual operating revenue is lower than the permitted revenue. Higher revenue, plus interest, is returned to customers in the form of lower future tariffs, whereas lower revenue, plus interest, can be recouped from customers through higher future tariffs. This is regulated in Regulation 1999-03-11-302 governing financial and technical reporting, revenue caps for grid operations and transmission tariffs (the control regulations). The obligation to reduce future tariffs and opportunities to collect increased tariffs do not qualify for balance sheet recognition in accordance with IFRS and therefore represent a contingent liability (accumulated higher revenue) or a contingent asset (accumulated lower revenue). Consequently, the annual change in these items will not be included in the IFRS income statement, but will be reported as part of the underlying profit.

In cases where Statnett mainly acts as a balance settlement operator for the common grid and power trading, net revenue is reported.

**Regulated operating revenue from the role of the balance settlement operator**
The balance settlement operator is responsible for the balance settlement in the Norwegian power system, operation and development of the Elhub datahub, and issuance of electricity certificates and guarantees of origin. Elhub AS, a wholly owned subsidiary, operates the datahub and provides system support for Ediel (a service aimed to ensure the introduction, operation and development of electronic data exchange for external communication between grid owners, suppliers and the balance settlement operator). Operating revenue from the role of the balance settlement operator is mainly recognised in accordance with the actually metered input and withdrawal of power from the grid.

**Higher/lower revenue from the role of the balance settlement operator**
In some years, differences may arise between actual fee revenue from these activities, and the ceiling set for these fees by the regulator. This affects the level of future fees, and is referred to as higher/lower revenue from the role of the balance settlement operator. Higher/lower revenue from the role of the balance settlement operator is not recognised in the income statement, but included in the calculation basis for the underlying profit, in the same way as higher/lower revenue from grid operations.

RME has decided a new regulation model for Elhub for the period 2023-2025. The regulation is mainly a continuation of the previous regulation, which is a "cap and floor" model for regulating revenues. This incentivises cost-efficient operation and development of Elhub, where Elhub can increase returns by reducing operating expenses during a regulation period. In the current regulation period fees have been regulated to compensate for lower revenues in previous regulation periods.

**Permitted revenue – monopoly-regulated activities**
Statnett owns transmission infrastructure and is the transmission system operator (TSO). These are monopoly-regulated activities. Consequently, RME sets a ceiling for Statnett's revenue – the permitted revenue. Statnett's permitted revenue comprises a revenue cap and certain additions to the revenue cap. The revenue cap for the year is based on expenses relating to operations, including capital expenditure, two years back. Costs related to transmission losses and the year's system services are also included. Transmission losses included in the revenue cap reflect the metered actual loss in MWh two years back, valued at the current accounting year's regulated reference price, which is based on the spot price for electricity (elspot). To incentivise cost-efficient operations, the revenue cap for Statnett will be adjusted by an efficiency factor related to the operation and development of the grid operation. This factor is determined by comparing Statnett's costs to a historical cost level, while taking into account development in the transmission grid asset base. The revenue cap is also adjusted by an annual productivity requirement of 0,23 per cent. In addition to the revenue cap, Statnett's permitted revenue consists of the following: The year's property tax, cross-

border compensation and a supplement for investments. The supplement for investments ensures that capital expenditure is reflected in the permitted revenue for the year in which the investment is available for use. In addition, Statnett's permitted revenue is adjusted for interruptions through KILE (quality-adjusted revenue cap for energy not supplied).

**Tariff revenue**
Statnett is the operator of the transmission grid and common regional grids. As operator, Statnett is responsible for determining the annual tariffs for each common grid.

As the operator of the transmission grid and common regional grids, Statnett is responsible for invoicing users for the services they receive. Invoices are raised using a tariff model based on guidelines issued by the RME. The pricing system includes fixed elements and variable elements (energy elements). Fixed elements are invoiced on an ongoing basis throughout the year, while energy elements are invoiced in line with the customers' metered input or withdrawal of power from the grid.

**Congestion revenue**
Congestion revenue arises as a result of price differences between Norwegian price areas, and also between Norway and its trading partners abroad, both when power is imported and exported. The price differences arise when the market wants to transmit more power between different countries than the existing capacity allows. The congestion revenue is calculated by multiplying the price difference by the transmitted power volume, hour by hour. The owners of the international interconnector share the congestion revenue, usually 50/50. In Norway, Statnett SF owns all the interconnectors, and therefore receives all the revenue.
Domestic congestion revenue arises when the market wants to transfer more power between domestic price areas than the capacity allows. Domestic congestion revenue is paid in full to Statnett. At the end of the year, Statnett holds financial derivative contracts that are closely linked to price areas between certain domestic price areas. Realised and unrealised effects related to these derivative contracts are classified as congestion revenues. For further details on Statnett's financial derivative contracts, see note 15 Derivatives.

**Reimbursement to grid operators**
In accordance with the temporary regulation on the use of congestion revenues, Statnett compensates underlying grid owners through direct payments for transmission losses which exceed a specified normal level. The transferrable amounts are determined by RME. Statnett recognises the compensation payments in the applicable period it relates to and presents "Regulated operating revenue" net of compensation payments.

## General principles

**Other operating revenue**
Revenue from customer projects is recognised when control of Statnett's deliverable is transferred to the customer. When Statnett performs consulting assignments for external parties, control is considered to be transferred to the customer at the time the service is performed. When Statnett constructs facilities for distribution grid owners, the transfer of control can either occur progressively during construction or upon completion of the facility, depending on the specific contractual terms. Both invoiced and accrued customer project revenue is recognised under "Trade and other current receivables". When customer projects are expected to incur a loss, the total expected loss is recognised as an expense.

**Operating revenue**

*(Amounts in NOK million)*

| Parent Company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | **Operating revenue from regulated grid operations** | **2024** | **2023** |
| 2 105 | 6 396 | Tariff revenue fixed element generation | 6 396 | 2 105 |
| 517 | 692 | Other grid revenue | 692 | 517 |
| 488 | 304 | Tariff revenue energy element | 304 | 488 |
| 9 943 | 11 062 | Congestion revenue | 11 062 | 9 943 |
| -2 568 | -781 | Congestion revenue paid to grid owners | -781 | -2 568 |
| -892 | -796 | Income from other owners in the grids | 12 | -21 |
| **9 594** | **16 877** | **Total operating revenue from regulated grid operations** | **17 685** | **10 465** |
| | | | | |
| 595 | 886 | Fee revenue from the balance settlement operator | 1 239 | 946 |
| -417 | -620 | Fee revenue covered by balance settlement | -620 | -417 |
| **177** | **266** | **Total fee revenue** | **620** | **529** |
| | | | | |
| **9 771** | **17 144** | **Total operating revenue from regulated activities** | **18 305** | **10 994** |
| | | | | |
| 604 | 518 | Other operating revenue | 656 | 606 |
| | | | | |
| **10 376** | **17 661** | **Total operating revenue** | **18 961** | **11 600** |

**Permitted revenue regulated operations**

*(Amounts in NOK million)*

| Parent Company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | **Permitted revenue grid operations** | **2024** | **2023** |
| 13 711 | 15 186 | Revenue cap | 15 958 | 14 609 |
| 1 693 | 1 527 | Supplement to revenue cap | 1 575 | 1 670 |
| **15 404** | **16 713** | **Total permitted revenue for regulated grid operations** | **17 533** | **16 279** |
| | | | | |
| | | **Permitted revenue for the balance settlement operator** | | |
| 86 | 96 | Permitted fee revenue for the balance settlement operator | 405 | 396 |
| | | | | |
| **15 490** | **16 809** | **Total permitted revenue grid operations and the balance settlement operator** | **17 938** | **16 675** |

**Higher/lower revenue — This year's change and total balance**

*(Amounts in NOK million)*

| Parent Company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | Regulated grid operations | 2024 | 2023 |
| 5 810 | -164 | This year's higher/lower revenue (-/+), not recognised | -152 | 5 814 |
| -306 | -212 | This year's provision for interest higher/lower revenue (-/+), not recognised | -212 | -306 |
| - | -49 | This year's higher/lower revenue adjustment prior periods (-/+), not recognised | -49 | - |
| **5 504** | **-425** | **This year's changed balance for higher/lower revenue (-/+)** | **-413** | **5 508** |
| -9 624 | -4 120 | Balance higher/lower revenue (-/+), incl. interest as on 1 Jan. | -4 121 | -9 629 |
| 5 504 | -425 | Changed balance for higher/lower revenue (-/+), incl. Interest | -413 | 5 508 |
| **-4 120** | **-4 545** | **Balance higher/lower revenue (-/+), incl. interest as on 31 Dec.** | **-4 534** | **-4 121** |

| Parent Company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | The balance settlement operator | 2024 | 2023 |
| -92 | -171 | This year's higher/lower revenue (-/+), not recognised | -214 | -133 |
| 1 | -5 | This year's provision for interest higher/lower revenue (-/+), not recognised | 6 | 12 |
| - | - | This year's higher/lower revenue adjustment prior periods (-/+), not recognised | -23 | - |
| **-91** | **-176** | **This year's changed balance for higher/lower revenue (-/+)** | **-231** | **-121** |
| 70 | -20 | Balance higher/lower revenue (-/+) incl. interest 1 Jan. | 230 | 351 |
| -91 | -176 | Changed balance for higher/lower revenue (-/+) incl. interest | -231 | -121 |
| **-20** | **-197** | **Balance higher/lower revenue (-/+) incl. interest 31 Dec.** | **-1** | **230** |

| Parent Company | | Total balance regulated grid operation and the balance settlement operator | Group | |
|---|---|---|---|---|
| 2023 | 2024 | | 2024 | 2023 |
| -9 554 | -4 140 | Balance higher/lower revenue (-/+) 1 Jan. | -3 891 | -9 278 |
| 5 810 | -164 | Change in balance for grid operations, excl. interest | -152 | 5 814 |
| -92 | -171 | Change in balance for imbalance settlement, excl. interest | -214 | -133 |
| -305 | -217 | Interest on change in balances | -207 | -294 |
| - | -49 | Prior years' adjustments | -72 | - |
| **-4 140** | **-4 741** | **Total balance higher/lower revenue (-/+) 31 Dec.** | **-4 535** | **-3 891** |

**Underlying profit and return on invested grid capital**

*(Amounts in NOK million)*

| Parent company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | | 2024 | 2023 |
| -2 417 | 3 802 | Operating profit within grid operations | 4 392 | -1 761 |
| 133 | 79 | Operating profit outside grid operations | 229 | 214 |
| **-2 283** | **3 881** | **Total operating profit** | **4 621** | **-1 547** |
| 5 504 | -425 | This year's higher/lower revenue (-/+) from grid operations, incl. interest, not recognised | -413 | 5 508 |
| **3 221** | **3 456** | **Underlying operating profit from grid operations** | **4 208** | **3 961** |
| -91 | -176 | This year's higher/lower revenue (-/+) from imbalance settlement, incl. interest, not recognised | -231 | -121 |
| **3 130** | **3 280** | **Underlying operating profit** | **3 977** | **3 840** |
| -1 471 | -1 991 | Net financial expenses | -2 432 | -1 815 |
| **1 659** | **1 289** | **Underlying profit before tax** | **1 545** | **2 025** |

| | | | | |
|---|---|---|---|---|
| -363 | -279 | Tax expense, incl. not recognised tax effects on higher/lower revenue | -327 | -440 |
| **1 296** | **1 010** | **Underlying result** | **1 218** | **1 585** |

Underlying operating profit from grid operations is the operating profit adjusted for the non-recognised change in higher/lower revenue from grid operations.

**Basis for return on invested grid capital**

The regulatory asset base is defined as the average of the incoming and outgoing balance for invested grid capital, plus one per cent of net working capital. The invested grid capital is defined as the initial historical acquisition cost. The share of common fixed assets is included.

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | | **2024** | **2023** |
| 63 183 | 66 313 | | 73 466 | 70 451 |

**Return on invested grid capital**

Return is defined as the underlying operating profit/loss compared to the regulatory asset base. The reported underlying operating profit/loss is given as the operating profit/loss adjusted for this year's higher/lower revenue not recognised from the grid operation.

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Return in percentage)* | **2024** | **2023** |
| 4,9 % | 5,1 % | | 5,4 % | 5,6 % |

# Note 5 Ancillary services and transmission losses

Ancillary services are costs relating to the exercise of Statnett's responsibility for maintaining an instantaneous balance in the power grid and ensuring satisfactory delivery quality, as defined in the Regulations Relating to System Responsibility. The frequency in the power grid must be 50 Hz. As transmission system operator (TSO), Statnett is responsible for ensuring that this frequency remains stable. The requirement for reserve capacity for regulatory purposes is split between primary, secondary and tertiary reserves. Statnett purchases reserves in agreed capacity markets for the elspot and regulating power markets. Prices are affected by available power, regulating opportunities and prices in the regulating markets.

The change in system service costs in 2024 is mainly due to increased costs for tertiary reserves. In 2024, we switched to daily trading with increased volume requirements in the tertiary reserve market. High volumes and high prices in individual hours have contributed to increasing reserve costs in 2024.

Statnett purchases transmission losses (volume) at spot price (market price) through the market exchanges for the hour in which the transmission loss arises. During any transformation or transfer of energy, a portion of energy will always be lost. The size of the loss will vary depending on factors such as temperature, grid load and the electricity price.

Transmission losses have been reduced compared to last year due to lower average electricity prices.

## Material accounting policies

Costs for ancillary services and transmission losses are recognised when acquired.

Ancillary services can be split into the following categories:

**Primary reserves**
Primary regulation is automatically and immediately activated in the event of changes in the power grid frequency using a pre-agreed reserve capacity. The requirement to maintain a reserve capacity for regulating purposes imposes limitations on producers, in that it prevents them from generating and selling their full generator capacity. Primary reserve costs reflect expenses Statnett incurs when purchasing reserve capacity from energy generators. The extent of primary reserves is determined by pan-Nordic agreements, and the reserves are procured through market solutions.

**Secondary reserves**
Automatic secondary reserves are activated to release activated primary reserves in order to quickly be able to handle any new faults or imbalances. To activate automatic secondary reserves, the TSO sends a signal to a market player/power plant, which then adjusts its generation. Secondary reserves are also referred to as automatic Frequency Regulating Reserves (aFRR). In the Nordic countries, these are mainly used to handle frequency variations. The extent of secondary reserves is determined through pan-Nordic agreements, and the reserves are procured through market solutions.

**Tertiary reserves**
Until February 12, 2024, Statnett purchased reserves to ensure sufficient regulation resources in a weekly market. After this, Statnett switched to daily purchases of tertiary regulation reserves. In addition to securing bids through daily

purchases, trading also takes place in a seasonal market for the winter half-year. In 2025, purchases in the seasonal market will be replaced with a new market with monthly purchases throughout the year.

**Cross-border compensation**

The power system in Europe is connected through transmission lines/cables that cross international borders. Cross-border compensation is a form of compensation to grid owners in countries through which the electricity flows (transit countries), as this restricts transmission capacity in the grid.

**Special regulation**

In some cases, the transmission capacity can be restricted (congested), which may mean that the bids in the regulating power market cannot be utilised in the "correct" price order. Activated adjustments that are not in price order are categorised as special regulations and are compensated through the associated bid price. These do not affect the regulating power price. Statnett incurs a cost equal to the difference between the price of activated bids used for special regulations and the actual hourly price in the primary direction in the regulating power market, multiplied by the specially regulated volume.

**Specification of ancillary services**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 74 | 61 | Net regulating and peak power | 61 | 74 |
| 647 | 549 | Primary reserves | 549 | 647 |
| 638 | 525 | Secondary reserves | 525 | 638 |
| 1 037 | 2 573 | Tertiary reserves | 2 573 | 1 037 |
| 760 | 521 | Cross-border compensation | 521 | 760 |
| 283 | 183 | Special adjustments | 183 | 283 |
| -49 | 71 | Other system services | 71 | -49 |
| **3 390** | **4 482** | **Total ancillary services** | **4 482** | **3 390** |

**Specification of transmission losses**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | | **2024** | **2023** |
| 2 949 | 2 888 | Volume (GWh) | 2 888 | 2 949 |
| 747 | 510 | Price (NOK/MWh) | 510 | 747 |
| | | | | |
| 2 204 | 1 474 | Transmission losses | 1 474 | 2 204 |
| -1 | - | Transmission losses other grid owners | - | -1 |
| **2 203** | **1 474** | **Total transmission losses** | **1 474** | **2 203** |

# Note 6 Salaries and payroll costs

Salaries and payroll costs represent the total expenses for remuneration of personnel in the Group, including compensation to the Group's Board of Directors. Salary costs do not include expenses relating to third-party contract staff. Salaries can be either fixed or hourly paid and are paid out on an ongoing basis throughout the year. Holiday pay is normally paid in the holiday months the following year. Employer's national insurance contributions are normally paid in arrears every other month.

## General accounting policies

Salary costs are expensed as incurred. Salaries are earned on an ongoing basis. Holiday pay accrues based on ordinary salary. Employer's national insurance contributions are calculated and expensed for all salary-related costs. Pensions are earned in accordance with separate rules (see Note 7). Remuneration paid to the Board of Directors is earned on an ongoing basis, in accordance with individual agreements approved by the General Meeting. The salary costs have been reduced by the value of separately capitalised investment activities, consisting of wage costs and a share of directly allocable shared expenses.

**Specification of salaries and personnel costs**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 1 644 | 1 941 | Salaries | 2 011 | 1 705 |
| 286 | 324 | Employer's national insurance contributions (NICs) | 337 | 296 |
| 264 | 286 | Pension costs (note 7) | 296 | 272 |
| 160 | 189 | Other benefits | 193 | 165 |
| **2 354** | **2 740** | **Total salaries and personnel costs** | **2 837** | **2 438** |
| | | | | |
| -864 | -994 | Of which own investment projects | -1 031 | -890 |
| **1 490** | **1 746** | **Net salaries and personnel costs** | **1 806** | **1 547** |
| | | | | |
| 1 649 | 1 833 | Number of full-time equivalents | 1 957 | 1 718 |

## Employee loans

As of 31 December 2024, employee loans totalled NOK 2 million. The loans are repaid through salary deductions over a period of up to two years. The loans are interest-free for the employee. The interest benefit on loans that exceeds 3/5 of the Norwegian National Insurance Scheme's basic amount is taxable at the prevailing base rate set by the authorities.

# Note 7 Pensions

The parent company and subsidiaries operate defined-benefit and defined-contribution pension plans that provide employees with future pension benefits. All the defined-benefit plans have been closed, and all the Group's new employees are enrolled in the defined-contribution plans.

The Group's pension plans satisfy the requirements of the Norwegian Mandatory Occupational Pension Act. For the defined-contribution plans, the Group pays an agreed annual contribution to the employee's pension plan, but any risk for the future pension is borne by the employee. The future pension will be determined by the amount of the regular contributions and the return on the pension funds over time. In the defined-benefit plans, the Group pays an agreed level of pension to the employee based their final salary. The cost for the accounting period reflects the employee's accrual of agreed future pension benefits in the financial year.

## Material accounting policies

**Defined-contribution pension plans**
In defined-contribution pension plans, the company makes an agreed contribution to the employee's pension fund. The future pension will be determined based on the amount of the contributions and the return on the pension fund. Once the contributions have been paid, the employer has no further payment obligations for the defined-contribution pension plan, and no pension liability is recognised in the balance sheet. The pension cost relating to the defined-contribution plans equals the contributions to the employees' pension funds for the reporting period.

The AFP early retirement plan is a defined-benefit multi-employer plan that is recognised as a defined-contribution plan, since pension payouts are not attributable to individual participating companies.

**Defined-benefit pension plans**
In the defined-benefit pension plans, the company agrees to pay employees a certain level of pension on retirement, normally defined as a percentage of final salary. The company is responsible for the future pension benefit payments, and the financial value of this obligation must be recognised in the income statement and the balance sheet.

The accrued liability is determined using a linear earnings model, and is measured as the present value of the estimated future pension payments accrued at the reporting date. The net liability recognised in the balance sheet is the sum of the accrued pension liability less the fair value of any related pension assets.

Changes in the liability relating to defined-benefit plans which are due to changes in pension plans, and which result in an immediate entitlement to a paid-up policy are recognised in their entirety in the income statement. Changes in pension liabilities and assets attributable to changes in and deviations from calculation assumptions are called estimate deviations. Estimate deviations are recognised in equity through "Other comprehensive income" in the period in which they arise. The discount effect of the pension liabilities and expected return on pension assets is presented net under "Salaries and payroll costs" as this is deemed to reflect the Group's pension cost most accurately.

## Further information about the pension plans

**Defined-contribution plans**
Most of the Group's employees are enrolled in pension plans classified as defined-contribution plans. The contribution level in defined-contribution plans is based on maximum contribution rates permitted in the Norwegian Defined-

Contribution Pension Scheme Act. Defined-contribution plans also encompass pension plans that are shared among multiple companies, where the pension premium is determined independently of the demographic profile of each individual company (multi-company plan).

The Group is a member of the private contractual early retirement scheme (AFP plan). Under the AFP plan, employees receive a life-long addition to their pension. The pension can be drawn from age 62, also while the employee continue to work. The AFP plan is a defined-benefit, multi-employer plan, organised through a joint office and funded through premiums stipulated as a percentage of salary. The premium level has increased annually since the plan was established and is expected to continue to increase in the years to come.

**Defined-benefit plans**

The Group has a closed pension plan classified as a funded defined-benefit plan, in addition to closed unfunded defined-benefit plans, financed from the companies' current earnings. For employees affected by the transition to a defined-contribution plan a compensation scheme was established. This plan is an unsecured defined-benefit plan, providing annual accruals until the age of 67. Payments under the compensation scheme occur at the age of 67 or upon earlier resignation.

Certain members of Group management have individual supplemental agreements. For further information, please see Note 23, Remuneration to Group management.

The net pension liability in the balance sheet is presented after adjusting for the effect of changes in estimates recognised in "Other comprehensive income". The net pension liability is recognised under "Pension liabilities". When a plan's funds exceed the estimated liability, net pension assets are reported under "Pension assets".

Accrued pension rights are primarily funded through pension plans in Statnett SF's Pensjonskasse. In addition, the parent company has early retirement pension obligations that are funded through operations.

Employees who leave the Group before retirement age receive a paid-up policy. These paid-up policies are managed by Statnett SF's Pensjonkasse and Storebrand Livsforsikring AS. Statnett has no further obligations to employees once the paid-up policies have been issued. Assets and liabilities are measured on the date of issuance of the individual policy and are separated from pension assets and liabilities.

An external actuary calculates the pension liabilities. When calculating the pension liabilities, account is taken of the employer's national insurance contributions that the company is required to pay when paying direct pensions as well as premiums for funded plans.

**Assumptions for defined-benefit plans**

The Group uses the Norwegian Accounting Standards Board's assumptions as a basis for pension calculations, after assessing the extent to which these are applicable to the Group.

The discount rate is based on the discount rate for covered bonds (OMF). Statnett considers the OMF market to represent a sufficiently deep market to be used to calculate the discount rate.

**Pension costs**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 111 | 97 | Defined benefit plan | 100 | 112 |
| 128 | 157 | Defined contribution plan | 164 | 134 |
| 25 | 31 | Defined multi-employer plan | 32 | 27 |
| **264** | **286** | **Pension costs** | **296** | **272** |
| 32 | 32 | Employer's contributions | 33 | 33 |
| **296** | **318** | **Total pension costs, incl. employer's contribution** | **329** | **305** |
| **46** | **-165** | **Changes in estimate variances in other comprehensive income** | **-165** | **46** |

**Net estimated pension liabilities**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 2 809 | 2 695 | Gross pension liabilities | 2 702 | 2 810 |
| -2 656 | -2 849 | Gross pension assets | -2 857 | -2 657 |
| **153** | **-154** | **Net pension liabilities** | **-155** | **153** |
| | | | | |
| -117 | -434 | Net pension assets - funded plan | -435 | -118 |
| 270 | 280 | Unfunded pension | 281 | 270 |
| **153** | **-154** | **Net pension liabilities** | **-155** | **153** |

**Funded and unfunded pension liabilities**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| | | **Change in gross pension liability** | | |
| 2 731 | 2 807 | Gross pension liability on 1 Jan. | 2 811 | 2 732 |
| 99 | 79 | Present value of the year's pension contributions | 84 | 100 |
| 86 | 85 | Interest costs of pension liability | 85 | 86 |
| -4 | -177 | Actuarial gains and losses | -178 | -4 |
| -24 | -26 | Employer's contribution on premium paid | -26 | -24 |
| -81 | -74 | Disbursed pension/paid-up policies | -74 | -81 |
| **2 807** | **2 695** | **Gross pension liabilities as on 31 Dec.** | **2 702** | **2 810** |

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| | | **Change in gross pension assets** | | |
| 2 607 | 2 656 | Fair value of pension assets at 1 Jan. | 2 671 | 2 622 |
| 85 | 84 | Interest income on pension assets | 85 | 85 |
| -139 | -13 | Actuarial gains and losses | -14 | -139 |
| 171 | 184 | Premium paid | 185 | 171 |
| -69 | -62 | Pension/paid-up policies disbursed | -70 | -69 |
| **2 656** | **2 849** | **Fair value of pension assets as at 31 Dec.** | **2 857** | **2 671** |
| | | | | |
| **153** | **-154** | **Net pension liabilities/-assets as at 31 Dec.** | **-155** | **153** |

**Changes in estimate variances for the year**

| Parent company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | *(Amounts in NOK million)* | 2024 | 2023 |
| -282 | -321 | Change in discount rate | -321 | -282 |
| 378 | 13 | Interest income on pension assets | 13 | 378 |
| -50 | 143 | Other changes | 143 | -50 |
| **46** | **-165** | **Total changes in estimate variances for the year** | **-165** | **46** |

| Financial/actuarial assumptions, parent company and Group | 2024 | 2023 |
|---|---|---|
| Discount rate corporate covered bonds (OMF) | 3,90 % | 3,10 % |
| Interest income on pension assets | 3,90 % | 3,10 % |
| Expected wage adjustments | 4,00 % | 3,50 % |
| Expected pension adjustments | 3,75 % | 3,25 % |
| Expected adjustment of basic amount (G) under NIS | 3,00 % | 2,80 % |
| Mortality table | K2013FT | K2013FT |

**Sensitivity analysis**

The figures below give an estimate of the potential effect of a change in certain assumptions for defined-benefit pension schemes. The following estimates and estimated pension costs for 2024 are based on the facts and circumstances on 31 December 2024. Actual results may differ significantly from these estimates.

**Sensitivities decrease (increase) of benefit obligation as of year-end**

*(Amounts in NOK million, except per cent)*

| Parent company | | | Group | |
|---|---|---|---|---|
| 161 | 6,6 % | Discount rate increase 0.5 per cent | 161 | 6,6 % |
| -28 | -1,1 % | Expected salary increase 0.5 per cent | -28 | -1,1 % |
| -27 | -1,1 % | Expected pension increase 0.5 per cent | -27 | -1,1 % |

| Percentual breakdown of pension assets into investment categories, parent company and Group as at 31 December | 2024 | 2023 |
|---|---|---|
| Norwegian shares | 11 % | 10 % |
| Global shares | 23 % | 23 % |
| Held-to-maturity bonds | 8 % | 7 % |
| Nordic bonds | 10 % | 13 % |
| Global bonds | 26 % | 26 % |
| Property | 10 % | 9 % |
| Private equity | 5 % | 6 % |
| Money market | 4 % | 4 % |
| Bank deposits | 2 % | 2 % |
| **Total** | **100 %** | **100 %** |

**Members of the defined-benefit plan**

| Parent company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | | 2024 | 2023 |
| 786 | 789 | Members of the pension fund | 792 | 789 |
| 538 | 576 | Of which pensioners | 577 | 539 |
| **248** | **213** | **No. of active pension scheme members** | **215** | **250** |

## Disbursement flow Statnett SF

Based on the pension assumptions applicable as of 31 December 2024, the average weighted maturity for pension liabilities under the main scheme at Statnett SF was estimated at 11 years. Statnett SF's Pensjonskasse does not reconcile pension assets against the maturity profile of the plans' pension liabilities as of 31 December 2024.

# Note 8 Tangible and intangible assets

Tangible assets comprise power lines, substation infrastructure, buildings, land, ICT equipment etc. that are necessary for the Group's operations. Intangible assets mainly relate to proprietary software and are classified under "ICT" in the table below. Goodwill is a negligible amount and is classified as "Other".

## Material accounting policies

**Tangible assets**
Tangible assets are recognised in the balance sheet at cost price less accumulated depreciation and write-downs. The acquisition cost of an asset comprises its purchase price, including non-refundable taxes relating to the purchase, costs directly attributable to bringing the asset to its intended location and condition, less any discounts. Directly attributable costs include elements such as wages, assembly and installation costs, delivery costs, construction loan interest, document fees and transaction costs. One-off compensation in connection with land acquisition etc. is included in the cost price of the operating asset. Ongoing compensation payments are small sums and are recognised in the income statement in the year in which the compensation is paid.

With the exception of plot, tangible assets are depreciated to their estimated residual value at the end of their estimated useful economic life on a straight-line basis from the time they are available for use. The same applies to operating assets acquired from other grid owners. Material components of an operating asset are depreciated individually. Materiality is assessed based on the cost price of the components in relation to the cost price of the asset as a whole.

The value of assets and work carried out is transferred from "Assets under construction" to "Tangible assets" when the asset is available for use. In projects where material components become available for use at different times, each finished component is transferred to "Tangible assets" as and when it becomes available for use. The criteria used to determine when a component is considered available for use is described in Note 9, Assets under construction.

Cost estimates for the retirement of tangible assets are recognised as part of the acquisition cost at the time the Group is considered to have a legal or constructive removal obligation. The estimate is measured as the present value of the expenditure expected to be incurred at a future point in time. The annual interest expense resulting from the liability being one year closer to settlement is expensed. The estimate may be subsequently amended as a result of a change in the estimated size of the expenditure, a change in the expected schedule and/or a change in the discount rate. The changes are recognised in the balance sheet as an increase or decrease in the carrying amount of the asset. If a potential decrease is higher than the asset's carrying amount, the excess amount is recognised in the income statement.

Maintenance costs are recognised in the income statement as they accrue.

**Depreciation**
Depreciation is based on management's assessment of the useful economic life of tangible assets. These assessments may change, for example, due to technological developments and past experiences. This may result in a change in the asset's estimated useful economic life and consequently its depreciation. It is difficult to predict either the speed or nature of technological developments, and management may change its views on such matters over time. If expectations change significantly, depreciation will be adjusted with effect for future periods. The estimated useful

economic life, depreciation method and residual value are assessed at least once a year. For most assets, the residual value at the end of their useful economic life is estimated at zero.

**Intangible assets**
Intangible assets are measured at acquisition cost on initial recognition. In subsequent periods, intangible assets are recognised at acquisition cost less accumulated amortisation and write-downs. Intangible assets with a finite useful economic life are amortised over their useful economic life, which is assessed at least once a year. Intangible assets are amortised on a straight line as this most accurately reflects their use.

## General principles

**Right-of-use assets**
Right-of-use assets are recognised as tangible assets, i.e. on the same accounting line as the corresponding underlying assets would have been presented if they were owned.

On initial recognition of leases, right-of-use assets are measured at the value of the estimated lease liability plus restoration costs at the end of the lease term, and material expenses relating to the establishment of the lease. The carrying amount of right-of-use assets is reduced by any lease incentives received.

After initial recognition, right-of-use assets are measured at acquisition cost less any accumulated depreciation and any accumulated write-downs. Depreciation is recognised on a straight-line basis over the term of the lease. The cost of right-of-use assets is adjusted to reflect any changes resulting from reassessments of the lease liabilities. Statnett has chosen to apply the recognition exemptions in IFRS 16 for short-term leases (maturing with 12 months) and for leases where the underlying asset is of low value. For leases containing service elements, Statnett separates the value of such service elements so that these are not recognised in the balance sheet.

**Research and development**
Research costs are expensed on an ongoing basis.

Expenses relating to development activities are recognised in the balance sheet if the product or process is technically and commercially feasible and the Group has adequate resources to complete the development. Expenses recognised in the balance sheet include the cost of materials, direct wage costs and a share of directly attributable overheads. Capitalised development costs are recognised at acquisition cost, less any accumulated depreciation and write-downs. Capitalised development costs are depreciated on a straight-line basis over their useful economic lives.

## Assessment of useful economic life and climate risk

In 2024, there has been a change in the estimate of useful economic life. For further information about the annual assessment of useful economic life, the effects of the estimate change and the consequences climate risk has on our assets, this is disclosed in Note 3 Estimates, management assumptions and climate risk.

**Parent company**

| *(Amounts in NOK million)* | Power lines | Land and subsea cables | Main circuit equip-ment | Control and auxiliary equipment | ICT equip-ment | Buildings and land | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost on 1 Jan. 23** | **25 473** | **12 636** | **18 358** | **5 547** | **6 438** | **17 381** | **1 814** | **87 648** |
| Additions, acquisition cost | 1 531 | 224 | 1 292 | 420 | 896 | 1 573 | 156 | 6 092 |
| Disposals, acquisition cost | -10 | -25 | -41 | -4 | -90 | -17 | -36 | -223 |
| **Acquisition cost on 1 Jan. 24** | **26 993** | **12 836** | **19 610** | **5 963** | **7 244** | **18 937** | **1 934** | **93 517** |
| Additions, acquisition cost | 418 | 368 | 1 059 | 326 | 1 572 | 1 756 | 256 | 5 756 |
| Disposals, acquisition cost | -273 | -69 | -331 | -95 | -139 | -193 | -58 | -1 158 |
| **Acquisition cost on 31 Dec. 24** | **27 139** | **13 135** | **20 338** | **6 195** | **8 678** | **20 500** | **2 131** | **98 115** |
| **Accumulated depreciation and amortisation on 1 Jan. 23** | **7 036** | **2 244** | **5 046** | **2 386** | **4 050** | **3 471** | **1 207** | **25 440** |
| Depreciation and amortisation | 501 | 330 | 500 | 293 | 690 | 518 | 104 | 2 937 |
| Disposals, depreciation and amortisation | -4 | -3 | -25 | -3 | -90 | -15 | -34 | -173 |
| **Accumulated depreciation and amortisation on 1 Jan. 24** | **7 534** | **2 571** | **5 521** | **2 676** | **4 650** | **3 974** | **1 278** | **28 204** |
| Depreciation and amortisation | 413 | 337 | 594 | 283 | 758 | 595 | 119 | 3 099 |
| Disposals, depreciation and amortisation | -111 | -26 | -186 | -66 | -139 | -38 | -48 | -614 |
| **Accumulated depreciation and amortisation on 31 Dec. 24** | **7 835** | **2 882** | **5 929** | **2 894** | **5 269** | **4 531** | **1 349** | **30 689** |
| **Carrying value on 31 Dec. 23** | **19 460** | **10 265** | **14 088** | **3 287** | **2 594** | **14 963** | **655** | **65 313** |
| **Carrying value on 31 Dec. 24** | **19 304** | **10 253** | **14 409** | **3 301** | **3 409** | **15 969** | **782** | **67 426** |
| **Of which intangible fixed assets** | | | | | | | | |
| Carrying value on 31 Dec. 23 | - | - | - | - | 1 341 | - | 23 | 1 363 |
| Carrying value on 31 Dec. 24 | - | - | - | - | 2 036 | - | 85 | 2 121 |
| **Of which right-of-use assets** | | | | | | | | |
| Carrying value on 31 Dec. 23 | - | - | - | - | 174 | 221 | - | 395 |
| Carrying value on 31 Dec. 24 | - | - | - | - | 162 | 243 | 65 | 470 |
| **Of which asset retirement obligations** | | | | | | | | |
| Carrying value on 31 Dec. 23 | 101 | 48 | 184 | - | - | - | 2 | 335 |
| Carrying value on 31 Dec. 24 | 90 | 174 | 81 | - | - | 16 | 0 | 361 |
| Acquisition cost for tangible fixed assets fully depreciated, but still in use | 351 | 209 | 1 008 | 1 049 | 3 249 | 564 | 894 | 7 325 |
| Depreciation rate (straight-line) | 2 % | 2-7% | 2-5% | 3-13% | 5-33% | 0-7% | 0-33% | |

**Purchase of grid facilities**

Theres is no additions in 2024 that include purchase of grid facilities due to the third energy package.

**Group**

| *(Amounts in NOK million)* | Power lines | Land and subsea cables | Main circuit equip-ment | Control and auxiliary equipment | ICT equip-ment | Buildings and land | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost on 1 Jan. 23** | **25 744** | **17 858** | **19 828** | **5 759** | **7 185** | **18 224** | **1 892** | **96 490** |
| Additions, acquisition cost | 1 531 | 223 | 1 292 | 420 | 1 090 | 1 573 | 156 | 6 284 |
| Disposals, acquisition cost | -10 | -25 | -41 | -4 | -90 | -17 | -36 | -222 |
| **Acquisition cost on 1 Jan. 24** | **27 265** | **18 057** | **21 079** | **6 176** | **8 188** | **19 780** | **2 012** | **102 557** |
| Additions, acquisition cost | 418 | 368 | 1 059 | 326 | 1 619 | 1 756 | 256 | 5 803 |
| Disposals, acquisition cost | -274 | -70 | -331 | -96 | -132 | -193 | -58 | -1 154 |
| Reclassification to Assets held for sale | - | - | - | - | - | - | - | - |
| **Acquisition cost on 31 Dec. 24** | **27 410** | **18 355** | **21 807** | **6 406** | **9 675** | **21 343** | **2 209** | **107 205** |
| **Accumulated depreciation and amortisation on 1 Jan. 23** | **7 056** | **2 665** | **5 148** | **2 446** | **4 345** | **3 527** | **1 248** | **26 437** |
| Depreciation and amortisation | 506 | 461 | 531 | 306 | 796 | 532 | 105 | 3 237 |
| Disposals, depreciation and amortisation | -4 | -3 | -25 | -3 | -90 | -15 | -34 | -173 |
| **Accumulated depreciation and amortisation on 1 Jan. 24** | **7 558** | **3 123** | **5 654** | **2 750** | **5 060** | **4 049** | **1 308** | **29 501** |
| Depreciation and amortisation | 418 | 468 | 624 | 296 | 887 | 606 | 119 | 3 417 |
| Disposals, depreciation and amortisation | -111 | -26 | -186 | -66 | -133 | -38 | -51 | -611 |
| Reclassification to Assets held for sale | - | - | - | - | - | - | - | - |
| **Accumulated depreciation and amortisation on 31 Dec. 24** | **7 864** | **3 565** | **6 092** | **2 980** | **5 814** | **4 616** | **1 376** | **32 307** |
| **Carrying value on 31 Dec. 23** | **19 707** | **14 933** | **15 426** | **3 426** | **3 129** | **15 732** | **704** | **73 057** |
| **Carrying value on 31 Dec. 24** | **19 545** | **14 791** | **15 715** | **3 426** | **3 861** | **16 727** | **833** | **74 898** |
| **Of which intangible fixed assets** | | | | | | | | |
| Carrying value on 31 Dec. 23 | - | - | - | - | 2 480 | - | 138 | 2 618 |
| Carrying value on 31 Dec. 24 | - | - | - | - | - | - | - | - |
| **Of which right-of-use assets** | | | | | | | | |
| Carrying value on 31 Dec. 23 | - | - | - | - | - | - | - | - |
| Carrying value on 31 Dec. 24 | - | - | - | - | - | - | - | - |
| **Of which asset retirement obligations** | | | | | | | | |
| Carrying value on 31 Dec. 23 | - | - | - | - | - | - | - | - |
| Carrying value on 31 Dec. 24 | 351 | 209 | 1 008 | 1 049 | 3 267 | 564 | 773 | 7 222 |
| Acquisition cost for tangible fixed assets fully depreciated, but still in use | - | - | - | - | - | - | - | - |
| Depreciation rate (straight-line) | 0 % | - | - | - | - | - | - | |

**Expenditure on research and development**

Research and development activities that have been carried out and do not meet the criteria for being capitalised in 2024 and 2023 have been expensed with NOK 36 million and NOK 35 million respectively.

# Note 9 Assets under construction

Statnett has embarked on a phase of major investments. Most of these investments are made through projects recognised in the balance sheet as “assets under construction” until the assets are available for use.

## Material accounting policies

Assets under construction are recognised in the balance sheet at acquisition cost less any write-downs. Assets under construction are not depreciated.

Construction projects start with a feasibility and alternatives study. Once the study’s conclusions are available, and the main development concept has been selected, project costs cease to be expensed in the income statement and are recognised in the balance sheet instead. At this point, a licence has not been granted and no final investment decision has been made. Statnett has generally found that once a main concept has been selected for development, it is highly probable that the project will be fulfilled. If Statnett no longer deems project completion probable, the capitalised project costs are written down.

Accrued costs for construction projects are measured in accordance with the stage-of-completion method. Assessment of the stage of completion is based on a number of discretionary judgements, including evaluations of whether project activities qualify for capitalisation or whether Statnett has assumed the risk for and control of project deliverables. Ongoing assessments are made of whether licensing conditions or other causes necessitate a full or partial write-down of project expenses incurred. These assessments are performed per project.

Borrowing costs relating to own assets under construction are capitalised as construction loan interest. The interest is calculated based on the average borrowing interest rate and the scope of the investment, since the funding is not allocated to specific projects.

When assets under construction are available for use, they are reclassified as tangible or intangible assets. The term “available for use” means that the asset is in the location and condition necessary to be capable of operating in the manner intended by management. In the case of grid infrastructure, available for use means the grid infrastructure is ready to operate in the power grid.

**Specification of this year's change of assets under construction**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 6 131 | 6 286 | Acquisition cost on 1 January | 6 320 | 6 291 |
| 5 779 | 7 252 | Additions | 7 266 | 5 829 |
| 249 | 353 | Capitalised construction loan interest | 353 | 249 |
| -5 816 | -5 378 | Transferred to tangible and other intangible fixed assets | -5 426 | -5 991 |
| -58 | -86 | Write-downs | -86 | -58 |
| **6 286** | **8 428** | **Acquisition cost on 31 December** | **8 427** | **6 320** |
| - | -5 | Hedge accounting effects | -5 | - |
| **6 286** | **8 423** | **Assets under construction on 31 December** | **8 422** | **6 320** |

| **Average rate for capitalisation of construction interest** | **2024** | **2023** |
|---|---|---|
| | 5,20 % | 4,28 % |

**Contractual obligations**

As of 31 December 2024, contractual obligations totalled NOK 11.3 billion. The total reported obligation reflects residual contractual obligations for construction projects.

# Note 10 Financial income and expenses

Financial income and financial expenses mainly comprise interest income and interest expenses relating to the Group's financing. Other financial items not attributable to operating conditions are also recognised in these items.

## General principles

Interest income and interest expenses on loans and receivables are calculated using the effective interest method and recognised in the income statement as they accrue/are incurred.

Interest income, as well as unrealised and realised changes in the value of market-based securities, are presented net as "Net gain/loss from market-based securities".

Interest expenses relating to estimated future asset retirement obligations are recognised as "Other interest costs". The interest element of the asset retirement obligations is discussed in more detail in Note 24, Other liabilities.

Interest expenses relating to assets under construction are recognised in the balance sheet together with the asset, see Note 9 Assets under construction.

Foreign exchange gains or losses deriving from operating assets and liabilities, as well as the hedging of these items, are classified as "Other operating expenses", see Note 27, Other operating expenses. Unrealised foreign exchange gains or losses relating to the hedging of loans are presented net as a change in the value of derivatives. Other foreign exchange effects are presented net as foreign exchange gains/losses.

The interest element of pension costs is recognised in salary costs, see Note 7, Pensions.

**Information regarding the Group**
Investments in associates are recognised in accordance with the equity method in the consolidated financial statements. Statnett's share of profits/losses in associates are presented net as "Net financial income from associates" or "Net financial expenses from associates". Please also see Note 20, Investments in subsidiaries, joint ventures and associates.

**Information regarding the parent company**
Investments in subsidiaries and associates are recognised in accordance with the cost method in the parent company's financial statements. Group contributions and dividends received from associates and subsidiaries are recognised in the income statement as financial income, to the extent that they do not exceed accrued earnings during the period of ownership. Group contributions and dividends are recognised in the year they are adopted. Write-downs and reversals of write-downs of shares in subsidiaries and gains/losses on the sale of shares in subsidiaries are presented as "Net financial income from Group companies" or as "Net financial expenses from Group companies".

**Specification of financial income and financial costs**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| | | **Financial income** | | |
| 157 | 270 | Group contribution and dividend from subsidiaries | - | - |
| 14 | 22 | Net financial income from associates | 46 | 17 |
| 245 | 248 | Interest income from subsidiaries | - | - |
| 162 | 239 | Other interest income | 244 | 169 |
| 90 | 156 | Net gain/loss from market-based securities | 177 | 107 |
| - | - | Other financial income | 16 | -76 |
| **668** | **935** | **Total financial income** | **482** | **217** |
| | | | | |
| | | **Financial costs** | | |
| 15 | 12 | Interest costs from subsidiaries | - | - |
| 2 190 | 2 936 | Other interest costs | 2 936 | 2 191 |
| -249 | -353 | Capitalised construction interest | -353 | -249 |
| 42 | 3 | Net currency exchange loss | 3 | 41 |
| 140 | 329 | Other financial costs | 329 | 50 |
| **2 139** | **2 926** | **Total financial costs** | **2 915** | **2 032** |

# Note 11 Trade and other current receivables

This note presents trade and other current receivables relating to the Group's operating activities. Other current receivables can be either interest-bearing or non-interest-bearing.

## General principles

Trade receivables are recognised and presented in the original invoice amount (the transaction rate) at the invoicing date. Subsequently, trade and other current receivables are measured at amortised cost using the effective interest method. The interest element is disregarded since it is deemed to be immaterial in the context of the Group's trade and other current receivables.

**Impairment losses**

Trade and other current receivables are assessed for potential impairment on an ongoing basis. Write-downs for losses on trade receivables are recognised using the simplified method and are measured in an amount corresponding to the expected loss over the asset's lifetime. A loss provision is recognised if the loss potential is material, and it is deemed highly probable that the receivable will not be paid. The receivable is immediately derecognized if attempts to recover the receivable do not succeed and there are objective indications that a loss-inducing event has occurred that can be reliably measured and will affect payment of the receivable.

Other current receivables mainly consist of accrued congestion revenue and advance payments. On initial recognition, expected credit losses from potential default events are recognised as falling due within 12 months. An ongoing assessment is made of the individual assets' credit risk. If there is considered to have been a material increase in the expected credit loss, a loss provision is recognised based on all expected losses for all default events during the lifetime of the receivable.

**Specification of trade and other current receivables**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2023** | **2022** |
| 378 | 408 | Trade receivables | 397 | 391 |
| 300 | 294 | Short-term receivables group companies | - | - |
| 1 098 | 1 677 | Other short-term receivables | 1 468 | 830 |
| **1 776** | **2 379** | **Total trade and other current receivables** | **1 866** | **1 221** |

**Age distribution trade receivables as at 31 December 2024**

| *(Amounts in NOK million)* | **Not due** | **1-30 days** | **31-60 days** | **61-90 days** | **Over 90 days** | **Total trade rec.** |
|---|---|---|---|---|---|---|
| **Parent company** | 379 | 29 | - | - | - | 408 |
| **Group** | 363 | 34 | - | - | - | 397 |

**Impairment testing**

Trade and other current receivables account for a relatively small proportion of the Group's balance sheet, and inaccurate assessments of customers/debt owners' ability to pay will normally not result in material errors in the financial statements. A material share of the Group's revenue derives from the Group's contracts with customers for connection to and use of the transmission grid. Stringent sanctions and requirements for pledging of collateral mean that the risk of losses on these trade receivables is deemed to be extremely low. A particular assessment is made of other material trade receivables that are past due for payment.

As of 31 December 2024, there is no provision in the consolidated financial statements for losses on trade and other current receivables. In the financial statements of the parent company, there is also no provision for losses as of 31 December 2024.

# Note 12 Market-based securities

This note shows the size of the Group's surplus liquidity that is invested in market-based securities.

## Material accounting policies

Market-based securities that are part of a trading portfolio and debt instruments that are held to meet cash flows over and above payments of principal amounts and interest are classified at fair value with changes in value through profit or loss. Market-based securities are recognised at fair value at valuation level 1, since the securities are listed on a stock exchange and freely tradable. Please also see the description of the measurement hierarchy in Note 1 General information and basis for preparation of financial statements.

**Market-based securities**

| Parent company | | | Group | |
|---|---|---|---|---|
| **Acquisition cost** | **Carrying value** | *(Amounts in NOK million)* | **Acquisition cost** | **Carrying value** |
| | | **Bond- and money market-funds** | | |
| 4 907 | 4 906 | Norwegian investment grade bonds and money market funds | 5 429 | 5 446 |
| **4 907** | **4 906** | **Total fixed income funds** | **5 429** | **5 446** |
| | | **Equity funds** | | |
| - | - | Norwegian equity funds | 25 | 45 |
| - | - | Foreign equity funds | 14 | 30 |
| **-** | **-** | **Total equity funds** | **39** | **76** |
| **4 907** | **4 906** | **Total market-based securities** | **5 468** | **5 522** |

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# Note 13 Cash and cash equivalents

This note shows the Group's holdings of cash and bank deposits.

## General principles

Cash and cash equivalents comprise cash and bank deposits. Bank deposits include deposits under Credit Support Annexes (CSA agreements) that can be freely used by the Group. Restricted bank deposits are funds that the Group may only use to a limited degree. Restricted bank deposits relate to withholding tax, deposits for power trading and subordinated capital in the balance settlement.

**Specification of cash and cash equivalents**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 1 301 | 5 677 | Bank deposits | 5 741 | 1 392 |
| 1 249 | 1 466 | Restricted bank deposits | 1 470 | 1 252 |
| **2 550** | **7 143** | **Total cash and cash equivalents** | **7 210** | **2 644** |

Cash and cash equivalents exclude unused drawdown facilities of NOK 8,000 million.

# Note 14 Non-current financial assets

This note shows financial items of a long-term nature and includes both interest-bearing and non-interest-bearing items.

## General principles

Financial assets that are not expected to be realised within 12 months of the reporting date are classified as non-current. Non-current receivables and non-current loans receivable from Group companies are recognised at fair value at the agreement date plus any transaction costs, and subsequently measured at amortised cost using the simplified effective interest rate method. Shares that are not part of a trading portfolio are recognised at fair value through profit or loss.

**Impairment losses**
Impairments of non-current receivables and non-current loans receivables from Group companies are assessed on an ongoing basis. If the expected credit risk is deemed to have materially increased, a loss provision is recognised in an amount corresponding to the expected loss over the asset's lifetime.

**Specification of other non-current financial assets**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 62 | 113 | Long-term receivables | 110 | 60 |
| 3 904 | 3 619 | Long-term loans Group companies | - | - |
| 75 | 75 | Subord. capital in Statnett SF's pension fund | 75 | 75 |
| 3 | 3 | Shares and funds | 3 | 3 |
| **4 044** | **3 810** | **Total Other non-current financial assets** | **188** | **138** |

Subordinated capital in Statnett SF's Pensjonskasse is recognised at fair value on the transaction date. Shares and funds are recognised at fair value at valuation level 3. Please refer to Note 1, General information and basis for preparation of financial statements, for a description of the measurement hierarchy.

There were no transfers between the respective levels in neither 2023 nor 2024. There were no changes in level 3 in neither 2023 nor 2024.

Non-current loans receivable from Group companies accounts for a material share of non-current financial assets. The risk of default for these loans is considered very low both in the short and long term, due in part to these companies' equity adequacy, association with regulated activities, including deliverables to the parent company, and financing agreements and guarantees with the parent company.

Non-current receivables consist mainly of advance payments and other receivables. Impairment testing is carried out on an ongoing basis, and a loss provision is recognised for material changes in the items' credit risk.

Based on impairment testing at the end of the year, no loss provisions were recognised for non-current receivables or loans to subsidiaries as of 31 December 2024.

The difference between the carrying amount and fair value of non-current financial assets is considered to be immaterial.

# Note 15 Derivatives and hedge accounting

This note describes which of the Group's risk exposures are hedged using derivatives when the criteria for hedge accounting are met. The description includes how the risk exposures arise, which derivatives are used as hedging instruments and the Group's hedging policy when using derivatives. The information and tables will be the same for the parent company and the Group due to the fact that only the parent company uses financial derivatives and hedge accounting.

## Description of risk exposure hedged in accordance with the rules for hedge accounting

**Foreign exchange risk**

Foreign exchange risk is the risk of fluctuations in exchange rates affecting Statnett's income statement and balance sheet. Foreign exchange risk arises when the Group has income or expenses, raises loans, has bank deposits, or makes investments in securities in foreign currency. Statnett may also be exposed to foreign exchange risk in procurement contracts for investment projects. The Group's finance policy defines guidelines for hedging the foreign exchange risk for loans and major procurement contracts. Major procurement contracts are hedged or entered into in Norwegian kroner (NOK).

**Interest rate risk**

The Group is exposed to interest rate risk through its loan portfolio, liquidity holdings, placements in interest and money market funds and financial derivative contracts. Interest rate risk relating to the loan portfolio is hedged using interest swaps. Interest on loans can be hedged both from fixed to floating and from floating to fixed interest rates. Limits have been established regarding the proportion of Statnett's loans that should be at floating interest rates and criteria for hedging interest on loans.

## Material accounting policies

The Group applies the rules for hedge accounting when derivatives are used to hedge interest rate and foreign exchange risk, and when the criteria for hedge accounting under IFRS 9 are met.

Derivatives are initially recognised at fair value on the date the contract is entered into, and subsequently on an ongoing basis at fair value. Derivatives with a positive value are classified as assets, while derivatives with a negative value are classified as liabilities in the financial statements. On realisation, changes in fair value and gains/losses are immediately recognised in the income statement if the derivative is not part of a hedging relationship that satisfies the criteria for hedge accounting. Embedded currency derivatives in major procurement contracts are separated from the host contract and measured separately. Derivatives that hedge the Group's borrowings (interest-rate derivatives) are classified as interest-bearing, while derivatives that hedge foreign exchange risk (currency derivatives) for procurements, or other derivatives which are not directly linked to interest-bearing debt, are classified as non-interest-bearing. Derivatives are recognised and presented individually. Derivatives that mature within 12 months are classified as current, while derivatives that mature later than12 months forward are classified as non-current.

**Specification of derivatives**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 4 360 | 5 663 | Derivatives, interest-bearing | 5 663 | 4 360 |
| - | 4 | Derivatives, non-interest-bearing | 4 | - |
| **4 360** | **5 667** | **Total derivatives, non-current assets** | **5 667** | **4 360** |
| | | | | |
| 397 | 1 072 | Derivatives, interest-bearing | 1 072 | 397 |
| - | 10 | Derivatives, non-interest-bearing | 10 | - |
| **397** | **1 083** | **Total derivatives, current assets** | **1 083** | **397** |
| | | | | |
| **4 757** | **6 750** | **Total derivatives, assets** | **6 750** | **4 757** |
| | | | | |
| 863 | 784 | Derivatives, interest-bearing | 784 | 863 |
| - | - | Derivatives, non-interest-bearing | - | - |
| **863** | **784** | **Total derivatives, non-current liabilities** | **784** | **863** |
| | | | | |
| - | - | Derivatives, interest-bearing | - | - |
| - | 18 | Derivatives, non-interest-bearing | 18 | - |
| **-** | **18** | **Total derivatives, current liabilities** | **18** | **-** |
| | | | | |
| **863** | **802** | **Total derivatives, liabilities** | **802** | **863** |
| | | | | |
| **3 894** | **5 947** | **Total derivatives, net asset (+) / liability (-)** | **5 947** | **3 894** |

Derivatives are measured at fair value at valuation level 2, see description of the measurement hierarchy in Note 1.

## Description of derivatives used in hedging relationships

The Group uses different types of derivatives and strategies to manage foreign exchange and interest rate risk deriving from procurement contracts and new loans in foreign currency. Interest swaps or combined currency and interest swaps are used to manage foreign exchange and/or interest rate risk in loan contracts. Foreign exchange forward contracts can be used to manage foreign exchange risk in procurement contracts.

## The Group uses the following types of hedging relationships

**Fair-value hedges**

A fair value hedge is defined as a hedge of the exposure to changes in the fair value of a recognised asset, liability or binding agreement that can be attributed to a particular risk and can affect profit or loss. Changes in the fair value of derivatives designated as hedging instruments are recognised in the income statement on an ongoing basis. Changes in the fair value of hedged items are similarly recognised in the income statement within the same accounting line. Changes in value of fair-value hedges of hedged items recognised at amortised cost are amortised in the income statement over the residual term to maturity

The key terms of loans hedged using interest swaps or combined interest and currency swaps are matched so that there is complete alignment between cash flows in the hedged item and the hedging instrument. Although terms and cash flows align, fluctuations will occur due to basis spread changes in derivative contracts between relevant currencies. These unrealised changes in value during the hedging relationship only affect the hedging instrument, giving rise to an inefficiency in the hedging which is recognised in the income statement on an ongoing basis. NOK 267 million was expensed for this inefficiency in fair value hedges in 2024.

Foreign exchange forward contracts can be used to hedge the fair value of any major procurement contracts that have not been entered into in the Group's functional currency. Fair value is calculated for both the hedging instrument and the hedged item. Different maturity dates for the hedging instrument and hedged item and rolling of the hedging instrument will result in inefficiency that is recognised in the income statement under "Other operating expenses". Realised effects of the hedge for the hedging instrument and the hedged item are recognised in the income statement in the same period.

The Group discontinues fair-value hedging if one of the criteria are met:

- The hedging instrument expires, or is sold, terminated or exercised,
- The hedge does not satisfy the terms for hedge accounting, or
- The Group deems it appropriate to cancel the hedge for other reasons.

Should a hedging relationship expire, the change in value of the hedged item that has been recognised in the balance sheet is amortised over the residual term using the effective interest rate method.

**Cash flow hedges**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with the whole or a component of a recognised asset or liability or a highly probable forecast transaction, which could also affect profit or loss.

All derivatives defined as hedging instruments in cash flow hedges are recognised at fair value in the balance sheet. The effect is recognised as a cash flow hedge reserve. The effective portion of changes in the fair value of the hedging instrument is recognised in "Other comprehensive income", and reclassified to profit or loss on the implementation of the transaction that the derivative is hedging and is presented on the same line as the hedged transaction. If the change in the fair value of the hedging instrument is greater than that of the hedging object, the ineffective portion is recognised in the income statement on an ongoing basis (over hedging). If the forecast future transaction is no longer expected to be implemented, the amount previously recognised in other comprehensive income is recognised under financial income or financial expenses. If the hedging instrument expires or is sold, terminated or exercised, or Statnett elects to discontinue the hedging relationship, despite the fact the hedged transaction is expected to take place, accumulated gains or losses remain in other comprehensive income and are transferred from equity to the income statement when the transaction is implemented, with the result that the hedging instrument and the hedged item are recognised in profit or loss in the same period. If the hedged transaction is no longer expected to take place, the accumulated unrealised gains or losses on the hedging instrument are immediately recognised in the income statement.

**Economic hedges – derivatives not included in hedge accounting**

Statnett also holds both interest swaps and forward exchange futures contracts that do not qualify for hedge accounting under IFRS. These derivatives are measured at fair value and all changes in value are recognised in the income statement as "Financial income" or "Financial expenses". These types of derivatives are referred to as "free-standing derivatives".

EPAD's are recognised as derivatives measured at fair value through profit and loss. Activities related to these instruments in Statnett is considered as operational activities with profit and loss from the contracts classified as congestion revenues in the financial statement.

## Fair value measurement

Foreign exchange forward contracts are measured at fair value based on observable forward rates on contracts with similar terms at the balance sheet date. The fair value of interest and currency swaps is the present value of future cash flows based on observable market interest rates and foreign exchange rates at the balance sheet date. The fair value of interest swaps is the present value of future cash flows based on observable market interest rates at the balance sheet date. Since 2020, the Group has used market data from Bloomberg to calculate the fair value of interest and currency swaps and pure interest swaps. By using market data from a single source, the Group ensures that the fair value can be calculated at the same point in time on the balance sheet date for all contracts.

**Repayment profile for derivatives related to debt**

| **Parent Company and Group** *(Amounts in NOK million)* | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **> 15 years** | **Total market** | **Type of hedge accounting** |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Interes swap fixed to floating | 0 | - | - | - | - | 0 | Fair value hedge |
| Interest rate floating to fixed | 15 | - | - | - | - | 15 | Cash flow hedge |
| Interest and currency swap | 1 058 | 1 428 | 2 518 | 316 | 287 | 5 606 | Fair value hedge |
| Interest and currency swap | - | - | 1 115 | - | - | 1 115 | Cash flow hedge |
| **Total assets 31.12.2024** | **1 072** | **1 428** | **3 633** | **316** | **287** | **6 736** | |
| **Total assets 31.12.2023** | **397** | **1 684** | **2 477** | **-** | **199** | **4 757** | |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Interes swap fixed to floating | - | -32 | -161 | - | - | -193 | Fair value hedge |
| Interest and currency swap | - | - | -591 | - | - | -591 | Fair value hedge |
| **Total liabilities 31.12.2024** | **-** | **-32** | **-752** | **-** | **-** | **-784** | |
| **Total liabilities 31.12.2023** | **-** | **-** | **-863** | **-** | **-** | **-863** | |

The table below shows the effect of cash flow hedges that are recognised as a cash flow hedge reserve (negative figures reduce the Group's equity). No effects relating to hedging instruments that no longer qualify for hedge accounting were recognised in the income statement in the financial years 2023 or 2024.

**Development in cash flow hedge reserve**

| *(Amounts in NOK million)* | **31.12.2024** | **31.12.2023** |
|---|---|---|
| Cash flow hedge reserve before tax on 1 January | 733 | 618 |
| Change in market value | 396 | 115 |
| **Cash flow hedge reserve before tax on 31 December** | **1 129** | **733** |
| Deferred tax on cash flow hedge reserve | -248 | -161 |
| **Cash flow hedge reserve after tax on 31 December** | **881** | **572** |

## Embedded derivatives and hedged procurement contracts in foreign currency

As of year-end 2024, the Group has no significant embedded derivatives in its procurement contracts. During the year, measures have been taken to hedge currency exposure in a foreign currency procurement contact with fixed milestones. The hedging has been conducted as a fair value hedge, and the contract is hedged at the spot rate of the currency forward. Forward points (forward premium) are recognized as other operating expenses. Unrealised changes in fair value of the hedging instrument amounts to NOK 5 million and is adjusted towards assets under construction (see note 9).

## Effects from the IBOR reform (changes of interest reference rates)

During two phases, certain amendments have been made to IFRS 9, IAS 39 and IFRS 7 in terms of reliefs that can ensure continued hedge accounting under the transition to new interest reference rates under the IBOR reform. Statnett has chosen to early adopt the amendments from phase 1 as from 2019 and from phase 2 as from 2020.

In 2021, Statnett adhered to the ISDA "Fallback Protocol" that provides replacement rates for IBOR rates that will discontinue. All of Statnett's derivative counterparties in 2021, have either adhered to the ISDA "Fallback Protocol", or have entered an equivalent bilateral agreement with Statnett. No active financial instrument has so far been affected by the changes, only interest on collateral (CSA). The transition to new reference rates has not caused changes to accounting of or cash flows related to financial instruments. Nor, have the amendments impacted Statnett's hedge accounting, and none of the hedge accounting relationships have been cancelled following the amendments. The IBOR reform has not changed Statnett's approach to financial risk management. Please see note 16 Interest-bearing liabilities for a specification of interest-bearing debt and derivatives pr. currency.

Statnett has issued bond loans and entered derivative agreements with NIBOR as reference rate. On the date of reporting, Statnett has not identified reliable indicators suggesting that NIBOR will be replaced by a new reference rate, all though alternatives have been discussed, including a transition to a rate based on NOWA (Norwegian Overnight Weighted Average). Consequently, Statnett has no ongoing process for replacing NIBOR with a new reference rate in affected agreements.

# Note 16 Interest-bearing debt

This note presents the Group's current and non-current interest-bearing debt. The composition and level of interest-bearing debt are managed through the company's financing activities and are described in more detail in Note 15, Derivatives and hedge accounting.

## Material accounting policies

Interest-bearing debt relating to hedge accounting is measured at fair value at valuation level 2. Please see the description of the hierarchy in Note 1, General information and basis for preparation of financial statements.

Other interest-bearing debt is recognised at the fair value of the funds received, net after transaction costs. Loans are subsequently recognised at amortised cost using the effective interest method, where the difference between net funds and the redemption value is recognised in the income statement over the term of the loan.

## General principles

Lease liabilities are measured at the present value of fixed lease payments over the lease term, taking into account prolongation options or termination rights that it is reasonably certain that the Group will use. Statnett has exercised the exception provision by consecutively expensing short-term lease agreements of up to 12 months and low-value contracts. The first year's instalments are classified as current.

**Specification of interest-bearing debt**

| **Parent company** *(Amounts in NOK million)* | **2024** | | **2023** | |
|---|---|---|---|---|
| **Debt** | **Carrying** | **Fair value** | **Carrying** | **Fair value** |
| Long-term interest-bearing debt | 53 244 | 53 368 | 44 716 | 44 647 |
| Long-term interest-bearing debt Group companies | 11 | 11 | 13 | 13 |
| Long-term lease liabilities | 227 | 227 | 127 | 127 |
| **Total long-term interest-bearing debt** | **53 482** | **53 607** | **44 856** | **44 787** |
| | | | | |
| Short-term interest-bearing debt | 13 230 | 13 230 | 9 916 | 9 911 |
| Short-term interest-baring debt Group companies | 201 | 201 | 113 | 113 |
| Short-term lease liabilities | 60 | 60 | 76 | 76 |
| **Total short-term interest-bearing debt** | **13 491** | **13 491** | **10 106** | **10 100** |

| **Group** *(Amount in NOK million)* | | | | |
|---|---|---|---|---|
| **Debt** | | | | |
| Long-term interest-bearing debt | 53 244 | 53 368 | 44 716 | 44 647 |
| Long-term lease liabilities | 227 | 227 | 127 | 127 |
| **Total long-term interest-bearing debt** | **53 471** | **53 596** | **44 843** | **44 774** |
| | | | | |
| Short-term interest-bearing debt | 13 230 | 13 230 | 9 916 | 9 911 |
| Short-term lease liabilities | 60 | 60 | 76 | 76 |
| **Total short-term interest-bearing debt** | **13 290** | **13 290** | **9 993** | **9 987** |

**Changes in liabilities arising from financing activities**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** *(Bel* | | **2024** | **2023** |
| 48 674 | 55 825 | Liabilities in debt portfolio 01.01. | 55 699 | 48 440 |
| 11 962 | 13 367 | Borrowing of new debt (cash flow, received) | 13 367 | 11 962 |
| -8 013 | -5 554 | Repayment of debt (cash | -5 554 | -8 010 |
| 1 902 | 2 099 | Changes in CSA liabilities (cash flow, received) | 2 099 | 1 902 |
| 1 386 | 1 869 | Changes in fair value (non-cash flow) | 1 869 | 1 386 |
| -3 | -2 | Changes in intercompany | - | - |
| -105 | 88 | Changes in intercompany | - | - |
| 22 | 84 | Other (non-cash flow) | 84 | 19 |
| **55 825** | **67 775** | **Liabilities in debt portfolio 31.12.** | **67 563** | **55 699** |

**Repayment profile for interest-bearing debt**

**Parent company**

The loans are measured at amortised cost adjusted for the effect of fair value hedging.

| **Maturity date** *(Amounts in NOK million)* | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **15 years +** | **Total** |
|---|---|---|---|---|---|---|
| **Fixed rate loans** | | | | | | |
| Bond issues | 6 477 | 11 702 | 22 789 | 6 106 | 599 | 47 673 |
| Lease liabilities | 60 | 155 | 56 | 5 | 11 | 287 |
| **Total fixed rate loans 31.12.2024** | **6 537** | **11 857** | **22 845** | **6 111** | **610** | **47 960** |
| **Total fixed rate loans 31.12.2023** | **3 469** | **14 849** | **20 780** | **5** | **585** | **39 688** |
| | | | | | | |
| **Floating rate loans** | | | | | | |
| Collateral under CSA agreements[1] | 6 090 | - | - | - | - | 6 090 |
| Other interest-bearing debt | 201 | 11 | - | - | - | 212 |
| Bond issues | - | 3 104 | - | - | - | 3 104 |
| Loans from financial institutions | 665 | 3 582 | 4 100 | 859 | 401 | 9 607 |
| **Total floating rate loans 31.12.2024** | **6 956** | **6 697** | **4 100** | **859** | **401** | **19 013** |
| **Total floating rate loans 31.12.2023** | **6 636** | **3 750** | **3 983** | **739** | **164** | **15 272** |
| | | | | | | |
| **Total interest-bearing debt 31.12.2024** | **13 493** | **18 554** | **26 945** | **6 970** | **1 011** | **66 973** |
| **Total interest-bearing debt 31.12.2023** | **10 106** | **18 599** | **24 763** | **743** | **749** | **54 961** |

[1] Debt related to collateral under CSA agreements (Credit Support Annex) reflecting unrealised gains/losses on derivatives.
The agreements are settled weekly based on change in market value of the derivative exceeding defined limits.

**Group**

The repayment profile for interest-bearing debt of the Group differs from the parent company's repayment profile with intra-group loans. Within "Other interest-bearing debt" Statnett SF has one intra-group long-term loan, totalling NOK 11 million, payable on demand.

In addition, Statnett SF has intra-group debt of NOK 201 million, concerning the Group cash pool arrangement. The loans are eliminated in the Group statement. Please refer to the analysis of liquidity risk in note 18 Financial risk management.

Maturity of fixed interest in the Group indicates the period for which the interest rate in the group's debt portfolio is fixed, including adjustments for effects of associated interest rate derivatives.

| **Maturity of fixed interest of the loan portifolio** *(Amounts in NOK million)* | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **15 years +** | **Total** |
|---|---|---|---|---|---|---|
| Interest-bearing debt 31.12.2024 | 58 737 | 4 464 | 3 756 | 5 | 11 | 66 973 |
| Interest-bearing debt 31.12.2023 | 49 667 | 4 686 | 593 | 5 | 11 | 54 961 |

| **Specification of interest-bearing debt and derivatives** | **Principal debt Currency** *(Amounts in million)* | **Principal debt NOK** *(Amounts in NOK million)* | **Principal swap NOK** *(Amounts in NOK million)* | **Interest rate loan** | **Interest rate swap** | **Fair value swap** *(Amounts in NOK million)* |
|---|---|---|---|---|---|---|
| **Secured liabilities - fair value hedging** | | | | | | |
| NOK | -3 400 | -3 400 | -3 400 | 3,94 % | 5,51 % | -193 |
| SEK | -4 850 | -4 766 | -4 766 | 3,35 % | 5,39 % | 250 |
| USD | -980 | -6 605 | -6 605 | 3,18 % | 5,66 % | 2 309 |
| EUR | -2 198 | -23 127 | -23 127 | 2,34 % | 5,40 % | 2 456 |
| | | | | | | |
| **Secures liabilities - cash flow hedging** | | | | | | |
| USD [1] | -360 | -3 039 | -3 039 | 2,79 % | 5,65 % | 1 115 |
| EUR [2] | - | - | -3 000 | - | 2,49 % | 15 |
| | | | | | | |
| **Unsecured liabilities** | | | | | | |
| NOK - floating interest rate | -8 000 | -8 000 | - | 3,56 % | - | - |
| NOK - fixed interest rate | -9 373 | -9 373 | - | 5,21 % | - | - |
| | | | | | | |
| **CSA** | | | | | | |
| NOK | -1 389 | -1 389 | - | [3] | - | - |
| EUR | -399 | -4 700 | - | [4] | - | - |
| | | | | | | |
| **Total** | | | | | | **5 952** |

[1] Hybrid accounting policy of USD 360 million Cross Currency Interest Rate Swap. Underlying hedged object is included both as fair value hedge and cash flow hedge
[2] Interest Rate Swap NOK 3 000 million for hedging of floating interest to fixed interest. Underlying hedged object is included under fair value hedges
[3] NOWA (Norwegian Overnight Weighted Average rate) – Daily interest for NOK deposits
[4] EONIA overnight – daily interest published by European Banking Federation (EBF)

# Note 17 Trade and other current payables

This note presents trade payables and other current non-interest-bearing debt. Trade payables directly relate to operations, while other current payables relate to other liabilities such as public taxes and charges, salaries and holiday pay, accrued interest, etc.

## General principles

Non-interest-bearing debt is classified as current when it is part of ordinary operations, is used for trading purposes and matures within 12 months. Other debt is classified as non-current. Trade and other current payables are measured at amortised cost using the effective interest method. The interest element is disregarded since it is deemed to be immaterial.

**Specification of trade and other current payables**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 2 301 | 2 223 | Trade payables | 2 232 | 2 322 |
| 4 | 18 | Current liabilities Group companies | - | - |
| 176 | 487 | Public fees | 507 | 194 |
| 340 | 403 | Payroll and vacation pay | 415 | 351 |
| 605 | 654 | Accrued interest | 654 | 605 |
| 49 | 150 | Asset retirement obligations | 150 | 49 |
| 284 | 642 | Accrued power purchases | 642 | 284 |
| 144 | 392 | Customer settlement | 405 | 179 |
| 164 | 508 | Other short-term debt | 544 | 227 |
| **4 066** | **5 475** | **Total trade and other current payables** | **5 549** | **4 211** |

# Note 18 Financial risk management

## Financial risk

Statnett SF's finance policy is designed to enable the company to provide the necessary financing of planned operational and investment programmes in accordance with external legal and regulatory requirements and internal risk tolerance. A detailed framework has also been developed for the execution of the finance function in order to minimise the company's credit, interest rate and foreign exchange risks. Statnett SF uses financial derivatives to manage financial risk.

## Capital management

The main objective of Statnett's capital management structure is to ensure that the company has a sound financial position that enables it to operate and develop the transmission grid in a socioeconomically rational manner in accordance with established plans and the owner's expectations. Statnett's Board of Directors has decided that the enterprise must maintain a robust A-rating or better. Dividends are adopted by the General Meeting each financial year. The owner's dividend policy is to distribute 50 per cent of the Group's underlying profit. The dividend basis is defined as the Group's net profit for the year after tax, adjusted for the change in the year's accumulated post-tax higher/lower revenue. In other respects, the capital structure is managed through the raising and repayment of current and non-current debt, as well as changes in liquidity reserves. The loan agreements do not impose any capital requirements on the company that are expected to restrict the Group's capital structure. Nor are there any explicit equity requirements other than those stipulated in applicable laws and regulations. There were no significant changes in the targets and guidelines for capital management during the year.

**Overview of capital included in capital structure management**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 44 856 | 53 482 | Long-term interest-bearing liabilities | 53 471 | 44 843 |
| 10 106 | 13 491 | Short-term interest-bearing liabilities | 13 290 | 9 993 |
| 3 902 | 12 049 | Liquid assets and investment in market-based securities | 12 732 | 4 499 |
| **51 060** | **54 924** | **Net liabilities** | **54 029** | **50 337** |

## Liquidity risk

Statnett SF aims to be able to carry out 12 months of operations, investments and refinancing without raising any new debt. This will reduce Statnett's vulnerability during periods of restricted access to capital in the financial markets and periods with unfavourable borrowing conditions. Statnett has established procedures to ensure continuous monitoring and adaptation of its liquidity.

Statnett reduces liquidity risk relating to the maturity of financial liabilities by maintaining a diversified maturity profile, limits on the proportion of the loan portfolio that can mature within a 12-month period, access to multiple sources of funding in Norway and abroad, and sufficient liquidity to cover scheduled operations, investment and financing needs without incurring any new debt within a time horizon of 12 months.

At the reporting date, liquidity consisted of bank deposits, market-based securities and a credit facility of NOK 8 billion. The credit facility has not yet been utilised. Up to NOK 4 billion of the credit facility can be drawn at very short notice. Together with other sources of liquidity, this provides Statnett with good capabilities to handle large liquidity needs that

may arise at short notice, such as the pledging of collateral for derivatives under CSA agreements with weekly settlement.

Statnett SF has a high credit rating. Standard & Poor's and Moody's Investor Service have given Statnett SF credit ratings for non-current borrowings of A+ and A2 respectively. The high credit rating gives Statnett SF good borrowing opportunities.

The table below presents all gross cash flows relating to financial liabilities. Derivatives include the cash outflows in the derivative agreements. The cash flows have not been discounted and are based on interest rates and exchange rates at the end of the reporting period.

| *(Amounts in NOK million)*<br>**Parent company** | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **15 years +** | **Total** |
|---|---|---|---|---|---|---|
| Interest-bearing debt and interest payments | 15 469 | 24 532 | 34 081 | 7 764 | 1 406 | 83 252 |
| Trade acc.payable and other short-term debt | 5 475 | - | - | - | - | 5 475 |
| Derivatives | 6 910 | 12 986 | 20 390 | 6 683 | 852 | 47 820 |
| **Financial liabilities 31.12.2024** | **27 854** | **37 518** | **54 471** | **14 446** | **2 258** | **136 548** |
| **Financial liabilities 31.12.2023** | **18 147** | **38 305** | **49 605** | **1 376** | **1 552** | **108 985** |

| **Derivatives** | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **15 years +** | **Total** |
|---|---|---|---|---|---|---|
| Received | 7 296 | 12 261 | 23 507 | 6 903 | 1 230 | 51 196 |
| Disbursed | -6 910 | -12 986 | -20 390 | -6 683 | -852 | -47 820 |
| **Net derivatives 31.12.2024** | **386** | **-725** | **3 118** | **220** | **378** | **3 376** |
| **Net derivatives 31.12.2023** | **-294** | **-211** | **1 846** | **9** | **296** | **1 646** |

| *(Amounts in NOK million)*<br>**Group** | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **15 years +** | **Total** |
|---|---|---|---|---|---|---|
| Interest-bearing debt and interest payments | 15 469 | 24 521 | 34 081 | 7 764 | 1 406 | 83 241 |
| Trade acc.payable and other short-term debt | 5 549 | - | - | - | - | 5 549 |
| Derivatives | 6 910 | 12 986 | 20 390 | 6 683 | 852 | 47 820 |
| **Financial liabilities 31.12.2024** | **27 928** | **37 507** | **54 471** | **14 446** | **2 258** | **136 610** |
| **Financial liabilities 31.12.2023** | **18 292** | **38 291** | **49 605** | **1 376** | **1 552** | **109 116** |

| **Derivatives** | **Under 1 year** | **1 to 5 years** | **5 to 10 years** | **10 to 15 years** | **15 years +** | **Total** |
|---|---|---|---|---|---|---|
| Received | 7 296 | 12 261 | 23 507 | 6 903 | 1 230 | 51 196 |
| Disbursed | -6 910 | -12 986 | -20 390 | -6 683 | -852 | -47 820 |
| **Net derivatives 31.12.2024** | **386** | **-725** | **3 118** | **220** | **378** | **3 376** |
| **Net derivatives 31.12.2023** | **-294** | **-211** | **1 846** | **9** | **296** | **1 646** |

## Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations and that this will result in a financial loss for the Group.

**Specification of maximal credit exposure**

| Parent company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | *(Amounts in NOK million)* | 2024 | 2023 |
| 2 550 | 7 143 | Liquid assets | 7 210 | 2 644 |
| 1 352 | 4 906 | Investment in market-based securities | 5 522 | 1 855 |
| 766 | 660 | Derivatives | 660 | 766 |
| 4 044 | 3 810 | Long-term receivables, excl. derivatives | 188 | 138 |
| 1 776 | 2 379 | Trade accounts and other short-term receivables | 1 887 | 1 221 |
| **10 489** | **18 898** | **Total maximum credit exposure** | **15 467** | **6 624** |

To limit credit risk, Statnett has frameworks establishing requirements for creditworthiness and maximum exposure for each individual counterparty. Furthermore, the company ensures that credit risk in hedging relationships is very low by entering into collateral agreements based on Credit Support Annexes (CSA) for its most important derivative counterparties.

All placements of liquid assets are made within sector frameworks and maximum limits for individual counterparties with a high credit rating, where higher credit ratings result in higher limits. Market-based securities consist of multiple, well-diversified, investment-grade fixed-income funds.

A CSA is a legal document that regulates credit support (collateral) for derivative transactions with weekly settlement of unrealised gains/losses. Unrealised gains on derivatives result in Statnett receiving settlements that increase the company's bank balances and current liabilities. Conversely, unrealised losses on derivatives result in Statnett paying settlements to its counterparties which will reduce the company's bank balances and increase current receivables.

The table below shows the relationship between collateral pledged under the CSA agreements, the unrealised value of derivatives that fall within the scope of the CSA agreements and the unrealised value of all derivative transactions with external counterparties. Deposits are recognised in separate accounts, but are not classified as restricted bank deposits. This means that bank balances may not always fully reflect the amounts actually received from derivative counterparties.

**Specification of the relationship between collateral and interest bearing derivatives and FX swaps**

| *(Amounts in NOK million)* | Totaly paid | Market value derivatives under CSA agreements | Market value all derivatives |
|---|---|---|---|
| Received collateral under CSA agreements | 6 090 | 6 224 | 6 242 |
| Collateral under CSA posed to counterparty | - | - | - |

Internal limits define minimum ratings that counterparties in CSA agreements should have received from leading rating agencies. Particularly stringent rating requirements are defined for counterparties without CSA agreements.

Statnett's pilot scheme for EPAD contracts also entails collateral requirements and security deposits based on the market value of held derivative contracts. Collateral is received and posted through Nasdaq Clearing, which is Statnett's provider for settlement and clearing services for EPADs. The table below shows the composition of net collateral posted to Nasdaq Clearing at the end of the year. There is also possibilities to replace part of the collateral with bank guarantees, but this option had not been utilised as of the year-end.

**Specification of the relationship between collateral and derivatives (EPAD)**

| *(Amounts in NOK million)* | Paid (-) / Received (+) | Market value derivatives |
|---|---|---|
| Nasdaq Default Fund | (0,4) | NA |
| Initial Margin | (151,3) | NA |
| Variation Margin | (8,2) | (8) |
| **Net collateral** | **(160)** | **(8)** |

The Group's customer base primarily consists of municipal energy companies, Norwegian industrial customers and other Nordic TSOs. Historically, losses on accounts receivable have been low and this situation is not expected to change in the immediate future. In the event of default, the Group has efficient procedures to ensure rapid and close follow-up of customers, stringent sanction options and opportunities to demand collateral as part of the grid agreement. Consequently, the Group deems credit risk for accounts receivable to be very low.

Statnett SF has extended loans to subsidiaries, joint ventures and associates. The parent company has established a group cash pool scheme, where the subsidiaries Elhub AS and NordLink Norge AS pool their cash with the cash of their parent. Each of the subsidiaries may draw up to NOK 100 million as a loan from the parent company under the group cash pool scheme. The creditworthiness of the relevant subsidiaries is closely linked to Statnett SF's own credit rating due to ownership, the pledging of guarantees and/or receipt of services. Statnett SF also provides loans if needed to eSett Oy (associate) and Fifty AS (jointly controlled entity). Credit assessments are carried out when loan terms are established. All companies are monitored through board representation. Some of the loan agreements have covenants for equity ratios. No conditions have been registered that indicate potential impairments of loans.

## Recognition and measurement of expected credit losses

The Group recognises provisions for expected credit losses on financial assets measured at amortised cost or at fair value through profit or loss under "Other operating expenses" or "Other comprehensive income" in accordance with IFRS 9. The loss provision is based on the Group's assessment of the financial assets' credit risk.

For banks, derivative counterparties and other credit institutions, creditworthiness is regularly assessed during the year through monitoring of official ratings. Counterparty risk is monitored and reported on an ongoing basis to ensure that the enterprise's exposure does not exceed established credit limits and complies with internal rules. Credit risk for trade and other current receivables and non-current receivables is assessed monthly in the event of default or should other information become available that indicates that the borrower may not be able to repay all or parts of its liabilities. A financial instrument is deemed to be in default if it has not been settled at the agreed date. Impairments are recognised using the following methods:

1. Expected credit loss over the asset's lifetime

The expected credit loss resulting from all potential default events during a financial instrument's lifetime.

If the credit risk for a financial instrument has materially increased since initial recognition, the loss provision for that financial instrument is recognised in an amount corresponding to the expected credit loss over its lifetime.

2. Expected credit loss over 12 months

The portion of the expected credit loss during a financial instrument's lifetime that comprises the expected credit loss attributable to potential default events in the 12 months after the reporting date.

If the credit risk for a financial instrument has not materially increased since initial recognition, the loss provision for that financial instrument is recognised in an amount corresponding to the expected credit loss over 12 months.

The Group has defined the following credit risk assessment categories:

| Category | Description | Method of impairment recognition |
|---|---|---|
| Secure payer | No overdue liabilities and no increase in credit risk since initial recognition. | Expected credit loss over 12 months. |
| Doubtful payer – not creditworthy | Liabilities more than 30 days overdue, or there has been a significant increase in credit risk since initial recognition. | Expected credit loss over the asset's lifetime; effective interest is calculated on the gross amount. |
| Doubtful payer – creditworthy | Liabilities more than 90 days overdue, but there are indications that the creditor is creditworthy. | Expected credit loss over the asset's lifetime; effective interest is calculated at amortised cost. |
| Loss written off | There are indications that the creditor's financial problems are so great that the receivable must be deemed to be lost. | The receivable is written off in full. |

See also Note 11, Trade and other current receivables, and Note 14, Non-current financial assets, for further details of loss assessments.

## Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in foreign exchange rates that will result in changes in Statnett's income statement and balance sheet. Foreign exchange risk relating to major procurement contracts and loans in foreign currency is hedged within the framework defined for the execution of the finance function as detailed in Note 15. At the reporting date, there were no material currency reserves that had not been swapped or reserved for future liabilities. The Group has foreign equity funds and shares totalling NOK 51 million.

## Interest rate risk

The Group is exposed to interest rate risk through its borrowing portfolio, liquidity reserves and financial hedging activities. Statnett SF is also exposed to the interest rate level used to establish the revenue cap for grid operations (the NVE interest rate).

In order to reduce interest rate risk and minimise fluctuations in profits, the interest expense on Statnett's debt should correlate to the greatest possible extent with the income from grid operations that is derived from the NVE interest rate. This interest rate is calculated annually as an average of the daily observation of the 5-year swap rate. To achieve the desired interest terms on the company's debt, swap agreements linked to the underlying debt are used. At the end of 2024, 80 per cent of the Groups debt is exposed to floating interest rates. The revenue interest rate risk for the Group is based on the regulatory asset base and the NVE interest rate.

## Average effective interest rate

The table below shows the average effective interest rate for individual financial instruments.

| Parent company | | | Group | |
|---|---|---|---|---|
| 2023 | 2024 | | 2024 | 2023 |
| 5,38 % | 5,25 % | Investment in market-based securities | 5,15 % | 5,04 % |
| 3,71 % | 4,66 % | Bank deposits | 4,66 % | 3,71 % |
| - | - | Shares and equity funds | 20,10 % | 17,60 % |
| 4,28 % | 5,05 % | Loans | 5,05 % | 4,28 % |

**Sensitivity analysis**

**Interest rate sensitivity**

*(Amounts in NOK million)*

| Parent company | | Change in interest rate level | Group | |
|---|---|---|---|---|
| 2023 | 2024 | *Percentage points* | 2024 | 2023 |
| -8 | -18 | + 1 | -31 | -18 |
| 8 | 18 | - 1 | 31 | 18 |

The table above shows the sensitivity on potential changes in the value of asset placements following changes in interest for Statnett SF and the Group. The calculated effect shown demonstrates effect on net financial income following a change of marked interest of +/- 1 per cent as per December 31. For debt instruments the group utilises interest rate swap agreements to minimise variations in profit and loss due to changes in interest rates.

**Exchange rate sensitivity**

*(Amounts in NOK million)*

| Parent company | | Change in NOK exchange rate | Group | |
|---|---|---|---|---|
| 2023 | 2024 | *Percent* | 2024 | 2023 |
| -13 | -21 | + 5 | -24 | -15 |
| 13 | 21 | - 5 | 24 | 15 |

The table above shows the sensitivity for Statnett SF and the group's profit and loss due to potential changes in the exchange rate of NOK towards applicable currencies. The calculated effect to profit and loss (before tax) is due to a change in the monetary value of items that are not fully hedged. This mainly includes bank balances and euro-denominated CSA deposits. Other monetary items and all foreign currency debt is hedged, and following hedge accounting, the change in fair value of debt is offset by change in fair value of the derivative.

# Note 19 Taxes

## General principles

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/tax 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 tax losses and interest expenses carried forward.

Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed are offset. Deferred tax benefit is recognized when it is probable that the company will have sufficient taxable income to utilise the tax benefit. Deferred tax and tax benefit that can be capitalised are capitalised at nominal value and presented net in the balance sheet.

Tax effect of items recognised in other comprehensive income is also recognised in other comprehensive income, and tax effect on items related to equity transactions is recognised in equity.

For discussion of the regulations on global minimum tax (Pillar 2), reference is made to note 2 Amended accounting principles and new accounting standards.

**The tax expense comprises the following**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| - | - | Income tax | 89 | 71 |
| -828 | 411 | Change in deferred tax/tax benefit | 386 | -816 |
| **-828** | **411** | **Tax** | **475** | **-745** |

**Tax payable in the balance sheet**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| - | - | Tax payable for the year | 89 | 71 |
| **-** | **-** | **Tax payable** | **89** | **71** |

**Reconciliation of nominal tax rate and effective tax rate**

The following table provides a reconciliation of reported tax expense and tax expense based on nominal tax rate of 22 percent for 2024 and 2023.

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| -3 754 | 1 890 | Profit before tax | 2 189 | -3 362 |
| -826 | 416 | Expected tax expense at nominal rate | 480 | -740 |
| | | Effect on taxes of: | | |
| -2 | -5 | Permanent differences | -5 | -5 |
| - | - | Share of profit/loss in associates | - | - |
| **-828** | **411** | **Tax** | **475** | **-745** |
| | | | | |
| **22 %** | **22 %** | **Effective tax rate** | **22 %** | **22 %** |

**Breakdown deferred tax**

The following table provides a breakdown of the net deferred tax. Deferred tax assets are recognised in the balance sheet to the extent it is probable that these will be utilised. The tax rate used when assessing deferred tax is 22 per cent as of 31 December 2024 and 2023.

| **Parent company** *(Amounts in NOK million)* | **31.12.23** | **Recognised** | **Other compre-hensive income** | **Group contribution** | **31.12.24** |
|---|---|---|---|---|---|
| Current assets/current liabilities | 4 | -7 | - | - | -3 |
| Fixed assets | 5 565 | 652 | - | - | 6 217 |
| Pension liabilities | -34 | 31 | 36 | - | 33 |
| Other long term items | 1 089 | -296 | 87 | - | 880 |
| Tax loss carried forward | -1 780 | 31 | - | - | -1 748 |
| **Total** | **4 844** | **411** | **124** | **-** | **5 379** |

| **Group** *(Amounts in NOK million)* | **31.12.23** | **Recognised** | **Other compre-hensive income** | **Group contribution** | **31.12.24** |
|---|---|---|---|---|---|
| Current assets/current liabilities | 4 | -129 | - | - | -125 |
| Fixed assets | 5 820 | 704 | - | - | 6 524 |
| Pension liabilities | -34 | 30 | 36 | - | 33 |
| Other long term items | 1 067 | -198 | 87 | - | 956 |
| Tax loss/interest expenses carried forward *) | -1 818 | 31 | - | - | -1 786 |
| **Total** | **5 039** | **439** | **124** | **-** | **5 602** |

## Uncertain tax positions

In 2021, Statnett SF received a notice from the Norwegian tax authorities regarding the change in the tax assessment for 2018 concerning deductions for maintenance costs related to the replacement of components in the transmission grid. The notification was preliminary in nature, and it was not possible to quantify any potential exposure. Statnett SF disagreed with the legal basis for amending the tax assessment and provided its response to the tax authorities in 2022. Therefore, no provision was made for an uncertain tax position related to maintenance deductions in the 2021 financial statements.

In 2022, Statnett SF received a draft decision regarding the amendment of the tax assessment for 2018. The tax authorities largely maintained their assessment from the original notice in 2021, but without quantifying any deviations. Following the receipt of the draft decision in 2022, there was ongoing dialogue with the tax authorities, and requested information was submitted. Statnett then received a new draft decision in January 2025. The tax authorities maintain its position on the capitalisation requirement for pure insulation measures on power lines. Furthermore, it is stated that any additional cost when replacing power lines leading to increased voltage must be capitalised.

Based on the draft decision received in 2025, Statnett has conducted a review of all development projects in the period 2013-2024. Statnett has chosen to adjust previously deducted costs related to the expansion of the transmission grid. These costs are subject to capitalisation for tax purposes. Statnett has elected to recognise the effect of the deviation for all project investments in the period 2013-2024 that represent pure expansions of the transmission grid that were previously deducted for tax purposes. Previously deducted maintenance costs have been reversed, totaling NOK 1 574 million. The tax effect is calculated at NOK 346 million and reduces the deferred tax liability related to tangible assets by NOK 346 million, which is offset by a corresponding reduction in the deferred tax benefit related to tax loss carryforwards.

Apart from this, the company is principally opposed to the assessments made by the tax authorities, and believes there is a greater than 50 per cent likelihood that Statnett's position will prevail in the Tax Appeals Board or, if necessary, through litigation. This applies to the capitalization requirement for pure insulation measures on power lines, as well as the capitalization requirement for additional cost of replacing grid components with increased voltage. If the tax authorities prevail with their view regarding the obligation to capitalise pure insulation measures of power lines, as well as the obligation to capitalise additional costs when replacing power lines with higher capacity, the estimated exposure linked to these costs is calculated at NOK 589 million and NOK 181 million, respectively. The tax effect of the estimated exposure amounts to NOK 169 million and may potentially reduce the deferred tax liability related to tangible assets, offset by a corresponding reduction in the deferred tax asset related to tax loss carryforwards.

**Deferred tax recognised in other comprehensive income**

| Parent company | | | Group | |
|---|---|---|---|---|
| 31.12.23 | 31.12.24 | *(Amounts in NOK million)* | 31.12.24 | 31.12.23 |
| -10 | 36 | Change in estimate deviations of pension liabilities | 36 | -10 |
| 25 | 87 | Changes in fair value for cash flow hedges | 87 | 25 |
| **15** | **124** | **Total deferred tax recognised in other comprehensive income** | **124** | **15** |

# Note 20 Investments in subsidiaries, joint ventures and associates

The activities of Group companies are mainly concentrated in the parent company, Statnett SF. The Group also includes five subsidiaries, one joint venture and shareholdings in various associates. Please refer to Note 22, Related parties, for a description of the activities of the subsidiaries, joint ventures and associates.

## General principles

**Consolidated companies**
The consolidated financial statements include Statnett SF and subsidiaries over which Statnett SF alone exerts a controlling influence. Normally, Statnett SF is assumed to exert a controlling influence when its direct or indirect ownership interests account for more than 50 per cent of the voting shares. If Statnett actually or through an agreement owns less than 100 per cent of the voting shares, the Group still makes a concrete assessment of whether the Group actually has control or not.

The consolidated financial statements have been prepared using the transaction method and present the Group as if it were a single entity. The cost price of shares in the subsidiaries is eliminated against equity at the time of acquisition. Any excess value beyond the equity recognised in the subsidiaries is allocated to the assets and liabilities to which the excess value can be attributed. The portion of the cost of purchasing a business that cannot be allocated to specific assets, is presented as goodwill.

Statnett SF's Pension Fund is not part of the Group. Equity contributed to the pension fund is measured at fair value on the transaction date with changes in value through profit or loss, and classified as a non-current financial asset.

**Investments in associates**
Associates are companies over which Statnett exerts significant influence. This means that Statnett can influence the company's financial and operational decisions, but does not have control over the company. This will normally be the case for companies in which the Group owns between 20 and 50 per cent of the voting shares. Associates are recognised in accordance with the equity method. This means that the Group's share of profit/loss after tax and depreciation of any excess values are recognised in the income statement. The financial statements of associates are restated in accordance with Statnett's accounting policies (IFRSs). In the consolidated balance sheet, shareholdings in associates are recognised as non-current financial assets at historical cost plus accumulated shares of profit/loss, less dividends and any write-downs.

**Purchase/sale of subsidiaries, joint ventures and associates**
On the acquisition or sale of subsidiaries, joint ventures and associates, the companies are included in the consolidated financial statements for that portion of the year in which they were part of or associated with the Group.

**Investments in subsidiaries, joint ventures and associates in Statnett SF (parent company financial statements)**
Investments in subsidiaries, joint ventures and associates are recognised in accordance with the cost method in the parent company's financial statements. Group contributions paid (net after tax) are added to the cost price of investments in subsidiaries. Group contributions and dividends received are recognised in the income statement as financial income to the extent that they do not exceed accrued earnings during the period of ownership. Dividends in

excess of accrued earnings during the ownership period are deducted from the carrying amount of the share investment. Group contributions and dividends are recognised in the year they are adopted.

**Statnett SF had the following investments at 31 December 2024**

| *(Amounts in NOK thousand)* Company | Business nature | Year of acquisition | Registered office | Owner-ship interest | Voting rights | Carrying value |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| Statnett Forsikring AS | Insurance | 1998 | Oslo | 100 % | 100 % | 30 200 |
| NordLink Norge AS | Develop and operate national transmission grid | 2010 | Oslo | 100 % | 100 % | 2 090 262 |
| Nydalshøyden Bygg C AS | Real estate | 2013 | Oslo | 100 % | 100 % | 2 070 |
| Elhub AS | Data hub for electricity metering data | 2014 | Oslo | 100 % | 100 % | 209 719 |
| Statnett Sannan AS | Land ownership | 2022 | Trondheim | 100 % | 100 % | 6 608 |
| **Total subsidiaries** | | | | | | **2 338 859** |
| | | | | | | |
| **Joint ventures and associates** | | | | | | |
| Fifty AS | Develop and operate regulation and market systems | 2017 | Oslo | 50 % | 50 % | 5 000 |
| TSO Holding AS | Marketplace | 2002/2008 | Bærum | 32 % | 32 % | 55 143 |
| eSett OY | Nordic imbalance settlement | 2013 | Finland | 25 % | 25 % | 12 668 |
| KraftCERT AS | IT security | 2014 | Oslo | 33 % | 33 % | 1 623 |
| Nordic RCC A/S | Operational security in Nordics | 2022 | Copenhagen Denmark | 25 % | 25 % | 114 871 |
| **Total joint ventures and associates** | | | | | | **189 305** |
| | | | | | | |
| **Total subsidiaries, joint ventures and associates** | | | | | | **2 528 164** |

**Group value of companies recorded according to the equity method**

| *(Amounts in NOK thousand)* | Group value at 1 Jan. | Increase / Deduction | Result for the year | Dividend | Group value at 31 Dec. |
|---|---|---|---|---|---|
| **2024** | | | | | |
| TSO Holding AS, 32,2% | 33 736 | - | 21 717 | -21 896 | 33 557 |
| eSett OY, 25,0% | 23 774 | - | 3 034 | - | 26 808 |
| KraftCERT AS, 33,3% | 2 113 | - | 72 | - | 2 184 |
| Nordic RCC A/S, 25% | 113 136 | - | 20 721 | - | 133 858 |
| **Total associates** | **172 759** | **-** | **45 544** | **-21 896** | **196 407** |
| | | | | | |
| **2023** | | | | | |
| TSO Holding AS, 32,2% | 36 628 | - | 10 631 | -13 523 | 33 736 |
| eSett OY, 25,0% | 21 945 | - | 1 829 | - | 23 774 |
| KraftCERT AS, 33,3% | 1 664 | - | 449 | - | 2 113 |
| Nordic RCC A/S, 25,0 % | 108 589 | - | 4 548 | - | 113 136 |
| **Total associates** | **168 825** | **-** | **17 456** | **-13 523** | **172 759** |

# Note 21 Joint operations

To facilitate the construction of subsea cables for energy transmission to foreign countries, the Group has entered into agreements for construction and operation with the system operators in the Netherlands, Denmark, Germany and the UK. These arrangements are considered to be “joint operations” under IFRSs.

**Material accounting policies**

A “joint operation” is a joint arrangement in which the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its share of assets, liabilities, revenue and operating expenses relating to its interests in joint operations.

**Fifty AS**

There is currently one jointly controlled company in the Statnett Group, Fifty AS, which is recognised as a joint operation. The main reason the company is considered a joint operation is that Statnett and another party are bound by a contract that gives the parties joint control over Fifty AS. The company is also considered a joint operation because the parties have rights to the assets and obligations for the liabilities of Fifty AS. The investment in the jointly controlled company is recognised in accordance with the principle of proportional consolidation (“the gross method”), which means that Statnett recognises its share of revenue, expenses, assets and liabilities on each accounting line in the financial statements.

**Subsea cables**

The following sections provide more information about the subsea interconnectors Statnett SF’s assets relating to the interconnectors are included in the asset group “Underground and subsea cables” in the note on “Tangible and intangible assets”.

**NorNed**

TenneT TSO BV and Statnett SF have constructed a subsea cable to transport energy between Norway and the Netherlands, known as the NorNed interconnector. Each party owns its physical half of the cable – Statnett SF the northern section and TenneT the southern section. The interconnector is 580 km long and has a transmission capacity of 700 MW. The NorNed interconnector entered operation in May 2008. Costs and trading revenue from the operation of the NorNed interconnector are shared equally between TenneT and Statnett.

**Skagerrak**

Statnett SF owns Skagerrak Cables 1-3 while Energinet (DK) has a long-term lease for half of the cable capacity. Revenue from the lease is recognised under “Other operating revenue”. At the end of December 2014, Skagerrak Cable 4 (SK-4) entered operation. Statnett SF and Energinet each own a physical half of SK-4 – Statnett SF the northern section and Energinet the southern section. Costs and trading revenue from the operation of the Skagerrak interconnector are shared equally between Energinet and Statnett.

**Nordlink**

Statnett SF and the German companies TenneT and KfW have constructed an interconnector to transport energy between Norway and Germany. The project, known as the Nordlink interconnector, has a transmission capacity of 1,400 MW. The cable was put into regular operation on 31 March 2021, following a trial operation period starting in December 2020. The interconnector consists of a 53-km overhead power line on the Norwegian side and a 514-km subsea cable and a 55-km onshore cable on the German side. Ownership is divided equally, with Statnett SF owning the northern section through its wholly owned subsidiary NordLink Norge AS, and TenneT and KfW the southern section

through a jointly owned German company. Costs and trading revenues are shared equally between Germany and Norway.

**North Sea Link**

In the winter of 2015, Statnett SF signed a cooperation agreement with the UK company National Grid North Sea Link Ltd (NNL) with a view to realising an HVDC interconnector between Kvilldal in Norway and Blyth in North-East England. The North Sea Link project has a transmission capacity of 1,400 MW, and the interconnector consists of converter stations in Blyth and Kvilldal, a 714-km subsea cable, a 6-km onshore cable on the Norwegian side and a 2-km onshore cable on the UK side. Ownership is divided equally, with Statnett SF owning the eastern section and National Grid NSN Link Ltd the western section. Costs and trading revenues are apportioned equally between the parties. The entire facility was completed in 2021 and entered trial operation on 1 October 2021. It became fully operational in autumn 2022.

# Note 22 Related parties

**General principles**
Two parties are related if one party can influence the other party's decisions. Transactions between related parties are to be conducted on market terms.

**Owner**
As of 31 December 2024 Statnett SF was wholly owned by the Norwegian State through the Ministry of Energy (ME). Statnett has relations with ME both as owner and regulatory authority.

**Regulatory authority**
The Norwegian Parliament (Storting) is the legislative authority that passes legislation based on bills put forward by the government. Regulations are adopted by the King in Council. The ME delegates the administration of the greater part of the Norwegian Energy Act to the Norwegian Water Resources and Energy Directorate (NVE). The NVE leads the national preparedness for power supply. The NVE also processes applications for licences to construct power stations, power lines, transformer substations and other power supply infrastructure, as well as the regulation of watercourses. Pursuant to the Norwegian Public Administration Act, any administrative decision made by the NVE may be appealed to the ME as the superior authority.

The Norwegian Energy Regulatory Authority (RME), which is part of the NVE, is appointed as an independent regulatory authority for the electricity market in Norway. The RME's mandate is to ensure that participants comply with the regulations designed to ensure competitive conditions in the power market and an efficiently operated power grid. Any individual decisions made by the RME can be appealed to the Energy Appeals Board.

**Other related parties**
Investments in subsidiaries, joint ventures and associates are listed in note 20.

**Parent company**
Statnett SF is the borrower for the Statnett Group's external loans. The central treasury function at Statnett SF coordinates and manages the financial risks relating to foreign currency, interest rates and liquidity within the Group. Loan agreements have been made between Statnett SF and its subsidiaries.

Statnett SF administers the group cash pool system and is the holder of the main account. The participating group companies each have a sub-account linked to the main account. All the bank deposits in the cash pool system are recognised under cash and cash equivalents in Statnett SF's financial statements. Sub-account holders' shares of the main account are included in the intercompany balances. In addition, agreements have been entered into for the purchase and sale of services. All transactions are conducted as part of ordinary operations and on market terms. The most important transactions are described below.

**Statnett Forsikring AS**
Statnett Forsikring AS is licenced to provide insurance coverage and reinsurance for companies within the Statnett Group where the ownership exceeds 50 per cent. In addition, the company operates both as a direct personal accident insurance company and a non-life insurance company.

**NordLink Norge AS**
NordLink Norge AS is the owner of the northern section of the NordLink interconnector, look at note 21 Joint operations for more information.

NordLink Norge AS has no employees. Statnett SF has extended a loan to the company in connection with the construction of the interconnector. Statnett SF supplies project, operational and maintenance services, as well as administrative services to support the company's operations. NordLink Norge AS is included in the group cash pool system.

**Elhub AS**
Elhub AS operates and develops the central datahub for metering values and market processes in the Norwegian electricity market. The company's main function is automated processing and distribution of metering values, as well as processing market activities such as supplier changes, relocations, and reporting in the Norwegian electricity market. The datahub entered operation on 18 February 2019.

Statnett SF extended a loan to Elhub AS in connection with the development of the datahub. Statnett SF also provides administrative support services within IT, legal affairs, procurement and treasury. Elhub AS is included in the group cash pool system.

**Nydalshøyden Bygg C AS**
The company is the title holder to the property Nydalen Allé 33 in Oslo where Statnett SF has its head office. The company has extended a loan of NOK 11 million to Statnett SF.

**Statnett Sannan AS**
The company is the title holder to a commercial property in Steinkjer. There is no other operational activity of the company.

**Fifty AS**
Fifty AS is a jointly controlled company owned 50 percent by Statnett SF and 50 % by Svenska Kraftnät. It is considered as a joint operation, see note 21 Joint operations for more information.

The company maintains and develops IT systems to support the balancing of the Nordic power system. Fifty AS delivers licensing, maintenance and administrative services to Statnett SF. There are no employees in the company. Statnett SF provides project services related to the management and development of IT systems, as well as administrative support services to the company.

**TSO Holding AS**
TSO Holding AS is an associated company owned 32,2 percent by Statnett SF as of 31 December 2024. The associated company owns 34 percent of the shares in Nord Pool AS. Statnett SF purchases power from Nord Pool AS daily to compensate for transmission losses in the grid. Transactions are settled at the prevailing market prices on the power exchange.

**eSett OY**
eSett OY provides imbalance settlement services to the electricity market participants in Denmark, Finland, Sweden and Norway.

The company is equally owned by the four Nordic transmission system operators (TSOs) Energinet, Fingrid, Svenska Kraftnät and Statnett SF, each party holding 25 percent.

**Nordic Regional Coordination Centre (Nordic RCC)**

Nordic RCC was established on 1 January 2022 and entered operation on 1 July 2022. The company is equally owned by the four Nordic transmission system operators (TSOs) Energinet, Fingrid, Svenska Kraftnät and Statnett SF, each party holding 25 percent.

Nordic RCC helps the Nordic TSOs in maintaining operational security in the Nordic power system, by calculating transmission capacity to the market and coordinating disconnections. Transactions between the parties are carried out according to the arm's length principle.

**Dividends and Group contributions**

In 2024, Statnett SF received dividends and group contributions from subsidiaries and associates totalling NOK 292 million.

**Statnett SF inter-company accounts**

| | Trade accounts | | Lending | |
|---|---|---|---|---|
| *(Amounts in NOK million)* | 2024 | 2023 | 2024 | 2023 |
| Subsidiaries | 37 | 40 | 3 913 | 4 204 |
| Joint ventures and associates | 19 | 78 | - | - |

| | Trade acc. Payable | | Borrowing | |
|---|---|---|---|---|
| *(Amounts in NOK million)* | 2024 | 2023 | 2024 | 2023 |
| Subsidiaries | 1 | - | 212 | 126 |
| Joint ventures and associates | 34 | 12 | - | - |

**Interest rates**

Interest rates on long-term borrowing and lending have been agreed at three or six months' NIBOR with a mark-up in the interval 0,7 - 1,3 percent. The interest rates in the cash pool systems are agreed at three months NIBOR with a mark-up of 0,25 and 0,7 percent for receivables and liabilities respectively.

**Statnett SF's intra-group trading**

| | Regulated operating revenue | | Other oper. revenues | | Operating costs | |
|---|---|---|---|---|---|---|
| *(Amounts in NOK million)* | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Subsidiaries | -808 | -872 | 116 | 147 | -181 | -171 |
| Joint ventures and associates | - | - | 24 | 40 | -190 | -23 |

| | Financial income | | Financial costs | |
|---|---|---|---|---|
| *(Amounts in NOK million)* | 2024 | 2023 | 2024 | 2023 |
| Subsidiaries | 248 | 245 | -12 | -15 |
| Joint ventures and associates | - | - | - | - |

| | Group contribution received | | Dividend received | |
|---|---|---|---|---|
| *(Amounts in NOK million)* | 2024 | 2023 | 2024 | 2023 |
| Subsidiaries | 270 | 158 | - | - |
| Joint ventures and associates | - | - | 22 | 14 |

# Note 23 Remuneration to Group Management

**Board's statement regarding salaries and other remuneration to senior executives 2024**
The statement regarding remuneration paid to the CEO and Group management has been prepared in accordance with the company's Articles of Association, the provisions of the Norwegian Public Limited Liability Companies Act, and "Guidelines for the Remuneration of Senior Executives in Companies with State Ownership", as formulated by the Ministry of Trade, Industry and Fisheries' report on 12 December 2022.

**Management remuneration policy**
The guiding principle for the Group is that salaries and other benefits for Group management should be competitive, allowing the Group to attract and retain highly skilled senior executives. The compensation should not take a leading position when it comes to salary but still be competitive relative to our industry and other companies recruiting in the same market as Statnett. The salary should simultaneously reflect the individual's experience, scope of responsibility, and results achieved. The management remuneration policy applies to Statnett SF and its subsidiaries.

**Guidelines for determining salaries and other remuneration**
Based on the Ministry of Trade, Industry and Fisheries' "Guidelines for the Remuneration of Senior Executives in Companies with State Ownership", the Board of Directors has established a framework to determine which elements are to be included in the Group's future salary and remuneration packages for new senior executives. The following frameworks apply:

**Fixed salary:** The fixed salary is determined based on an assessment of the position in question and of the market, taking into account Statnett's policy of offering competitive terms, without being a salary leader. When a fixed salary is determined, the combined value of the total benefits must be used as a basis.

**Pension plan:** Membership in Statnett's collective defined contribution pension scheme.

**Personal accident insurance:** Schemes applicable for other employees including group life-, accident-, sickness insurance as well as occupational injury- and travel insurance, are also applicable for Group management.

**Company car scheme:** A car allowance can be offered. In exceptional cases, a company car can be offered if required for official business.

**Other benefits:** Coverage of newspaper, mobile phone and broadband communication costs in accordance with internal guidelines.

**Internal Board members:** Internal Board members do not receive remuneration. Board insurance exists for all Board members.

These frameworks apply to Statnett SF and its subsidiaries.

**Existing schemes for Group management**
Remuneration paid to Group management is determined in accordance with the guidelines described above. Due to previous decisions, members of Group management may have different remuneration due to individual agreements entered into before the guidelines were established.

In addition to a fixed salary, Group management is entitled to a car allowance and membership in the Group's collective pension plan. In accordance with previously entered employment contracts, two Group management members have individual pension agreements covering income exceeding 12 times the Norwegian National Insurance Scheme's basic amount (12G). One Group management member has a company car based on previously established employment contracts. In accordance with pre-existing arrangements, the retirement age for two Group management members is 65 years of age. Group management members employed during or after 2019 do not have such a provision in their employment contracts. These employment contracts refer to Statnett practice of limiting the upper age for employment at 70 years, with the possibility of transitioning to other positions at any time after the age of 60, based on a mutual agreement. The company has not established any bonus, share-based remuneration or any other incentive-based schemes for senior executives.

The Board has appointed a new CEO who took up the position on 1 November 2024. The CEO's remuneration in addition to fixed salary is limited to an individual pension scheme based on a previous agreement, our group personal insurance policies, a company car based on a previous agreement, a free newspaper and broadband communication. The CEO has a 12 months severance pay agreement in the event of dismissal from the company. No other Group management members has an agreement granting severance pay. One manager at a subsidiary has an agreement granting 12 months severance pay, including notice period, in the event of dismissal by the company.

**Execution of remuneration principles in 2024**
Remuneration for senior executives in Statnett and its subsidiaries in 2024 was conducted in accordance with the above-mentioned guidelines. The Board of Directors approves annual salary adjustment for the company's President and CEO and adopts a framework that the President and CEO uses to adjust the salaries of other Group management members. The salaries for the President and CEO and Group management were adjusted in 2024 within the limits as for the rest of the Group employees.

With respect to the need to maintain the present level of remuneration, the Board of Directors comments as follows:

**Recruiting:** The President and CEO was recruited in 2020 and in 2024. In 2022 and 2023 three external recruiting processes were conducted in Group management. Through these processes we found that Statnett does not take a leading position when it comes to executive pay for the President and CEO and for Group management members. Meanwhile, the current level of remuneration is required in order to attract and recruit future external candidates to Group management.

**Remuneration comparison obtained from selected comparable companies and Korn Ferry (HAY):**
Information obtained from selected comparable companies show that Statnett does not take a leading position when it comes to the salary for the president and CEO and Group management members. Salary statistics from Korn Ferry (HAY) show that the level of remuneration for the President and CEO and Group management is lower than the average in their respective bands.

**Salary band:** The increase in average basic salary for Group management is not beyond the annual adjustment for the Group employees in 2024.

**Bonus:** There are no bonus schemes in Statnett.

It is of the opinion of the Board of Directors that the overall remuneration package paid to senior executives is compliant with respect to the requirements in the Ministry of Trade, Industry and Fisheries' "Guidelines for the Remuneration of Senior Executives in Companies with State Ownership".

**Organisation**

The Board of Directors has established a Remuneration Committee, consisting of two board members, of which one is appointed by the owner and one is elected by the employees. The Remuneration Committee is an advisory and preparatory body for the Board of Directors, that proposes salary adjustments in accordance with the guidelines specified in this statement. Separate instructions have been prepared for the committee. The EVP People and Sustainability regularly attends Committee meetings. The Director of Employer Responsibility serves as secretary for the Committee.

**Remuneration guidelines applicable for 2024**

In 2023, the Board of Directors adopted new remuneration guidelines for senior executives at Statnett, based on Article 8 of the Articles of Association, §6-16a and §6-16b of the Norwegian Public Limited Liability Companies Act, and the Ministry of Trade, Industry and Fisheries' regulations relating to guidelines for- and reporting of, the remuneration of senior executives. The guidelines were approved at the Annual General Meeting in 2023, and have been used for the Executive Remuneration Statement for 2024.

| **Remuneration to the Board** *(Amounts in NOK)* | | **Board remuneration** | |
|---|---|---|---|
| **Board members** | | **2024** | **2023** |
| Nils Kristian Nakstad | Chair | 550 000 | 531 500 |
| Wenche Teigland | Vice Chair | 411 000 | 356 500 |
| Egil R Gjesteland | Board member | 347 000 | 324 000 |
| Maria Sandsmark | Board member | 327 000 | 304 000 |
| Hilde Singsaas | Board member | 327 000 | 304 000 |
| Christian Henrik Prahl Reusch | Board member | 292 000 | 269 000 |
| Steinar Jøråndstad | Board member *) | 327 000 | 304 000 |
| Rolf-Amund Korneliussen (until June 2024) | Board member *) | 163 500 | 304 000 |
| Ingeborg Skjelkvåle Ligaarden | Board member *) | 309 500 | 269 000 |
| Børre Langgård (from June 2024) | Board member *) | 146 000 | - |
| Anne-Beth Bjørnstad Hanssen (until June 2024) | Deputy board member *) | 9 000 | - |
| Erika Stadler (from June 2024) | Deputy board member *) | 9 000 | - |
| **Total board remuneration** | | **3 218 000** | **2 966 000** |

All figures are exclusive of employer's NICs.
Board members receive compensation for their participation in the Audit Committee, Remuneration Committee or Project Committee.
Board remunerations may therefore vary.
*) In the case of employee representatives, only board members' fees are stated.

| Remuneration/benefits to Group management 2024<br>*(Amounts in NOK)* | | Salary | Other remun-eration[1] | Pension cost | Total remun-eration |
|---|---|---|---|---|---|
| **President and CEO** | | | | | |
| Elisabeth Vike Vardheim (from June) [3] | | 2 835 862 | 127 866 | 615 302 | 3 579 030 |
| Hilde Tonne (until May)[2] | | 2 458 787 | 76 573 | 87 829 | 2 623 189 |
| **Executive Vice Presidents** | | | | | |
| Håkon Borgen | Offshore Development | 2 766 275 | 169 176 | 978 682 | 3 914 134 |
| Cathrine Lund Larsen | Chief Financial Officer | 2 917 349 | 163 602 | 211 072 | 3 292 023 |
| Peer Olav Østli | System Operations | 2 924 888 | 176 234 | 1 235 722 | 4 336 844 |
| Elisabeth Vike Vardheim (until may) [3] | Grid & Asset Management | 1 278 473 | 91 333 | 439 501 | 1 809 307 |
| Christian Færø (constituted from June) | Grid & Asset Management | 1 443 844 | 98 903 | 123 125 | 1 665 872 |
| Beate Sander Krogstad | Digital & IT | 2 810 383 | 163 506 | 265 414 | 3 239 303 |
| Gunnar G. Løvås | Markets & System Development | 3 209 196 | 169 078 | 211 072 | 3 589 346 |
| Anne Wilhelmine Flagstad | People & Sustainability | 2 742 663 | 154 258 | 211 072 | 3 107 993 |
| Ingeborg Øfsthus (from February) | Technology & Transformation | 2 581 703 | 149 576 | 194 002 | 2 925 280 |
| **Total remuneration** | | **27 969 422** | **1 540 106** | **4 572 793** | **34 082 321** |

All figures are exclusive of employer's NICs.

[1] Included value of company car or fixed car allowance, phone, newspapers and personal insurance.

[2] Additionally, 6 months' salary is paid during the notice period, amounting to NOK 3,835,048.

[3] Elisabeth Vike Vardheim served as Executive Director for Grid & Asset Management until she was constituted as the President and CEO from June 1 and employed as the President and CEO from November 1, 2024.

| Remuneration/benefits to the Group management 2023<br>*(Amounts in NOK)* | | Salary | Other remun-eration[1] | Pension cost | Total remun-eration |
|---|---|---|---|---|---|
| **President and CEO** | | | | | |
| Hilde Tonne | | 5 604 750 | 193 427 | 200 728 | 5 998 905 |
| **Executive Vice Presidents** | | | | | |
| Håkon Borgen | Offshore Development | 2 631 168 | 163 506 | 954 119 | 3 748 793 |
| Cathrine Lund Larsen | Chief Financial Officer | 2 695 569 | 164 363 | 200 728 | 3 060 660 |
| Peer Olav Østli | System Operations | 2 785 372 | 153 478 | 1 202 908 | 4 141 758 |
| Elisabeth Vike Vardheim | Grid & Asset Management | 3 053 858 | 216 090 | 1 020 187 | 4 290 135 |
| Beate Sander Krogstad | Transformation & Digital | 2 671 444 | 211 039 | 253 178 | 3 135 661 |
| Gunnar G. Løvås | Markets & System Development | 3 050 915 | 165 476 | 200 728 | 3 417 119 |
| Anne Wilhelmine Flagstad | People & Sustainability | 2 540 300 | 151 773 | 200 728 | 2 892 801 |
| **Total remuneration** | | **25 033 377** | **1 419 152** | **4 233 304** | **30 685 832** |

All figures are exclusive of employer's NICs.

[1] Included value of company car or fixed car allowance, phone, newspapers and personal insurance.

**Terms of employment, Group management**

| Title/name | Terms relating to retirement age, early retirement pension, retirement pension and severance pay |
|---|---|
| **President and CEO:** Elisabeth Vike Vardheim (constituted as of 1 June 2024, employed as CEO from 1 November 2024) | The age limit for the position of CEO is 70 years. In addition to ordinary membership in Statnett's collective pension plan, a private pension agreement has been set up through previous agreements, where the pension, including interest, is secured through a bank savings account, to be paid to the insured. Statnett will, each year until retirement or resignation, pay up to 30 per cent of the difference between the ordinary salary and 12 times the Norwegian National Insurance Schemes basic amount to the pension fund plan. The payment is linked to Elisabeth Vike Vardheim's position and salary as Executive Vice President of Grid & Asset Management, with an annual G adjustment. Upon death, the surviving spouse or spouse equivalent will receive an amount corresponding to the remaining savings account balance including interest from Statnett SF. This lump sum will be taxable in the hands of the recipient.<br><br>Elisabeth Vike Vardheim is additionally entitled to a pension from the company's collective defined-benefit plan from the age of 67. |
| **President and CEO:** Hilde Tonne (until May 2024) | In addition to a fixed salary, the President and CEO's remuneration is limited to membership in Statnett's defined contribution pension scheme, collective insurance schemes, car allowance and coverage of newspapers and broadband communication. The President and CEO has agreed to a 12-month severance package in the event of dismissal from the company. |
| **Executive Vice President:** Håkon Borgen | Retirement age is 65, with the right to retire with an early retirement pension at any time after the age of 62. In the event of retirement between the ages of 62 and 65, an annual payment of 66 per cent of the pension base will be disbursed. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. In the event that other income is received and this, together with the early retirement pension disbursed by Statnett, exceeds the final salary, the yearly retirement pension will be reduced by 50 per cent of the amount that exceeds the final salary.<br><br>From the age of 65, the full annual retirement pension is 66 per cent of the pension base. The pension base is adjusted annually by the same percentage increase as in the basic amount under the Norwegian National Insurance Scheme. In the event of death, any surviving spouse and children under the age of 21 will receive a pension.<br><br>Entitlement to pension benefits beyond those granted through the collective pension plan will lapse if the EVP is no longer employed by Statnett SF by the age of 62. In the event of disability before the age of 65, a disability pension will be payable. The full disability pension equals the retirement pension awarded at the age of 65. The disability pension will be reduced in line with the degree of disability. Håkon Borgen is included in the enterprise's defined contribution plan and related compensation plan from the previous defined benefit pension plan. |

**Terms of employment, Group management**

| Title/name | Terms relating to retirement age, early retirement pension and retirement pension |
|---|---|
| **Executive Vice President:**<br>Peer Olav Østli | Retirement age is 65 years, with the right to retire with an early retirement pension at any time after 62 years of age. The full qualifying period is 30 years. In the event of retirement between ages 62 and 65, an annual payment of 66 per cent of the pension base will become payable, less one percentage point for each year between the age of 62 and 65. The pension base will be adjusted annually by the same the percentage increase as in the basic amount under the National Insurance Scheme. Pension disbursement may be reduced if the member receives any salary, pension, or remuneration from other companies in the Statnett Group.<br><br>From the age of 65, the full annual retirement pension is 66 per cent of pension base. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. From the age of 67, the annual retirement pension is covered through the Norwegian National Insurance Scheme and Statnett's Group pension plan, plus 66 per cent of the pension base that exceeds 12 times the Norwegian National Insurance Scheme's basic amount (12G), provided that the full qualifying period (30 years) has been achieved.<br><br>In the event of death, any children under the age of 21 will receive a children's pension.<br><br>If the EVP leaves the company before retirement age, a pension rights certificate will be issued, which will secure retirement pension benefits from the age of 65. The pension entitlement will be adjusted by 75 per cent of the increase in the Norwegian National Insurance Scheme's basic amount for each year until retirement.<br><br>In the event of disability before the age of 65, a disability pension will be payable. The full disability pension equals the retirement pension awarded at the age of 67, based on pensionable income at the time the disability occurred. The disability pension will be reduced in line with the degree of disability. |
| **Executive Vice Presidents:**<br>Beate Sander Krogstad<br>Gunnar G. Løvås<br>Cathrine Lund Larsen<br>Anne Wilhelmine Flagstad<br>Ingeborg Øfsthus<br>Christian Færø | In addition to a fixed salary, the Executive Vice Presidents remuneration is limited to membership in Statnett's defined contribution pension plan, collective insurance schemes, car allowance and coverage of newspapers and broadband communication.<br><br>Beate Sander Krogstad is also covered by the transitional scheme relating to the former defined-benefit pension plan. |

No loans have been granted to, or collateral pledged on behalf of members of Group management or the Board of Directors.

# Note 24 Other liabilities

Other liabilities mainly consist of asset retirement obligations relating to grid infrastructure and investment grants received.

## Material accounting policies

Estimates of costs relating to retirement obligations for tangible assets are recognised as a liability from the time the Group deems that a legal or constructive retirement obligation exists. Asset retirement obligations are discounted using estimates of future inflation and NVE interest rate. Changes in estimates due to asset retirement obligations approaching the estimated time of settlement are recorded as interest expenses. Please also refer to Note 8, Tangible and intangible assets, for a more detailed description of the accounting treatment of asset retirement obligations.

## General principles

Investment grants are financial contributions from other companies to finance facilities constructed and subsequently owned by Statnett. The investment grants are recognised as a liability on receipt, and subsequently recognised in the income statement over the useful economic life of the facility in question.

**Specification of changes in other liabilities**

| **Parent company** *(Amounts in NOK million)* | **Asset retirement** | **Other liabilities** | **Total** |
|---|---|---|---|
| **Liabilities on 1 January 2023** | **500** | **150** | **650** |
| New or changed estimates | 177 | 8 | 185 |
| Amounts charged against liabilities | -54 | - | -54 |
| Accretion expenses | 46 | - | 46 |
| Reclassification to short-term liability | 49 | - | 49 |
| **Liabilities on 31 December 2023** | **716** | **159** | **875** |
| New or changed estimates | 108 | 54 | 162 |
| Amounts charged against liabilities | -48 | - | -48 |
| Accretion expenses | 59 | - | 59 |
| Reclassification to short-term liability | -101 | - | -101 |
| **Liabilities on 31 December 2024** | **733** | **213** | **947** |

| **Group** *(Amounts in NOK million)* | **Asset retirement** | **Other liabilities** | **Total** |
|---|---|---|---|
| **Liabilities on 1 January 2023** | **500** | **154** | **654** |
| New or changed estimates | 177 | 26 | 202 |
| Amounts charged against liabilities | -54 | - | -54 |
| Accretion expenses | 46 | - | 46 |
| Reclassification to short-term liability | 49 | - | 49 |
| **Liabilities on 31 December 2023** | **716** | **179** | **895** |
| New or changed estimates | 108 | 54 | 161 |
| Amounts charged against liabilities | -48 | - | -48 |
| Accretion expenses | 59 | - | 59 |
| Reclassification to short-term liability | -101 | - | -101 |
| **Liabilities on 31 December 2024** | **733** | **233** | **966** |

For expected timing of cash outflows, see note 18 Financial risk management.
Total asset retirement obligations amount to NOK 883 million at year-end, of which NOK 733 million is a long-term asset retirement obligations and NOK 150 million is reclassified as short-term debt.

# Note 25 Secured debt and guarantees

The parent company may not pledge the company's assets as collateral or other security against the company's assets, apart from as collateral to financial institutions in connection with day-to-day banking transactions, and customary collateral as part of day-to-day operations. For details of guarantees issued on behalf of subsidiaries, please refer to Note 22 on related parties.

# Note 26 Contingent assets and liabilities

## Material accounting policies

Contingent assets and liabilities are potential assets or obligations whose existence is uncertain, and which are contingent on a future event that may or may not occur, for example, the outcome of a legal case or the conclusion of an insurance settlement. Contingent liabilities are recognised in the financial statements, based on the estimated outcome, if it is probable (more than 50 percent) that an obligation will materialise. When the probability is lower, information is disclosed if the potential obligation is material, and the likelihood of payment is very low. A contingent asset will only be recognised in the balance sheet if it is predominantly probable (more than 90 per cent) that the Group will receive the asset. If it is probable that the economic benefits of the asset will flow to the Group, this will be disclosed in a note to the annual financial statements.

In accordance with IFRSs, higher/lower revenue balances are contingent liabilities/assets and are therefore not recognised in the balance sheet. Please see Note 4 for further details.

A dispute, or the tax authorities' subsequent assessment of a particular tax treatment, can affect the accounting treatment of both tax payable and deferred tax. In assessing the accounting treatment of contingent deferred tax assets or deferred tax liabilities, the Group assesses whether it is probable that the asset or liability will be realised. If the final outcome of tax cases differs from the amount recognised in the balance sheet, the difference will affect the income tax expense in the subsequent period. See Note 19, Taxes, for more information about ongoing tax cases.

**Sale of property**

In 2014, Statnett entered into an agreement to sell its former head office at Husebyplatået, including Noreveien 22-26 in Oslo to Husebyplatået AS. The sale based on residual land value method, where the purchase price will depend on the utilisation of the property for which Husebyplatået AS obtains building permits. Total accumulated accounting profit recognised in relation to the sale is NOK 17 million. The final settlement has not been determined, however Statnett estimates that it will receive payments of approximately NOK 750 to 850 million during the period 2025–2035 if the outlined construction plans for Husebyplatået are realised. Planning proposals have been submitted to the City of Oslo for consideration. These expected payments have not been recognised in the financial statements since the estimates are uncertain.

# Note 27 Other operating expenses

Other operating expenses comprise cost categories that are not classified on the other lines under operating expenses.

## General principles

Other operating expenses are recognised as they accrue.

Property tax is classified as an “other operating expense” and recognised in the financial year when an invoice that applies to the current year is received from the municipalities.

**Specification of other operating expense**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK million)* | **2024** | **2023** |
| 116 | 131 | Lease rental payable * | 163 | 128 |
| 662 | 853 | External services/assignments/hiring/consultants | 1 073 | 887 |
| 194 | 199 | Insurance | 61 | 109 |
| 510 | 474 | Materials and subcontractors | 542 | 518 |
| 401 | 427 | Property tax | 452 | 426 |
| 240 | 297 | IT costs | 273 | 241 |
| 458 | 513 | Miscellaneous | 512 | 406 |
| **2 581** | **2 894** | **Total other operating costs** | **3 076** | **2 716** |

* Includes only rental costs that do not qualify for recognition under IFRS 16 Leases.

Leases recognised in the balance sheet in accordance with IFRS 16 are shown under Note 8 Tangible and intangible assets and Note 16 Interest-bearing debt.

**Auditor's fee**

| Parent company | | | Group | |
|---|---|---|---|---|
| **2023** | **2024** | *(Amounts in NOK thousand)* | **2024** | **2023** |
| 3 823 | 2 945 | Statutory audit | 3 537 | 4 506 |
| 795 | 1 801 | Other attestation services | 1 836 | 830 |
| 350 | 1 150 | Attestation of sustainability reporting | 1 150 | 350 |
| 416 | - | Other assistance | - | 425 |
| **5 384** | **5 896** | **Total fees (excl. VAT)** | **6 523** | **6 111** |

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# Note 28 Other comprehensive income

Other comprehensive income is part of Total comprehensive income and is also part of Statement of changes in equity. Other comprehensive income to be reclassified to profit or loss in subsequent periods, is recorded as "Other items" in the Statement of changes in equity. Other comprehensive income not to be reclassified to profit or loss in subsequent periods, is recorded as "Other equity accrued" in the Statement of changes in equity

**Spesification of other comprehensive income**

| **Parent company/Group** *(Amounts in NOK million)* | **Fair value of financial instruments** | **Cash flow hedge reserve see note 15** | **Total Other compre-hensive income recorded in Other items** | **Estimate deviations of pension liabilities** | **Total Other compre-hensive income recorded in Other equity accrued** | **Total Other compre-hensive income** |
|---|---|---|---|---|---|---|
| | | | | | | |
| **Carrying value 1.1.23** | **-** | **482** | **482** | **-271** | **-271** | **211** |
| Changes, gross | - | 115 | 115 | -46 | -46 | 69 |
| Tax effect | - | -25 | -25 | 10 | 10 | -15 |
| **Carrying value 31.12.23** | **-** | **572** | **572** | **-307** | **-307** | **265** |
| | | | | | | |
| **Carrying value 1.1.24** | **-** | **572** | **572** | **-307** | **-307** | **265** |
| Changes, gross | - | 396 | 396 | 165 | 165 | 561 |
| Tax effect | - | -87 | -87 | -36 | -36 | -123 |
| **Carrying value 31.12.24** | **-** | **881** | **881** | **-178** | **-178** | **703** |

# Note 29 Subsequent events

## General principles

Significant events occurring after the balance sheet date that occur before the board has approved the financial statements may either require amendments to the annual accounts or disclosure of the event in the notes. If information arises about events that existed at the balance sheet date, and the event is significant, the financial statements must be amended.

The decision on the revenue cap from RME for 2024 was received in February 2025 and is included in the allowable income for 2024. See note 4.

In January 2025, Statnett received an updated draft office decision from the tax authorities in the ongoing case regarding tax maintenance deductions for network development projects. See note 19 for further details.

On Sunday, March 16, 2025, a significant oil spill was discovered from the decommissioned Hamang transformer station. This is an event that occurred after the balance sheet date and will not be recognized in the 2024 financial statements. It is not considered to have any material financial impact.

No events have occurred after the balance sheet date that would have significantly affected the financial statements or the assessments made.

# Auditor's statement

Photo: Isabel Haugjord

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To the General Meeting of Statnett SF

INDEPENDENT AUDITOR'S REPORT

***Report on the Audit of the Financial Statements***

*Opinion*

We have audited the financial statements of Statnett SF, which comprise:

- The financial statements of the parent company Statnett SF (the Company), which comprise the balance sheet as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
- The consolidated financial statements of Statnett SF and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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 of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 Statnett SF for 7 years from the election by the general meeting of the shareholders on 22. juni 2018 for the accounting year 2018 (with a renewed election on 24. juni 2024).

*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 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in tangible fixed assets and plants under construction

| Description of the Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Refer to the notes 8 and 9 in the group financial statement for specification and description of accounting principles for Statnett's investments in tangible fixed assets and plants under construction. Refer also to note 3 for a description of related estimates and assumptions, and description of the impact investments have on the permitted revenue in note 4.<br><br>At 31 December 2024, the carrying value of tangible fixed assets amounts to NOK 72 279 million and the carrying value of assets under construction amounts to NOK 8 422 million. The Group's investments amount to NOK 7 619 million in 2024. Investments include additions and construction interest capitalized on plants under constructions.<br><br>For investments management must make assumptions about:<br>• whether costs should be capitalized or expensed, for accounting and tax purposes<br>• estimate accrued costs and stage of completion of the projects at the end of the reporting period<br><br>For assets under construction, management must make assumptions about when projects are transferred from assets under construction to tangible asset, "the asset is ready to use".<br><br>For assets that are ready to use and facilities purchased, management must make assumptions about identification of significant components of the asset and remaining useful life for the components.<br><br>Due to size and complexity of tangible fixed assets and plants under construction, the level of management judgement involved and the impact on the permitted revenue, investments in tangible fixed assets and plants under construction is identified as a key audit matter. | We have assessed Statnett's process for following up investment projects and tested the design and implementation of controls established when transferring projects from assets under construction to tangible assets, identification of significant components for projects and purchased facilities, estimating remaining useful life and stage of completion and estimating when the asset is ready to use.<br><br>We have evaluated and challenged management's assessment about:<br>• whether costs should be capitalized or expensed, for accounting and tax purposes<br>• when projects are transferred from assets under construction to tangible asset<br>• remaining useful life<br>• degree of identification of significant components<br>• method for estimating stage of completion of the projects, and<br>• estimated accrued costs at the end of the reporting period<br><br>We have tested a sample of this year's additions and evaluated if they are correctly capitalized or expensed. We have also tested a sample of estimated stage of completion and accrued costs at the end of the reporting period.<br><br>For assets ready to use in 2024 we have for a sample tested when the project is transferred from assets under construction to tangible assets, identification of significant components and estimated remaining useful life.<br><br>We have assessed the adequacy of the related disclosures in the financial statement. |

*Other Information*
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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 statement on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Our statement that the Board of Directors' report contains the information required by applicable law does not cover the sustainability report, for which a separate assurance report is issued.

*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 IFRS Accounting 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 Company or 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's 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.

**Report on Other Legal and Regulatory Requirements**

*Report on Compliance with Requirement on European Single Electronic Format (ESEF)*

*Opinion*

As part of the audit of the financial statements of Statnett SF, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 'stane-2024-12-31.zip', have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

*Management's Responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

*Auditor's Responsibilities*
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 20 March 2025
Deloitte AS

**Guro Magnetun Heimvik**
State Authorised Public Accountant
(electronically signed)

Note: This translation from Norwegian has been prepared for information purposes only.

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To the General Meeting of Statnett SF

INDEPENDENT SUSTAINABILITY AUDITOR'S LIMITED ASSURANCE REPORT

*Limited assurance conclusion*
We have conducted a limited assurance engagement on the sustainability statement of Statnett SF, included in Sustainability report of the Board of Directors' report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in section about double materiality analysis in ESRS 2 General disclosures, on page 29-66, and
- compliance of the disclosures in Taxonomy for sustainable activities of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation")

*Basis for conclusion*
We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Sustainability auditor's responsibilities section of our report.

Our independence and quality management
We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Other matter*
The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

*Responsibilities for the Sustainability Statement*

The Board of Directors and the Managing Director (management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in section about double materiality analysis in ESRS 2 General disclosures, on page 29-66 of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS, and
- preparing the disclosures in Taxonomy for sustainable activities of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

*Inherent limitations in preparing the Sustainability Statement*
In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

*Sustainability auditor's responsibilities*
Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process set out in section about double materiality analysis in ESRS 2 General disclosures, on page 29-66.

Our other responsibilities in respect of the Sustainability Statement include:

- identifying where material misstatements are likely to arise, whether due to fraud or error; and
- designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. 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.

*Summary of the work performed*
A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures 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.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing selected parts of the Company's internal documentation of its Process; and

- evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in section about double materiality analysis in ESRS 2 General disclosures, on page 29-66.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by
  - obtaining an understanding of the Group's control environment, selected processes, control activities and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control

- evaluated whether the information identified by the Process is included in the Sustainability Statement;
- evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- performed substantive assurance procedures on selected information in the Sustainability Statement;
- where applicable, compared selected disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- evaluated the selected method, selected assumptions and selected data for developing estimates and forward-looking information;
- obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement, and
- performed inquiries of relevant personnel, analytical procedures and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 20 March 2025

Deloitte AS

**Guro Magnetun Heimvik**

State Autorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

# Other information

Photo: Filip Slisko

# Alternative performance measures

To provide a better understanding of Statnett's underlying profit/loss we also present a number of alternative performance measures. Alternative performance measures are defined in ESMA's guidelines 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. Statnett's alternative performance measures are adjusted for higher/lower revenue and supplement the figures in the IFRS financial statements. Reported accumulated higher/lower revenue includes prior-year higher/lower revenue with interest. EBIT to Regulatory asset base (RAB), including assets under construction, before finance and tax, is a performance measure that shows how the financial regulation of Statnett impacts the company's return on capital. Equity ratio, FFO/Net debt and financial rating from Standard & Poors' and Moody's Investors Service serve the purpose of highlighting Statnett's financial position.

| **Key figures** *(Amounts in NOK million)* | **2024** | **2023** | **2022** |
|---|---|---|---|
| **Underlying operating revenue** | | | |
| Operating revenue accounting | 18 961 | 11 600 | 22 993 |
| Change in accumulated higher/lower revenue (-/+), before tax | -644 | 5 387 | -6 868 |
| **Underlying operating revenue** | **18 317** | **16 987** | **16 125** |
| **Underlying EBIT** | | | |
| EBIT | 4 621 | -1 547 | 8 433 |
| Change in accumulated higher/lower revenue (-/+), before tax | -644 | 5 387 | -6 868 |
| **Underlying EBIT** | **3 977** | **3 840** | **1 565** |
| **Underlying net profit for the year** | | | |
| Net profit/loss for the year | 1 720 | -2 617 | 5 949 |
| Change in accumulated higher/lower revenue (-/+), after tax | -502 | 4 202 | -5 357 |
| **Underlying net profit for the year** | **1 218** | **1 585** | **592** |
| **Equity, underlying** | | | |
| Equity | 25 482 | 24 118 | 26 978 |
| Accumulated higher/lower revenue (-/+), after tax | -3 537 | -3 035 | -7 237 |
| **Equity, underlying** | **21 945** | **21 083** | **19 741** |
| **Adjusted EBITDA** | | | |
| EBIT | 4 621 | -1 547 | 8 433 |
| Depreciation, amortisation and impairment | 3 503 | 3 291 | 3 070 |
| **Adjusted EBITDA** | **8 124** | **1 744** | **11 503** |
| **Underlying Adjusted EBITDA** | | | |
| Adjusted EBITDA | 8 124 | 1 744 | 11 503 |
| Change in accumulated higher/lower revenue (-/+), before tax | -644 | 5 387 | -6 868 |
| **Underlying Adjusted EBITDA** | **7 480** | **7 131** | **4 635** |
| **Regulatory asset base (RAB) and assets under construction** | | | |
| Intangible assets | 2 618 | 1 937 | 1 807 |
| Tangible assets | 72 279 | 71 119 | 68 247 |
| Assets under construction | 8 422 | 6 320 | 6 291 |
| Retirement obligations | -361 | -335 | -227 |
| **Regulatory asset base (RAB) and assets under construction** | **82 958** | **79 041** | **76 118** |
| **EBIT to RAB and assets under construction** | | | |
| EBIT | 4 621 | -1 547 | 8 433 |

| | | | |
|---|---|---|---|
| Regulatory asset base (RAB) and assets under construction | 82 958 | 79 041 | 76 118 |
| **EBIT to RAB and assets under construction** | **5,7 %** | **-2,0 %** | **11,2 %** |
| **EBIT to RAB and assets under construction, underlying** | | | |
| EBIT to RAB and assets under construction | 5,7 % | -2,0 % | 11,2 % |
| Change in accumulated higher/lower revenue (-/+), before tax | -644 | 5 387 | -6 868 |
| **EBIT to RAB and assets under construction, underlying** | **4,9 %** | **4,9 %** | **2,1 %** |
| **Equity ratio** | | | |
| Total equity | 25 482 | 24 118 | 26 978 |
| Total equity and liabilities | 105 533 | 90 303 | 87 184 |
| **Equity ratio** | **24,1 %** | **26,7 %** | **30,9 %** |
| **Equity ratio, underlying** | | | |
| Equity ratio | 24,1 % | 26,7 % | 30,9% |
| Accumulated higher/lower revenue (-/+), after tax | -3 537 | -3 035 | -7 237 |
| **Equity ratio, underlying** | **20,8 %** | **23,3 %** | **22,6 %** |
| **Funds from operations to net debt, FFO/Net debt** | | | |
| **Funds from operations (FFO)** | | | |
| Adjusted EBITDA | 8 124 | 1 744 | 11 503 |
| Net financial items | -2 432 | -1 815 | -803 |
| Capitalised construction loan interests | -353 | -249 | -176 |
| Payable taxes | -12 | -10 | -4 |
| Change in trade and other current receivables (increase is -) | -644 | 709 | -796 |
| Change in trade and other current payables (increase is +) | 1 338 | -805 | 814 |
| **Funds from operations (FFO) (Adjusted EBITDA - Net financial items - Capitalised construction loan interests - Payable taxes - Change in receivables - Change in payables)** | **6 019** | **-426** | **10 538** |
| **Net debt** | | | |
| Long-term interest-bearing debt | 53 471 | 44 843 | 38 407 |
| Short-term interest-bearing debt | 13 290 | 9 993 | 8 969 |
| Derivates, assets | 6 736 | 4 757 | 3 346 |
| Derivates, liabilities | -784 | -863 | -1 064 |
| Hedge reserve | -881 | -572 | -482 |
| Hedge reserve before tax (Hedge reserve/(1-22% tax rate) | -1 130 | -733 | -618 |
| **Market value interest- and currency hedge (Derivates, assets - Derivates, liabilities - Hedge reserve before tax (Hedge reserve/(1-22% tax)** | **4 822** | **3 160** | **1 664** |
| Cash and cash equivalents | 7 210 | 2 644 | 2 507 |
| Market-based securities | 5 522 | 1 855 | 2 725 |
| **Net debt (Long term interest bearing debt + short term interest bearing debt - Market value interest- and currency hedge - Cash and cash equivalents - Market-based securities)** | **49 206** | **47 176** | **40 480** |
| **Funds from operations, FFO/Net debt** | | | |
| Funds from operations (FFO) | 6 019 | -426 | 10 538 |
| Net debt | 49 206 | 47 176 | 40 480 |
| **Funds from operations, FFO/Net debt** | **12,2 %** | **-0,9 %** | **26,0 %** |
| Funds from operations, FFO/Net debt | 12,2 % | -0,9 % | 26,0 % |
| Change in accumulated higher/lower revenue (-/+), before tax | -644 | 5 387 | -6 868 |
| Accumulated higher/lower revenue (-/+), after tax | -3 537 | -3 035 | -7 237 |
| **Funds from operations, FFO/Net debt, underlying** | **10,2 %** | **9,9 %** | **7,7 %** |

# Indicators for public policy goals

| Long term goals | | Goal/target 2024 | Results 2024 (2023) |
|---|---|---|---|
| Security of supply | Reliability of supply in transmission grid/network[1] | 99,995 % | 99,997 % (99,999 %) |
| Reserved capacity | Brutto reserved capacity for grid connection (MW) for customers the last year (electricity consumption)[2] | 1750 MW | 2138 MW (2778 MW) |
| | Brutto reserved capacity for grid connection (MW) for customers the last year (electricity production)[2] | 1595 MW | 2851 MW (609 MW) |
| Price differences | Price differences between the different bidding zones[3] | Even out price differences internally in Norway between the different bidding zones | 70 % (84 %) |
| Cost development | Permitted revenue (øre) over (kWh)[4] | Limit the growth in permitted revenue | 5,9 øre/kWh (5,9 øre/kWh) |

1) ) Reliability of supply is measured as (1-NDE/DE), where NDE (Non-Delivered Energy) is the non-delivered energy caused by Statnett, as a share of DE (Delivered Energy) to end users on all voltage level (SSB).

2)Reserved capacity is measured as sum of brutto reserved consumption and production in the transmission grid (in todays and the planned grid), which Statnett has reserved for customers in the last year.

3) Price differences is measured through calculation (in %). Based on the difference in annual average price between the most expensive and cheapest price area, normalized against a weighted Norwegian average price against annual consumption per price area.

4) Statnett is subject to financial regulation where costs over a period are covered through permitted revenue, adjusted for efficiency. Cost development is therefore measured through permitted revenue (øre in 2024-krone value) over total electricity production and consumption (kWh).

Statnett

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