

Sustainable finance





STATKRAFT'S SUSTAINABILITY GOALS

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

Sustainable Finance

GREEN FINANCE IMPACT REPORT

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

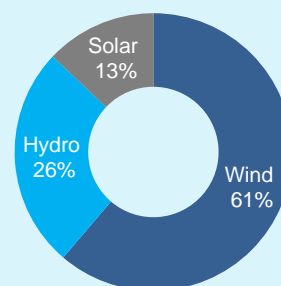
At our core we are a responsible company with respect for people, the environment, and society. Sustainability is embedded in everything we do, and safeguarding people is always our first priority.

Statkraft started its green financing of activities in 2022, by issuing its first green bond in June. By end-of-year, Statkraft had a total of NOK 10.8 billion in green financing, following our Green Finance Framework. This framework covers two eligible categories, renewable energy and clean transportation, with a lookback period of three years.

Projects are considered new financing if they are not older than 3 years, while projects are refinanced if they are older. CICERO Shades of Green has rated our framework CICERO Dark Green, and the framework's governance procedures to be Excellent.

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

Allocation of proceeds by technology (percentage)
















Overview of green financing issued in 2022

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

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

Impact and allocation of green financing proceeds per Eligible Project

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

Project examples

Solarcentury

In 2020, Statkraft acquired Solarcentury, a global solar developer headquartered in London. With the completion of the transaction, Statkraft became the owner of 100 per cent of the shares in Solar Century Holdings Ltd and its subsidiaries. Solarcentury's mission is to make a meaningful difference in the global fight against climate change by making solar power the dominant energy source worldwide. Established in 1998, Solarcentury is a leading global solar power company that develops, constructs, owns and operates utility-scale solar and smart technology. During Solarcentury's 22-year history, the company's projects have generated 6 TWh of clean electricity, saving over 1.7 million tons of CO₂ emissions.



Ventos de Santa Eugênia

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



³ The calculations are based on actual annual production for the selected projects (solar, wind and hydro) in the asset portfolio and using relevant country-specific CO₂ emission factors from electricity generation. Data source is International Energy Agency (IEA); IEA's Emissions Factors database from September 2022.

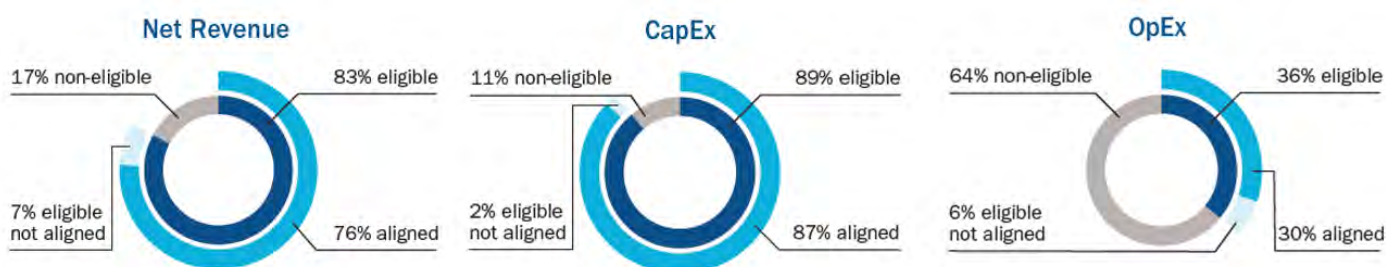
⁴ Acquisition of SK Wind GmbH & Co.KG and Energie Eolienne Derval SNC, consisting of 39 operating wind farms in Germany and four in France.

⁵ Ten-year average.

⁶ Acquisition of 100 per cent of the shares in the global solar developer Solarcentury Holdings Limited and its subsidiaries.

EU TAXONOMY

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



General principles

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

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

Approach to EU Taxonomy reporting

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

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

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

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

Selection of environmental objective

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

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

Meeting the environmental criteria

Eligible activities

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

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

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

Assessment of substantial contribution

The predominant economic activity in Statkraft's portfolio is electricity generation from hydropower. One of the three substantial contribution criteria in the EU Taxonomy for hydropower production is life-cycle GHG emissions lower than 100 g CO₂e/kWh. In general, most hydropower assets globally, and nearly all European hydropower assets, rank low in life-cycle carbon footprint, with a global median of 18.5 g CO₂e/kWh⁸. In

Norway, hydropower benchmarks are even lower, with life cycle emissions of about 3 g CO₂e/kWh⁹.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Do no significant harm (DNSH)

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

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

DNSH Climate Adaptation

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

DNSH Water and Marine Resources

The DNSH criteria related to "sustainable use and protection of water and marine resources" refer to the Water Framework Directive¹⁰ with some specific DNSH criteria for hydropower.

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

Statkraft has an environmental management system in place to implement the measures deemed necessary to attain the relevant objectives. We follow the deadlines set by the competent authorities. Furthermore, as part of our environmental management system, we also monitor the effectiveness of the measures we implement. Since we operate in line with concessions, and implement the measures aimed at achieving relevant environmental objectives in affected water bodies, we

consider that our hydropower operations in the EU and Norway are in line with the DNSH criteria for water and marine resources.

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

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

DNSH Circular Economy

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

DNSH Pollution Prevention and Control

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

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

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

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

¹⁰ Directive 2000/60/EC

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

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

DNSH Biodiversity Conservation

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

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

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

Minimum safeguards

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

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

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

KPI disclosure requirements

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

Net revenue

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

CapEx

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

CapEx plans

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

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

OpEx

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

