Statkraft

ANNUAL REPORT

2021

STATKRAFT AS

CONTENT

3 Introduction
- 3 Statkraft at a glance
- 6 The Board of Directors
- 7 The Corporate Management
- 8 Letter from the CEO

9 Report from the Board of Directors
- 14 Strategy
- 20 Financial performance
- 23 Segments
- 32 Risk management

35 Taxonomy

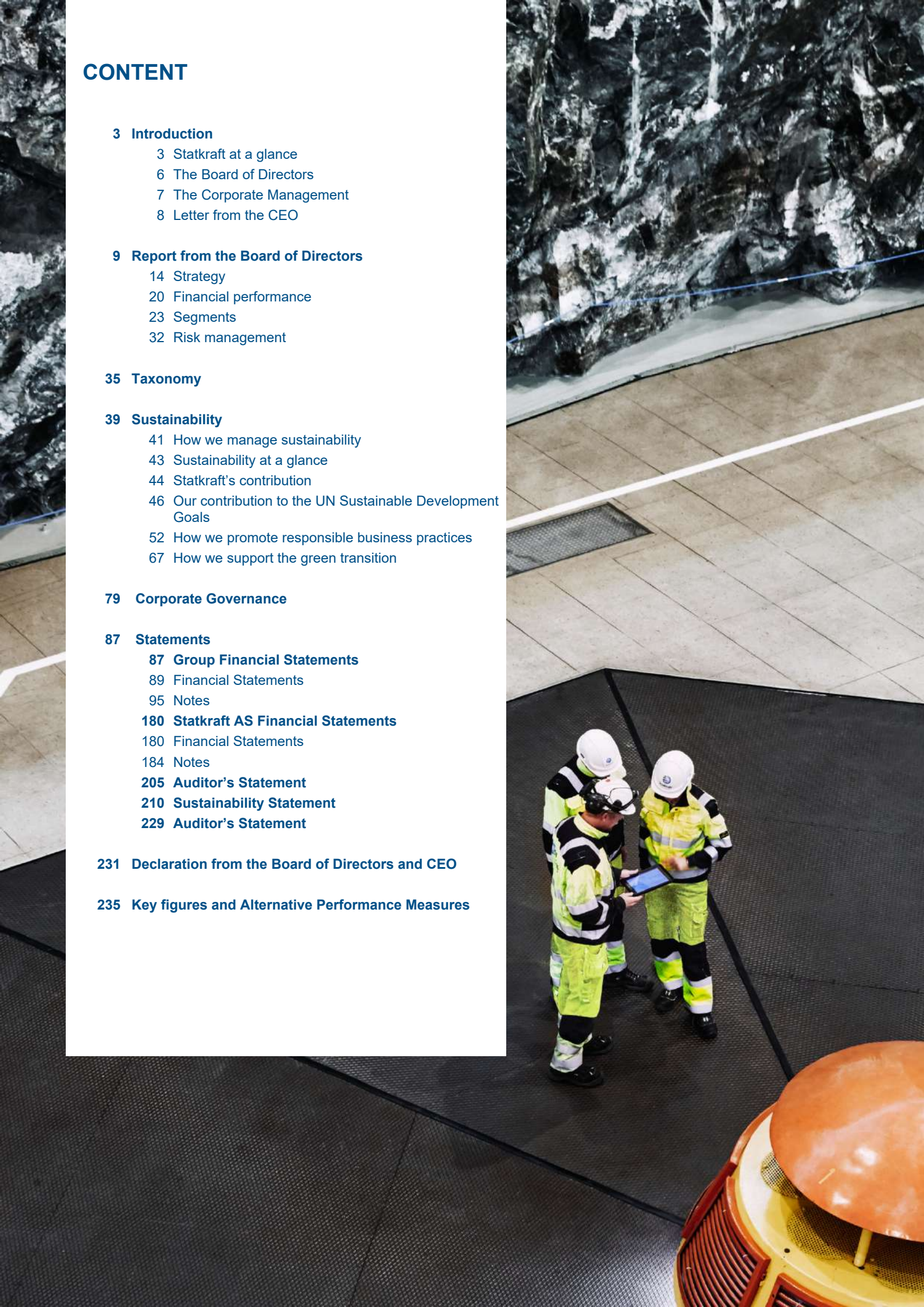
39 Sustainability
- 41 How we manage sustainability
- 43 Sustainability at a glance
- 44 Statkraft's contribution
- 46 Our contribution to the UN Sustainable Development Goals
- 52 How we promote responsible business practices
- 67 How we support the green transition

79 Corporate Governance

87 Statements
- **87 Group Financial Statements**
- 89 Financial Statements
- 95 Notes
- **180 Statkraft AS Financial Statements**
- 180 Financial Statements
- 184 Notes
- **205 Auditor's Statement**
- **210 Sustainability Statement**
- **229 Auditor's Statement**

231 Declaration from the Board of Directors and CEO

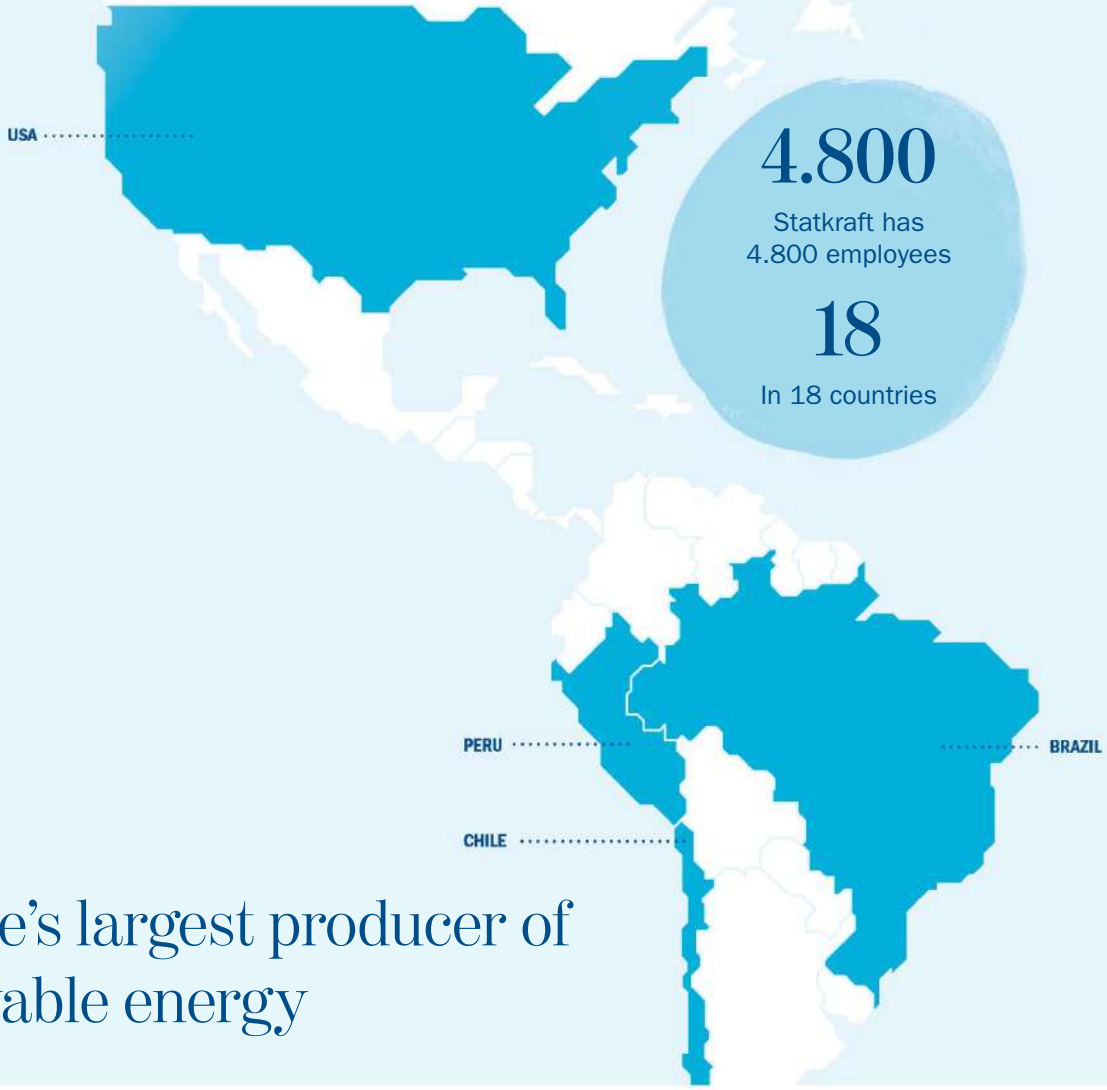
235 Key figures and Alternative Performance Measures



Statkraft is Europe's largest renewable energy producer and a global company in energy market operations. We believe in a renewable future, but what will it look like? According to Statkraft's Low Emissions Scenario, the two-degree target is within reach.

Read on for more renewable findings.

STATKRAFT AT A GLANCE



4.800

Statkraft has 4.800 employees

18

In 18 countries

Europe's largest producer of renewable energy

EBIT underlying
26.8
NOK BILLION

Net profit
16.1
NOK BILLION

Cash flow from operations
26.2
NOK BILLION

ROACE
22.4
PER CENT

Net interest-bearing debt
14.4
NOK BILLION

Dividend paid in 2021
3.7
NOK BILLION

Power generated in 2021

70

TWh

Share renewable energy

96

PER CENT

Investments in 2021

11.9

NOK BILLION

● **29%** Norway ● **52%** Europe ● **19%** Outside Europe

Standard & Poor's long term rating

A-

Fitch Ratings' long term rating

BBB+

Technologies

The Board of Directors

From the left: Vilde Eriksen Bjerknes, Mikael Lundin, Ingelise Arntsen, Asbjørn Sevlejordet, Thorhild Widvey, Peter Mellbye, Bengt Ekenstierna, Marit Salte and Thorbjørn Holøs

Thorhild Widvey

Born 1956, Norwegian

Chair of the board, member since 2016.
Chair of the Compensation Committee
Current board positions: Chair: Antidoping Norway, Concert Hall Stavanger, Bergen International Festival. Board member: Aker Solutions ASA, Solstad ASA.
Experience: Minister of Culture.
Minister of Petroleum and Energy.
The Ministry of Foreign Affairs: State Secretary.
The Minister of Fisheries: State Secretary.

Mikael Lundin

Born 1966, Swedish

Board member, member since 2018.
Member of the Audit Committee
Current board positions: Board member: Telia Carrier
Experience: CEO Polhem Infra. Nord Pool: CEO. Vattenfall Power Consultant: CEO. Vattenfall Poland: CFO. Vattenfall Europe Trading: CFO. Birka Kraft: Director.

Vilde Eriksen Bjerknes

Born 1975, Norwegian

Employee-elected board member, member since 2014.
Employee in Statkraft since: 2001
Current work position: Statkraft: Head Advisor - Improvement projects.
Experience: Statkraft: Vendor Manager IT.

Peter Mellbye

Born 1949, Norwegian

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

Bengt Ekenstierna

Born 1953, Swedish

Board member, member since 2016.
Experience: Beken Management Consulting AB: Senior advisor in infrastructure business/project (present). Several CEO positions within Sydkraft and E.ON Group. Withing the power industry since 1977.

Thorbjørn Holøs

Born 1957, Norwegian

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

Marit Salte

Born 1970, Norwegian

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

Ingelise Arntsen

Born 1966, Danish

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

Asbjørn Sevlejordet

Born 1960, Norwegian

Employee-elected board member, member since 2014.
Member of the Compensation Committee
Employee in Statkraft since: 1978
Current work position: Statkraft: Head union representative, Mechanical maintenance worker.

The Corporate Management

From the left: Birgitte Ringstad Vartdal, Anne Harris, Henrik Sætness, Christian Rynning-Tønnesen, Hallvard Granheim, Hilde Bakken and Jürgen Tzschoppe.

Christian Rynning-Tønnesen
Born 1959, Norwegian

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

Anne Harris
Born 1960, Norwegian

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

Hallvard Granheim
Born 1976, Norwegian

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

Hilde Bakken
Born 1966, Norwegian

Group management since 2010
Position: EVP Production & Industrial Ownership
With Statkraft since 2000
Education: MSc NTH, Trondheim and TU Delft, Netherlands
Former positions: Statkraft: EVP Corporate Staff and various positions within the Generation and Market business. Norsk Hydro: various mgmt. and engineering positions
Current board positions: Board member: Agder Energi. Chair: Skagerak Energi.

Henrik Sætness
Born 1972, Norwegian

Group management since 2020
Position: EVP Corporate Staff
With Statkraft since 2009
Education: MSc Industrial economics, NTNU Trondheim.

Former positions: Statkraft: SVP Corporate Strategy & Analysis, SVP Strategy & Development Markets. Navita Systems: EVP Products & Consulting. Norsk Hydro: various positions within energy Trading & Origination.
Current board positions: Chair: FME NTRANS. Board Member: Eviny, Energi Norge, Oslo Energy Forum.

Jürgen Tzschoppe
Born 1968, German

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

Birgitte Ringstad Vartdal
Born 1977, Norwegian

Group management since 2020
Position: EVP European Wind and Solar
With Statkraft since 2020
Education: MSc Physics and Mathematics NTNU Trondheim, MSc Financial Mathematics Heriot-Watt, Scotland.
Former positions: Golden Ocean CEO and CFO, various positions in the Torvald Klaveness Group and Norsk Hydro.
Current board positions: Board member: Yara International ASA. Chair: Mer, Silva Green Fuel, Fosen Vind.

Letter from the CEO

If 2020 was considered “special”, then 2021 can only be characterised as extreme. The Covid-19 pandemic continued to hit us in waves over the course of the year. And once autumn arrived, we found ourselves facing yet another extraordinary situation, this time in the European energy markets.

Despite the continuation of the pandemic, Statkraft has maintained solid and stable operations in all our power plants. However, we did not meet our goal of zero work-related serious injuries. Improvement of our HSSE results and safety-focused culture is therefore still a prioritised task.

During the latter part of 2021, Europe experienced low gas supplies and delivery shortages, which led to historically high prices. This situation, combined with higher prices for CO_2 and coal, as well as lower wind power production in Europe and less water than normal in the Nordic region, resulted in higher power prices for consumers, reaching levels we’ve never seen before. These enormous price fluctuations have created challenges for all players in the market.

The historically high power prices along with high power generation, partly offset by a negative result from market activities, resulted in the best operating result in Statkraft’s history. In total, Statkraft achieved an underlying operating profit (EBIT) of NOK 26.8 billion and a net profit of NOK 16.1 billion. In line with the owner’s revised expectations set in May 2021, Statkraft will propose a dividend of NOK 10.2 billion for 2021.

Statkraft is on a mission to be one of the world’s leading renewable energy companies by 2025, and we have put in place a clear growth strategy to reach this goal. Over the past year, we have continued to develop our sustainability strategy, placing particular emphasis on climate change, human rights, and biological diversity.

The high pace of reinvestment in Norwegian hydropower continues. Four major rehabilitation projects are currently in progress, with a total planned investment of almost NOK 2 billion. Concurrently, several major dam rehabilitation projects are underway. In 2021, the new hydropower plants, Storlia and Vesle Kjela, commenced operations, marking small but essential contributions to increasing the power production in the southern part of the country. Internationally, two of our major hydropower projects, Tidong in India and Los Lagos in Chile, are nearing completion, planned to open in 2022 and 2023, respectively.

In 2021, many new contracts were signed with large industrial players in Norway and abroad. In Odda, Norway, Boliden entered into a new, long-term power contract, to ensure enough power as the company expands its smelting operation. Also companies like Eramet Norway, Neste, Kemira, Deutsche Bahn and Vodafone signed new contracts with Statkraft.

The acquisition and integration of Solarcentury strengthened Statkraft’s solar business last year. New solar parks were opened in Spain and the Netherlands, and more are under construction in Ireland, Spain, and India. Onshore wind continues to grow as well, with projects in progress in Ireland, Chile, and Brazil. In addition, we entered the German and French wind power markets through the acquisition of 43 older wind farms, which we will eventually upgrade with new and more modern turbines.

In Norway, the development of onshore wind has been put on hold, pending a new licensing system. Following the completion of the Fosen project in 2020, the Norwegian Supreme Court ruled last year that the Storheia and Roan wind farms violate the rights of the Sami population that practices reindeer herding, specifically in relation to cultural development. As a result, the licences and expropriation permits received were invalidated. Statkraft is dedicated to finding solutions to this.

Several of the solar and wind farms in Europe are currently being developed with the intention to be sold upon completion and thereby release capital for the construction of new projects. Transactions of this nature have been carried out in Spain, Scotland and the Netherlands, where significant gains have been made.

Based on rising ambitions in the offshore wind space in Norway, Statkraft last year entered into partnerships to build bottom-fixed offshore wind in the Norwegian North Sea with Aker Offshore Wind and bp, as well as floating offshore wind with Aker and Ocean Winds.

Following the launch of EV charging company Mer in 2020, expansion was on the agenda in 2021, with the establishment of an increasing number of charging points and through acquisitions in Sweden and the United Kingdom. Green hydrogen also had a break-through in 2021, and Statkraft is involved in a range of projects within green hydrogen and related products.

In Tofte, Norway, the pilot plant for biofuel production is now ready for its technology to be tested. This is a necessary step before full-scale production can possibly be realised. Through Statkraft Ventures, we engage in new technologies.

In summary, 2021 has been a year of intense and ever-increasing activity for Statkraft, both in Norway and internationally. This is in line with the company’s growth strategy as we take a leading role in the renewable energy sector.

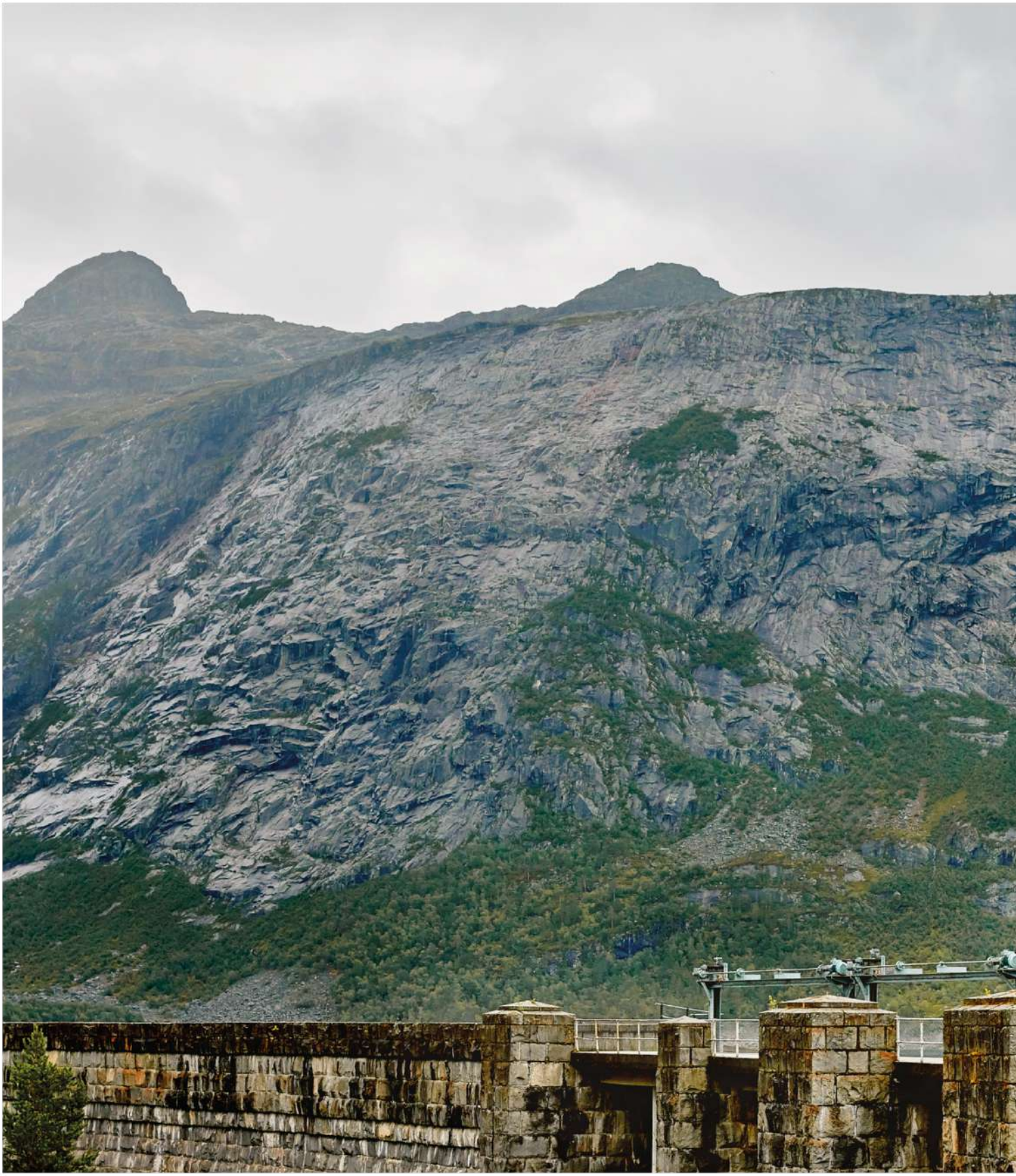
The crisis in the Norwegian and European energy markets is not a supply crisis, but it’s rather a price crisis. The market has functioned well and Statkraft has managed the energy resources in an efficient and value-creating way.

In this extraordinary situation, it is important that politicians decided on compensating measures for the consumers and that new measures will be considered. Going forward, we must also ensure that expected increases in consumer power consumption are met with increased power production, all the while focusing on tackling the major climate challenge at hand.

For Statkraft, the solution is clear - more renewable and less fossil energy.

Christian Rynning-Tønnesen

President and CEO



From Statkraft's Low Emissions Scenario:

The capacity in the global power sector will increase three-fold between now and 2050. The entire increase, and more besides, will be covered by renewable energy.

REPORT FROM THE BOARD OF DIRECTORS

Report from the Board of Directors

Caring for people is at the core of Statkraft's company culture and everyone should return home safely from work for the company. The target is no serious injuries, so Statkraft is not satisfied with seven serious injuries in 2021. Strengthening the safety culture and the performance - across the organisation and among subcontractors – is top priority and has high attention throughout the organisation.

The second half of 2021 was challenging for many households and businesses. Severe strains on coal and gas supply chains, combined with an increased global demand for electricity, have led to a significant increase in the electricity prices. This is a reminder that energy markets have become more closely integrated.

The extraordinary high power prices, combined with Statkraft ability to meet the increased demand with a high Norwegian hydropower generation, led to a significant increase in Statkraft's profit. The underlying EBIT for 2021 was NOK 26.8 billion, while profit before tax ended at NOK 32.7 billion and net profit at NOK 16.1 billion.

Statkraft has a solid financial position to deliver on the growth strategy and invested close to NOK 12 billion in 2021. More than NOK 2 billion of the investments were in Nordic hydropower – the core of Statkraft's business.

The company's commitment to sustainability and responsible business practices continues to be a foundation for all activities.

VALUES

The values that shall govern Statkraft's actions and provide guidance for the employees are:

- **Competent**. Use knowledge and experience to achieve ambitious goals and to be recognised as a leading player.
- **Responsible**. Create values, whilst showing respect and care for employees, customers, the environment and society.
- **Innovative**. Creative thinking, identify opportunities and develop effective solutions.

These core values apply to all employees and others who represent Statkraft.

COVID-19

The main priority throughout the Covid-19 pandemic, and going forward, has been the safety and well-being of Statkraft's employees and contractors and the Group has taken actions to reduce the spread of the virus in line with advice from national health authorities. Delivering reliable supply of power and heat to society has been the other main priority, and all Statkraft's facilities have been operating satisfactorily.

The effect of the pandemic has so far been limited on Statkraft's financial statements and it is not expected that the pandemic will have a significant effect on the groups' operations in the long term. Statkraft's management is closely monitoring the development of the pandemic and are continuously evaluating the consequences for the Group.

On the non-financial side, the main effect for Statkraft has been extensive use of remote working arrangements and taking measures to ensure the health and safety of those that need to be on-site or at offices around the world.

Additional information about the non-financial implications of the pandemic is presented in the sustainability chapter later in the report.

SUSTAINABILITY

Statkraft aims to be a leading renewables company by 2025. A clear business strategy has been developed to achieve this. One of the enablers of the strategy is the way in which Statkraft operates as a company. This is reflected in the company's commitment to sustainability and responsible business practices. Through its activities, Statkraft aims to create value for society, the environment and the company.

In 2021, Statkraft has further developed its sustainability strategy with a special focus on the areas of climate change, human rights and biodiversity. Statkraft contributes to the United Nations (UN) Sustainable Development Goals (SDGs), and the company's overarching ambition is to contribute to combating climate change (SDG 13). This is achieved by increasing access to renewable energy (SDG 7) and by supporting the development of sustainable communities (SDG 11). Responsible development and operations are also important in addressing topics such as equality, health and safety, biodiversity and human rights (SDGs 5, 8, 15 and 16).

Statkraft commits to a power sector pathway compatible with a 1.5 °C global warming target in line with the Paris Agreement.

The previously communicated set of commitments and ambitions related to climate change remain in force:

- Statkraft shall remain Europe's largest generator of renewable power going forward to 2025 and be among the top three most climate-friendly European-based power generators.
- Statkraft aims for carbon neutrality by 2040 for direct (scope 1) and indirect (scope 2) greenhouse gas (GHG) emissions.

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

In its work on sustainability, Statkraft complies with the laws and regulations in the countries where it operates and takes guidance from relevant international standards and principles. The company is a participant in the UN Global Compact.

Statkraft recognises that there are dilemmas related to sustainability. The company seeks to understand and manage them through a risk-based approach, operating in a way that carefully balances various societal needs and integrating such considerations into its business processes. Our management system, "The Statkraft Way" reflects how we embed sustainability in our business and processes.

Statkraft has the last years worked extensively to understand the implications of the European Union (EU) Taxonomy on Sustainable Finance. For financial year 2021, Statkraft has reported on the eligible activities and are preparing to report on the aligned activities from financial year 2022. See the Taxonomy section later in this report for further information.

Key activities and achievements in 2021 within sustainability include:

- Statkraft's installed renewables capacity was 16 269 MW. In addition, investment decision has been taken for 1070 MW renewable capacity.
- The Group's carbon intensity is among the lowest in the global energy sector. In 2021, it was 21 kg/MWh, which is about nine per cent of the EU's average power generation carbon intensity. In 2021, 96 per cent of Statkraft's power generation was based on renewable energy sources.
- Within health, safety and security (HSS) there was continued focus on key initiatives through the 'Powered by Care' programme and the framework for managing HSS. The company's goal is no serious injuries. There were no fatal accidents in Statkraft in 2021.
- Statkraft aims to develop a more diverse and inclusive workplace and have established three KPIs to ensure long-term value creation from this.
- In Norway, Statkraft has provided relevant facts and studies in the ongoing Revision of Concession Terms processes for its existing hydropower assets. Three of the revision processes were completed with updated concession terms providing environmental improvements.
- In Sweden, Statkraft is preparing for the upcoming revision of environmental terms process for Swedish concessions in accordance with the National Plan. In Germany, the concession for Wahnhausen Run-of-River plant has been updated.
- Statkraft has initiated a workstream to set a direction for the company's biodiversity work, including an ambition, goals and activities. The work focuses on enhancing the overall understanding of the company's impact on nature and biodiversity, as well as how to mitigate impacts.
- In the area of business ethics, work continues to ensure awareness and preparedness to manage risks in new and existing business activities. Training on business ethics has been provided to the company's employees throughout 2021.
- Statkraft continued working on the salient issues identified in the human rights due diligence of its activities. Statkraft is closely following up the human rights related challenges in the Fosen Vind project, see more details below. The company is also preparing for the Norwegian Transparency Act that will enter into force in 2022.
- Statkraft has continued to identify and assess potential adverse impacts on human and labour rights in Statkraft's supply chains, as well as initiating discussions with strategic suppliers.
- Statkraft has taken steps to ensure that future contracts related to solar power are awarded to suppliers that deliver materials from countries and regions where there is a limited risk of forced labour, and that are committed to transparency and allow sufficient insight into their supply chain for risks to be identified and managed.
- Statkraft continued to explore measures to reduce its GHG emissions, and to reduce GHG emissions in the supply chain (indirect emissions, scope 3).

- We acknowledge that there is a clear link between circular economy and our overall footprint in terms of emissions and use of natural resources, and work has been initiated to better understand the implications.

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

Supreme Court rejection of petition from Fosen Vind
In October 2021, the Norwegian Supreme Court rejected the petition from Fosen Vind regarding the setting of damages for two Sami sijte (reindeer husbandry groups) in connection with the Roan and Storheia projects, which are part of the Fosen wind farm development. The reason for the rejection was that the Supreme Court found the licences were invalid as they violated the indigenous rights of the Sami sijte under Article 27 of the International Covenant on Civil and Political Rights. The Court found that the impact the wind parks could have on the reindeers' winter grazing areas entailed a clear risk that the Sami sijte, over the long term, will have to significantly reduce their number of animals. The conclusion was that this would have a substantively negative effect on their ability to exercise their nomadic culture, unless satisfactory mitigating measures are implemented. The Ministry of Petroleum and Energy (MPE) has confirmed that no immediate measures will be taken in relation to the concession while the work to identify appropriate mitigating measures to be implemented is ongoing.

Both Statkraft and Fosen Vind have a clear commitment to respect human rights and adhere to the UN Guiding Principles on Business and Human Rights. In addition to the standard impact assessment process, a thorough review of the potential impacts on the indigenous communities at Fosen, had been undertaken as part of the original licensing process. This included extensive dialogue and engagement with the Sør-Fosen sijte and Nord-Fosen siida, the two reindeer husbandry groups within the reindeer husbandry district, both by the company and the relevant authorities. The companies acted in faith that the licenses awarded in 2013 did not violate the Sami groups' indigenous rights.

An agreement for the construction phase of the projects was reached between Fosen Vind and Sør-Fosen sijte and Nord-Fosen siida. Unfortunately, no agreement could be reached for the operations phase and the issue of compensation for this phase was therefore brought to the courts for resolution. Following the Supreme Court decision, MPE has outlined an administrative process with the aim to identify mitigation measures that safeguard the reindeer herders' right to cultural practice and maintain reindeer husbandry at Fosen in the long-term. MPE will consider relevant changes to the wind park licenses to ensure the protection of Sami's indigenous rights. In light of our commitment to respect human rights, Fosen Vind and Statkraft will support this process and have proposed an impact assessment programme, as requested by MPE.

Statkraft owns 52.1% of Storheia through Fosen Vind DA, whereas Roan was divested in 2021. Fosen Vind and Roan Vind will continue the dialogue with Sør-Fosen sijte and Nord-Fosen siida respectively, with the aim of adopting appropriate mitigating measures that safeguard the reindeer herders' cultural rights in line with Article 27, both short and long term. Fosen Vind has also outlined a plan for our emergency preparedness to help Sør-Fosen sijte in the event of a challenging grazing situation during the winter 2021/2022. We will continue the dialogue with the Ministry and other relevant stakeholders and contribute to the development of a satisfactory impact assessment programme. See note 35 to the consolidated financial statements for further information.

STRATEGY

Market development

After a year with global economic decline caused by the Covid-19 pandemic, 2021 has been a year of uneasy recovery caused by disruptions in supply chains, and extreme price hikes in commodity and power markets. Across Europe power prices were very volatile and climbed to record high levels, as a combination of factors have created an imbalance in the power market. Gas imports in Europe struggled to keep up with demand and put pressure on European gas storages. Renewables failed to cover the shortfalls as wind power production were lower than normal. Combined with relatively low levels in the Nordic hydro reservoirs, this gave an unusual upward pressure on the power prices.

Amid this global economic turbulence, the energy transition continues to advance and has even shown signs of acceleration. Growth in solar and wind continues, hydrogen has emerged as a technology that will complement intermittent renewables in a future zero-carbon economy, and utilities are pushing for ever higher growth targets.

The energy transition will change the way energy is generated and consumed. Phase out of coal and increased demand will require more flexible generation. The end-users will have a more central role as they start producing themselves and provide demand flexibility. Cheap and clean energy makes electrification an ever more efficient solution to decarbonise. Statkraft's strategy builds on these trends and the company's competitive advantages in its quest to be a leading renewables company in 2025.

Statkraft's competitive position

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

Responsible and long-term asset owner

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

Operation and Maintenance (O&M)

The long-term ownership has resulted in strong technical competence in operation and maintenance of hydropower assets across several regions. These capabilities have been successfully utilised on wind power as well over the last twenty years. Statkraft leverages its strengths within asset management and continuous improvement to maintain and increase competitiveness in O&M for renewables.

Energy management

Through the company's asset ownership Statkraft has built a deep market understanding. This has created leading energy management capabilities with analytical expertise across markets. Statkraft is able to create value by bringing together complex systems of own and third-party renewable assets and managing the risk. Statkraft provides market access services for third parties where Statkraft manages the generation of an asset for a customer. Statkraft is the market leader for this service in Germany, Europe's largest electricity market, and is one of the largest providers in Europe with growing portfolios across several other European markets.

Development of large-scale renewable assets

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

Market and customer relationship

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

Trading

Statkraft has used its deep market understanding to develop a highly competitive trading business. An analytical based approach that leverages on Statkraft's internal fundamental market analysis has made trading a competitive advantage. This is supported by an effective operating model and a culture balancing a systematic approach to risk management with positioning within clear mandates.

A market-centric approach

To pursue the Group's strategy, Statkraft utilises a market centric approach. The company seeks to find the best solutions and products in each market, based on market needs and customer demands while identifying and managing business risks and opportunities.

Statkraft focuses on building scale in the countries where it already has presence, i.e. the Nordics, Europe, South America and India, and will own, develop, acquire and operate renewable assets. Statkraft will also divest assets in markets where this can add value. To further strengthen the position in each market,

Statkraft will expand its market activities and offer products and services to other power producers and large consumers.

Strategic priorities

Optimise and expand hydropower

There is an increasing need for flexibility in the energy market and this provides a unique starting point for a flexible hydropower generator with market expertise. Statkraft will therefore continue to optimise and expand its strong hydropower portfolio.

The Nordic portfolio is an important source of flexible and stable power generation. Given the age of the Nordic hydropower fleet, Statkraft will continue with reinvestments to retain its competitiveness and optimise profitability. Annual reinvestments of around NOK 2 billion are expected for Norwegian and Swedish hydropower in the coming years. Statkraft will also focus on optimising, improving, and protecting the value of its hydropower assets outside the Nordics. A considerable share of the generation from Nordic hydropower plants is hedged with long-term power purchase agreements (PPAs) with customers. Statkraft will continue to sign new contracts. In addition to bilateral physical contracts, Statkraft has a financial risk reduction portfolio that enters into financial contracts, normally forwards and futures, in order to hedge prices on a certain volume of future spot sales. Furthermore, Statkraft hedges the generation from Nordic hydropower through a dynamic asset management portfolio reported under the segment Market operations.

Statkraft will seek profitable growth in hydropower through acquisitions/swaps that fit well with the rest of the portfolio. The two projects Los Lagos in Chile and Tidong in India currently under construction are examples of this strategy.

In Europe, gas-fired power will continue to be important to provide the flexibility needed and Statkraft will own and operate its existing gas-fired power fleet, while all further growth will be in renewable energy.

Ramp up wind and solar development

Solar and onshore wind power have become the technologies with the lowest cost, and large growth is expected within these technologies in all countries in which Statkraft operates. Statkraft has a strong starting point with a good track record within wind development and strong competence in securing different types of revenue streams. This has been further reinforced by acquisitions of wind and solar developers over the last years. Statkraft has strong capabilities which enables the company to cover the entire lifecycle of both wind and solar assets. The acquisitions have also increased Statkraft's wind and solar pipeline in Europe significantly.

Statkraft will continue to ramp up as a wind and solar asset developer, targeting an annual run-rate of developed capacity of 2.5 to 3 GW by 2025. The company will take on a developer role and will decide to keep or divest the solar- and wind farms before, at the time of or shortly after completion based on market conditions. Leveraging on the unique market operation capabilities, Statkraft will seek to secure revenues through auctions and PPAs.

Furthermore, Statkraft will build on its competencies on battery and grid stability services to respond to the growing need for flexible storage solutions.

Statkraft has signed two cooperation agreements in 2021 positioning Statkraft as a developer of both bottom-fixed and floating offshore wind on the Norwegian continental shelf. Statkraft wishes to take a role in the development of offshore wind in Norway and sees this as an opportunity to use existing competence, i.e. wind development, market knowledge and O&M experience, to further expand renewable energy generation in the current markets.

Grow customer business

The complexity of the energy markets are increasing and customers are taking a stronger interest in renewable energy. Statkraft's customer business is founded on market leading energy management and hedging of revenues from its own assets. Statkraft supplies industrial and commercial consumers with power from own- and third-party assets, matching their individual needs, managing their risk profile and helping them become carbon-neutral. The company's ambition is to become a leading provider of market solutions for renewable energy.

Within market activities, Statkraft will further strengthen its industry leading role in PPAs, market access solutions and trading. The company will grow its customer business by expanding products and services and ramp up market solutions for Statkraft's assets, external power producers and its customers.

District heating based on renewable energy can contribute to the decarbonisation of heating and cooling in Europe. Statkraft's district heating business amounts to an annual production of around 1 TWh of heating and is well-positioned with good profitability. Statkraft will continue to strengthen its core business and implement new growth initiatives, aiming to be among the top three most profitable and customer-oriented players in Norway and Sweden.

Develop new business

Norway and Europe are early movers in electrification and other ways to reduce carbon emissions outside the power sector. This gives Statkraft testing ground and learnings on new business opportunities. From these, Statkraft aims to create new profitable growth opportunities with international potential.

Currently, the main initiatives are to:

- Develop the Mer EV-charging business into a North-European market leader with attractive services for fast- and slow-charging along road, at destinations, offices, apartments and homes, and explore adjacent energy services.
- Develop attractive sites for data centres and other power-intensive industry in Norway and provide them with wider energy management services.
- Develop biodiesel production from wood residue feedstock through a joint venture with Södra.
- Produce hydrogen from water electrolysis for use in industry and transport. Statkraft is working on several leads, among others in partnerships with Mo Industripark and Celsa.

Moreover, Statkraft is continuously screening new opportunities where the existing capabilities and portfolio can give a competitive advantage.

Statkraft's ambition for 2025

Statkraft aspires to be a leading renewables companies in 2025, with sustainable, ethical and safe operations. The aim is to be:

- The largest hydropower company in Europe and a significant player in South America and India
- A major wind and solar developer with an annual run-rate of 2.5-3 GW developed capacity
- A leading provider of market solutions for renewable energy
- Develop new businesses from the green transition by having an industrial position in green hydrogen, continuing to grow Mer's EV charging business and maturing additional green business initiatives
- One of the top three most profitable and customer-oriented district heating players in Norway and Sweden

Investments

Statkraft has an ambitious growth strategy within renewable energy which requires significant investments in the coming years. Although Statkraft manages its exposure to the Nordic markets actively through several strategies, the available investment capacity will always be impacted to a certain degree by major movements in the power prices. After a year of severe drop in power prices in 2020, resulting in reduced investment capacity, 2021 saw prices at historic high levels which has helped restore and strengthen the investment capacity of the company.

Adjusted to Statkraft's financial capacity and the target credit rating, the Group is now planning annual net investments of more than NOK 13 billion in renewable energy towards 2025. The pace and total amount of investments in the strategic period will depend on market opportunities and market development and will be adapted to safeguard Statkraft's credit rating.

About 30 per cent of the net investments until 2023 are planned in the Nordics, 30 per cent is planned in markets outside Europe and about 40 per cent is planned in Europe. This geographical diversification of the investments is expected to continue in the following years as well. Of the gross investments, the European share is even higher, as divesting developed wind and solar projects will recycle significant amounts of capital. There will also be substantial growth in other markets where Statkraft is already present, like South America and India.

The investment programme will be financed through retained earnings from existing and future operations, external financing and divestments of some of the completed solar and wind projects. The investment programme has a large degree of flexibility and will be adapted to the company's financial capacity, rating target and market opportunities.

STRATEGIC TARGETS

The Board of Directors has set financial and non-financial targets for the Group. The performance related to several of the targets will be assessed over a longer time horizon. The main targets and the status at the end of 2021 are listed in the table below.

AMBITION	TARGET	STATUS
HSE and sustainability		
Prevent incidents and be committed to a workplace without injury or harm	Zero serious injuries	7
Prevent corruption and unethical practices in all activities	Zero serious compliance incidents	0
Deliver climate-friendly, renewable energy and taking responsible environmental measures	Zero serious environmental incidents	0
Financial performance		
Deliver a solid return on capital	>7% ROACE	22.4%
Value creation in ongoing business		
Efficient management of energy resources in the Nordic hydropower fleet	>3.5% higher realised prices than the average spot price in the market	9.0%
Growth		
Grow capacity in renewable energy (hydro-, wind- and solar power)	9 GW growth by 2025	3.3 GW
Organisational enablers		
Improve diversity in background, competence and gender across the company	At least 35% women in top management positions by 2025 and at least 40% by 2030	30%

HSSE and sustainability

Caring for people is at the core of Statkraft's activities and Statkraft works continuously towards the goal of zero injuries. There were no fatal accidents in 2021, but there were seven serious injuries. The target is no serious injuries, so Statkraft is not satisfied with this. Strengthening the safety culture and performance across the organisation and among contractors is top priority and has high attention throughout the organisation. See section "Health and safety" in the sustainability chapter of the report for more information.

Statkraft has zero tolerance for corruption and unethical practices in all activities, and there were zero serious compliance incidents in 2021.

Assessing environmental risks is part of Statkraft's daily risk management procedures and practices and there were no serious environmental incidents in 2021.

Financial performance

Statkraft aims to deliver a solid return on capital employed. At the end of 2021, the ROACE was 22.4 per cent. This was well above the target. See section "Return on investments" for more information.

Value creation in ongoing business

With Europe's largest portfolio of flexible hydropower plants and reservoir capacity, Statkraft is well positioned to achieve a higher average price for generation from the Nordic hydropower fleet than the average Nordic spot price. In 2021, Statkraft's realised prices were 9 per cent higher than the average spot price in the Nordics. Statkraft started the year with relatively high reservoir fillings and during a relatively dry year Statkraft has taken advantage of the flexible hydro portfolio to maintain a high generation at very high spot prices.

Growth

The strategy has a growth target of 9 GW by 2025. At the end of 2021 Statkraft has taken final investment decisions for 3.3 GW, up from 2.2 GW at the end of 2020. The increase relates primarily to the acquisition of 43 wind farms in Germany and France. Furthermore, investment decisions have been made for solar projects in Spain, the Netherlands, Ireland and India, as well as onshore wind projects in Brazil and Chile. Of the 3.3 GW, 0.5 GW has been divested. By 2025 the aim is to be a major wind- and solar developer with a development rate of 2.5–3 GW per year. Statkraft is on track to reach this target.

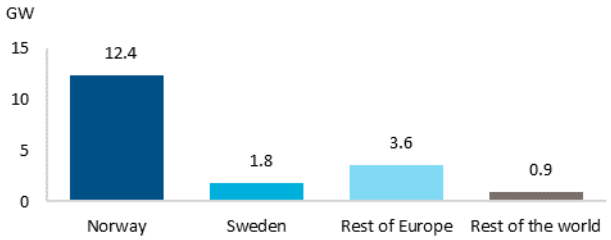
Organisational enablers

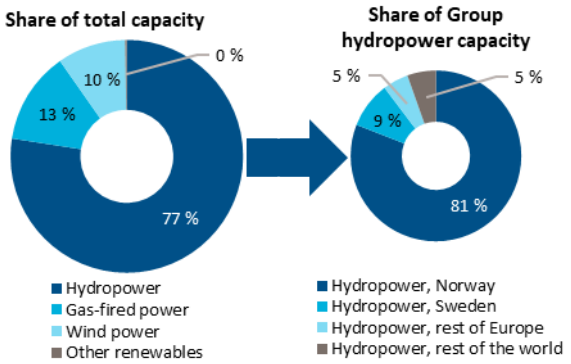
Statkraft aims for a diverse workforce and has a long-term ambition of having at least 40 per cent women in top management positions. At the end of 2021 the share was 30 per cent, up from 29 per cent at the end of 2020. The 40 per cent target was reached for the corporate management in 2020. See subsection "Labour practices" in the sustainability chapter of the report for more information.

GENERATION AND POWER PRICES

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

Generation capacity





Statkraft has a consolidated installed power generation capacity of 18.7 GW. The largest portfolio is hydropower in Norway with a total installed capacity of 11.7 GW. The Norwegian hydropower assets are backed by approximately a quarter of Europe's total reservoir capacity. This makes them very flexible and well suited for a power system with a large share of intermittent power generation from wind and solar.

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

Power generation

Total power generation was 69.9 TWh, an increase of 7 per cent compared with 2020. The increase was primarily related to Norwegian hydropower.

In addition, Statkraft delivered 1.2 TWh district heating, an increase of 18 per cent.

Generation by technology

TWh	2021	2020
Hydropower	63.0	55.7
Wind power	3.9	4.3
Gas-fired power	2.7	5.1
Other (biomass and solar power)	0.2	0.3
Total generation	69.9	65.4

Generation by geography

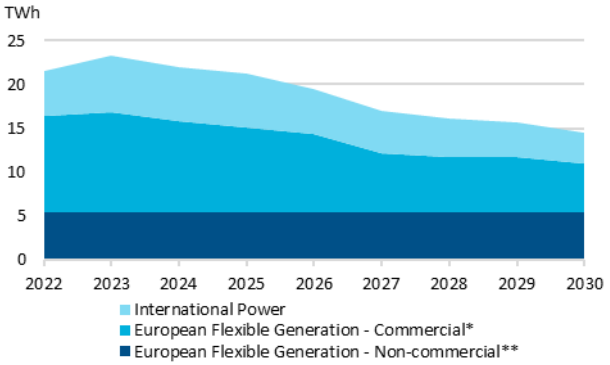
TWh	2021	2020
Norway	54.5	47.5
Sweden	7.1	7.4
Rest of Europe	4.3	6.4
Rest of the world	4.0	4.1
Total generation	69.9	65.4

Spot and contracted volume

TWh	2021	2020
Net physical spot sales	53.0	42.0
Concessionary sales at statutory prices	3.5	3.5
Long-term contracts	13.4	19.9
Total generation	69.9	65.4

Statkraft continues to work on new contracts to keep the position as a large supplier to the industry in Norway and evaluates additional hedging opportunities. In 2021, Statkraft entered into several new power sales agreements in Norway. The agreements are further described under subsection "Important events in 2021" under segments European flexible generation and International power later in this chapter. There are power sales agreements for a significant part of the generation from the assets in South Europe and on continents outside of Europe. The hedging activities are supplemented with financial power contracts and other risk mitigating activities. Over time, this reduces the price risk for a significant part of our generation and, in sum, the bilateral contracts and other hedging activities have a stabilising effect on the revenues over time.

Hedged volume

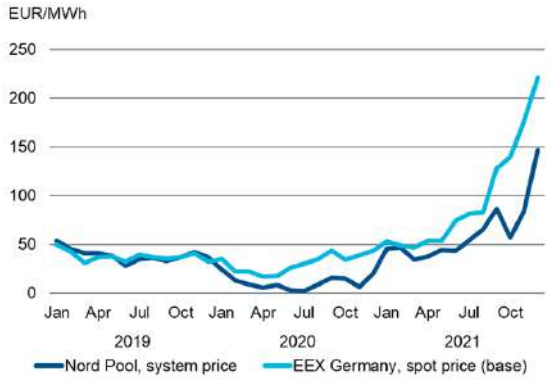


** Includes long-term industry contracts, pre-paid long-term power sales agreements and financial hedging.*
*** Includes concessionary powerand other regulated contracts.*

Power prices

2021 was a year with very high volatility for power and other energy related commodities. Power and fuels markets reached record-high price levels during the year.

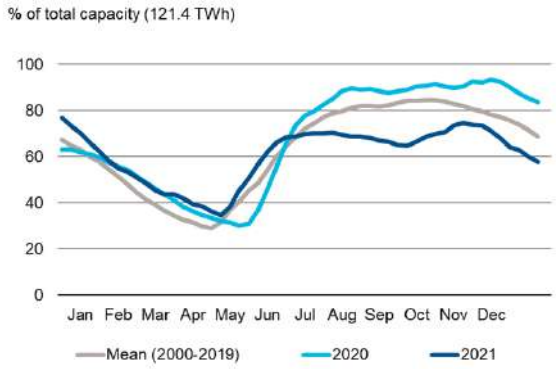
Market prices for power, monthly averages



The average system price in the Nordic region was 62.2 EUR/MWh in 2021 (10.9 EUR/MWh). The average German spot price (base) was 96.6 EUR/MWh (30.4 EUR/MWh).

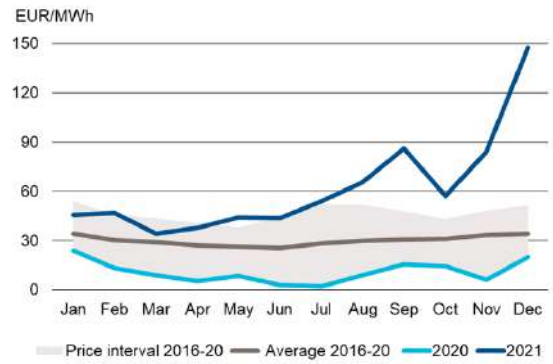
The Nordic market

Reservoir level



As the Nordic generation capacity is mainly hydropower, hydrology and reservoir levels are important price drivers. The reservoir level was significantly below normal level in the second half of 2021, mainly as a result of dry weather.

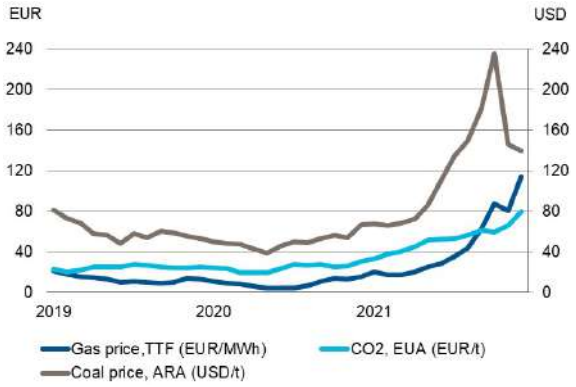
Nordic system price



The Nordic power prices followed the German prices for large parts of the year. The price level was high throughout the year, with particularly high prices in the second half of the year.

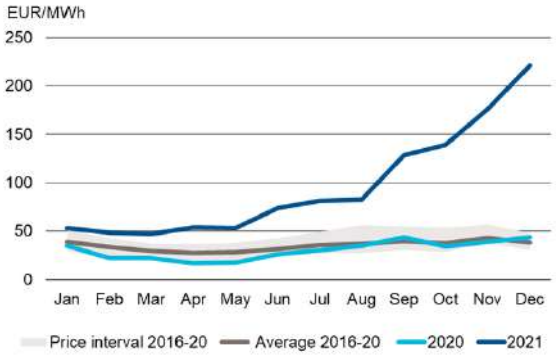
The German market

Price drivers



Coal, gas and CO_2 are important price drivers for the German power market. The prices for all these drivers saw a significant price increase in 2021.

German spot price (base)



The German prices were high throughout 2021 and the second half of the year saw very high prices in a historic perspective.

FINANCIAL PERFORMANCE[1]

The Group's underlying operating profit (EBIT) was NOK 26 792 million. The significant increase from 2020 was primarily due to very high Nordic power prices and high Norwegian hydropower generation.

Profit before tax was NOK 32 744 million and net profit ended at NOK 16 081 million. At the end of 2021, the Group's equity was NOK 107 775 million, corresponding to 35 per cent of total assets. Cash flow from operating activities was at a solid NOK 26 242 million.

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

Net operating revenues and other income underlying

NOK mill.	2021	2020
European flexible generation	33 899	11 401
Market operations	-2 343	4 304
International power	1 632	2 314
European wind and solar	1 703	659
District heating	716	488
Industrial ownership	6 053	1 975
Other activities	1 677	1 390
Group items	-1 587	-1 754
Net operating revenues and other income underlying	41 749	20 776

Statkraft's revenues are generated through spot sales, contractual sales to the industry, market activities, grid activities and district heating. In addition, the Group delivers concessionary power. The fundamental basis for Statkraft's revenues comprises of power prices, energy optimisation and generation. The generation revenues are optimised through financial power trading, and the Group engages in energy related trading activities. The Group's underlying net operating revenues and other income more than doubled from 2020.

The largest segment, European flexible generation, was the main contributor to the increase. This was due to very high Nordic power prices and high Norwegian hydropower generation. The high power prices also had a significant effect on the revenues from the segment Industrial ownership.

The Market operations segment, which had good results in 2020, had significant losses in 2021. The losses were primarily related to the dynamic asset management portfolios following the high energy prices and volatile market in the last part of 2021. The dynamic asset management portfolios aim to optimise revenue and in addition reduce risk for the Nordic and Continental assets reported under the segment European flexible generation.

The International power segment had a decrease in net operating revenues and other income, primarily due to the deconsolidation of the Khimti hydropower plant in Nepal in July 2020, losses on energy contracts in Albania and dry hydrology in Turkey and Chile.

The net operating revenues and other income from the European wind and solar segment increased year-on-year due to gains from divestment of projects from the DS/DBS[2] portfolio and higher revenues from power generation as a result of higher power prices.

The District heating segment was also impacted by the high power prices. Additionally, the segment was positively affected by higher delivered heating volume due to colder winter months.

Operating expenses underlying

NOK mill.	2021	2020
European flexible generation	-6 343	-6 407
Market operations	-2 005	-1 777
International power	-1 677	-1 909
European wind and solar	-1 867	-1 452
District heating	-508	-471
Industrial ownership	-1 716	-1 592
Other activities	-2 502	-2 075
Group items	1 659	1 577
Operating expenses underlying	-14 957	-14 106

In total, the Group's underlying operating expenses increased by 6 per cent year-on-year. The increase was primarily related to a higher number of full-time equivalents, acquisition of new businesses and increased business development costs. The increase was partly offset by currency effects due to a strengthening of NOK.

Items excluded from the underlying operating profit

NOK mill.	2021	2020
Unrealised value changes from embedded EUR derivatives	-1 285	339
Gains/losses from divestments of business activities	817	119
Impairments/reversal of impairments	3 403	-1379
Total adjustments	2 934	-922

[1] Figures in parentheses show comparable figures for 2020.

[2] DS/DBS: Develop-Sell/Develop-Build-Sell. For further information about this business model, see the European Wind and Solar section on page 27.

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

The gains from divestments of business activities excluded from the underlying operating profit was related to the divestment of the wind farms Roan in Norway and Andershaw in Scotland.

Impairments and reversal of previous years' impairments excluded from the underlying operating profit had a net positive effect of NOK 3403 million. This was primarily related to reversal of impairments for gas-fired power assets in Germany and wind power assets in Norway and Sweden.

Financial items

NOK mill.	2021	2020
Interest income	289	197
Interests expenses	-523	-465
Net currency effects	1 089	-1 520
Other financial items	477	157
Net financial items	1 331	-1 631

Interest income was higher, mainly due to higher liquidity. Interest expenses was also higher, primarily due to new debt in subsidiaries.

Other financial items increased, mainly due to a positive value change on venture capital investments and positive value changes on interest rate derivatives.

Net currency effects

NOK mill.	2021	2020
Currency hedging contracts and short term currency positions	-27	20
Debt in foreign currency	1 089	-1 186
Internal loans, joint ventures and associates	27	-354
Net currency effects	1 089	-1 520

The net currency effects in 2021 were predominantly related to debt in foreign currency and was mainly a result of a strengthening of NOK against EUR.

Tax expense

NOK mill.	2021	2020
Profit before tax	32 744	4 953
Nominal tax rate in Norway	22%	22%
Tax calculated at nominal Norwegian tax rate	7 204	1 090
Tax on share of profit/loss in equity accounted investments	-371	-184
Resource rent tax	10 074	1 188
Other differences from the nominal Norwegian tax rate	-244	-673
Tax expense	16 663	1 421
Effective tax rate	51%	29%

The recorded tax expense increased significantly year-on-year. This was mainly due to the higher profit before tax subject to income tax. The majority of Statkraft's tax expense was related to Norway.

Cash flow

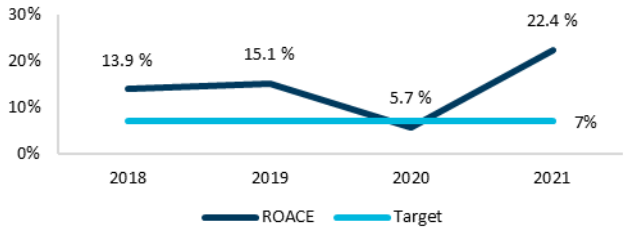
NOK mill.	2021	2020
Operating activities	26 242	11 631
Investing activities	-5 618	-7 226
Financing activities	5 418	-8 279
Net change in cash and cash equivalents	26 042	-3 874
Currency exchange rate effects	-34	-174
Cash and cash equivalents (incl. restricted cash) at year-end	37 162	11 155

Cash flow from operating activities increased significantly, primarily due to solid contributions from the hydropower assets in the Nordics. Cash collateral, margin calls and option premiums also contributed positively to the cash flow from operating activities, whereas cash outflow related to taxes paid and investments in the DS/DBS portfolio in the European wind and solar segment had a negative impact. The difference between underlying EBIT and cash flow from operating activities was also affected by unrealised value changes following market fluctuations.

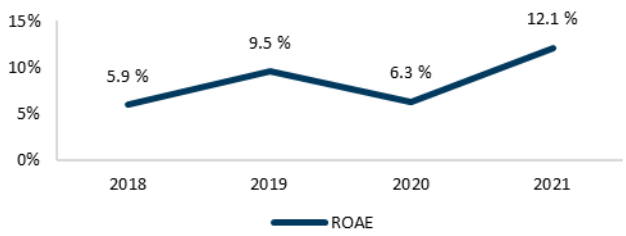
Cash flow from investing activities was mainly related to investments in property, plant and equipment and the acquisitions of wind farms in Germany and France, partly offset by cash inflow from the sale of Roan and Andershaw wind farms.

Cash flow from financing activities was primarily related to new interest-bearing debt, mainly in Norway. This was partly offset by dividend paid to the owner and repayment of interest-bearing debt, also in Norway.

Return on investments



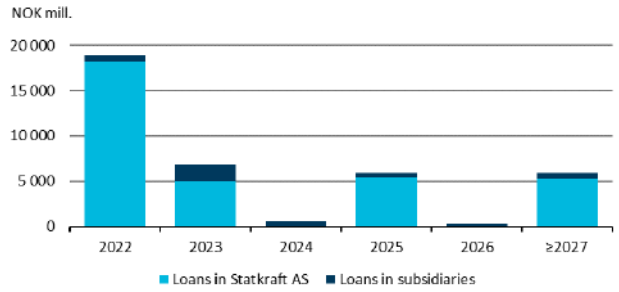
The increase in underlying EBIT following the significant increase in power prices and higher Norwegian hydropower generation impacted the return on average capital employed (ROACE), which increased significantly year-on-year and ended well above Statkraft's target of minimum 7 per cent. The average capital employed was 2 per cent higher than for 2020.



The return on average equity accounted investments (ROAE) also increased year-on-year. This was primarily due to a higher share of profit in equity accounted investments, which doubled year-on-year to NOK 1686 million. The increase in share of profit/loss in equity accounted investments was mainly due reversal of impairments for hydropower assets in Asia due to expected higher power prices in future years. In 2020, there were impairments for hydropower assets in Chile.

Net interest-bearing debt repayment plan

Debt redemption profile[3]



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

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

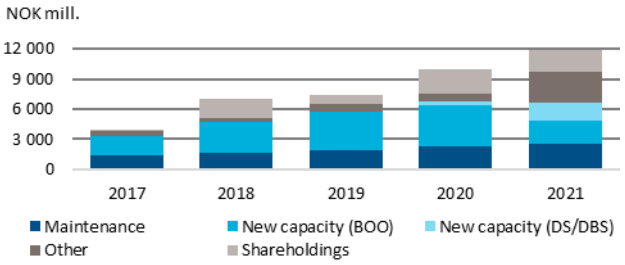
At the end of 2021, net interest-bearing debt amounted to NOK 14 439 million (NOK 22 710 million), resulting in a net interest-bearing debt-equity ratio of 11.8 per cent (18.8 per cent).

At the end of the year, Statkraft's equity totalled NOK 107 775 million, compared with NOK 98 028 million at the start of the year. This corresponds to 35 per cent of total assets (54 per cent). The decrease in equity ratio was due to a significant increase in total assets, which increased from NOK 181 257 million at the end of 2020 to NOK 310 004 million at the end of 2021. The significant increase in total assets are explained by a surge in the value of the Groups derivatives of almost 70 billion following the significant increase of the prices of both power and underlying commodities. Furthermore, the Group's receivables increased by almost 30 billion following working capital movements and are also explained by the high prices observed in 2021. The increase in cash- and cash equivalents of 26 billion is explained in the cash flow section.

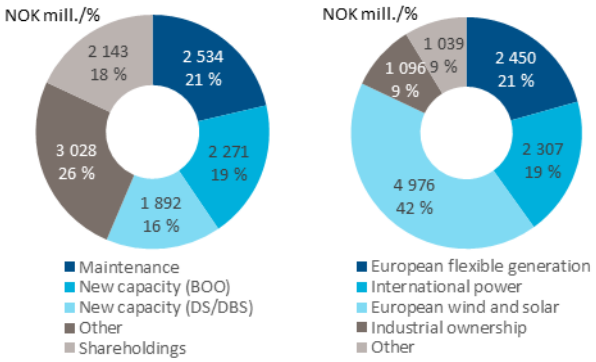
Financial strength and rating

It is important for Statkraft to maintain its credit rating with the two rating agencies Standard & Poor's and Fitch Ratings. Statkraft AS has a current credit rating of A- (stable outlook) from Standard & Poor's and BBB+ (stable outlook) from Fitch Ratings. See note 6 to the consolidated financial statements for further information.

Investments



2021 investments



Statkraft invested NOK 11 868 million in 2021 (NOK 9901 million), of which approximately one fifth were maintenance investments, primarily in Nordic hydropower assets. The largest investments within Nordic hydropower were among others related to the refurbishment of the Rana power plant as well as the Nesjø and Trollheim dams.

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

Other investments of NOK 3028 million were mainly related to EV charging businesses, district heating and grid activities in Norway, as well as grid service projects in Ireland and the UK.

Investments in shareholdings of NOK 2143 million were mainly related to the acquisition of wind farms in Germany and France.

[3] Includes commercial papers, bond and bank debt.

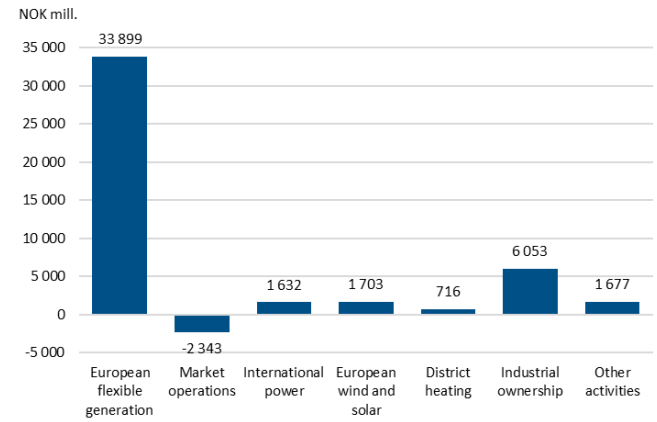
SEGMENTS

Statkraft is organised in four business areas and two corporate staff areas. The business areas are Production and industrial ownership, International power, European wind and solar and Markets and IT. The staff areas are Corporate staff and Chief financial officer. All business areas and staff areas are headed by an Executive Vice President. The Chief Executive Officer and the Executive Vice Presidents form the Corporate Management. See note 4 to the consolidated financial statements for further description of the business areas and staff units.

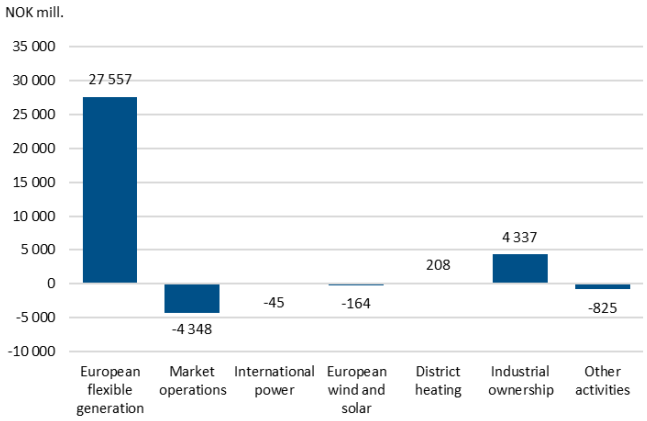
The Group's reportable segments are in accordance with how the Chief Executive Officer makes, follows up and evaluates his decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the Corporate Management and used as a basis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

The reportable segments are defined as European flexible generation, Market operations, International power, European wind and solar, District heating and Industrial ownership. In addition, the group reports Other activities and Group items. Other activities include cost related to governance of the Group, new business within biomass and electric vehicle charging as well as venture capital investments. Unallocated assets are also reported as Other activities. Group items include eliminations.

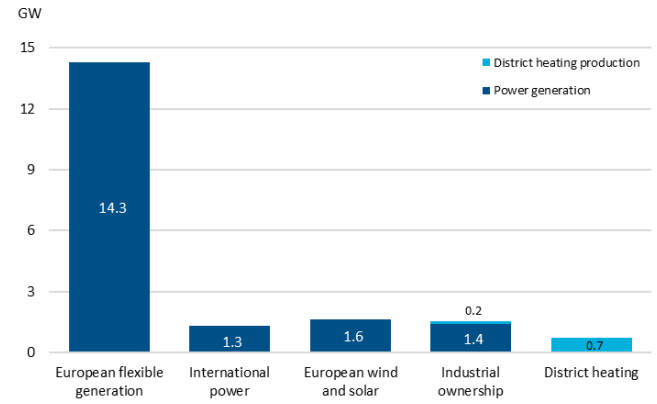
Net operating revenues and other income



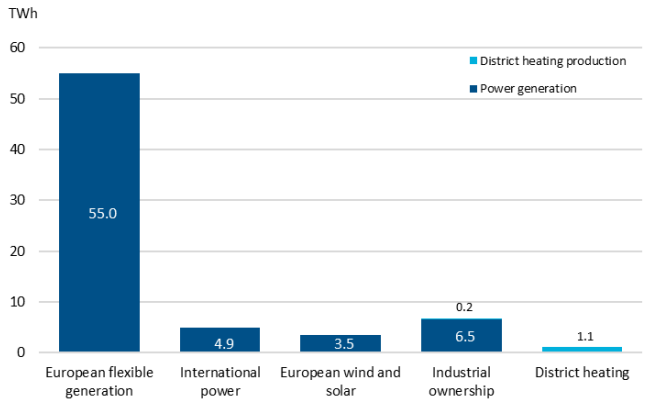
EBIT



Installed capacity



Power generation/district heating production



European flexible generation

European flexible generation includes development, asset ownership and operations of most of the Group's hydropower business in Norway, Sweden, Germany and the United Kingdom, as well as the gas-fired and the biomass power plants in Germany and the subsea interconnector between Sweden and Germany.

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

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

Business model

European flexible generation owns and operates the portfolio of flexible assets in Europe. Multi-year reservoirs in Norway and the flexibility of the power plants enable optimisation of the power generation based on the hydrological situation and the power prices. In addition, the optimisation balances availability, reinvestments and maintenance costs for the assets.

Key risks

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

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

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

Important events in 2021

- Statkraft signed an extended power contract with Boliden Odda. The contract includes deliveries of 1.6 TWh per year with a duration of 15 years. Statkraft has also entered into several new long-term power contracts for the coming years with a volume of approximately 3.1 TWh in total.
- Statkraft made investment decision for the rehabilitation of Nesjødammen in Norway. Estimated investment is NOK 436 million.
- Changes in the market outlook led to reversals of previous year's impairments for German gas-fired power plants of NOK 1 billion.

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	39 727	14 342
Net operating revenues and other income	33 899	11 401
Operating expenses	-6 343	-6 407
Operating profit (EBIT) underlying	27 557	4 995
Unrealised value changes from embedded EUR derivatives	-1 285	339
Gains/losses from divestments of business activities	-	-
Impairments/reversal of impairments	1 020	1 708
Operating profit (EBIT) IFRS	27 291	7 041
Share of profit/loss in equity accounted investments	-	16
ROACE (%)	45.2	8.3
ROAE (%)	n/a	n/a
Maintenance investments and other investments	2 222	1 695
Investments in new capacity	228	185
Investments in shareholdings	-	-
Generation (TWh)	55.0	50.4

The increase in net operating revenues and other income was mainly due to the high Nordic power prices and Norwegian hydropower generation. In addition, the contribution from subsea interconnector between Sweden and Germany increased as a result of higher spread between German and South-Swedish power prices.

The strong increase in underlying EBIT was reflected in the return on average capital employed (ROACE). The average capital employed was on par with 2020.

The investments were primarily related to maintenance of Nordic hydropower assets.

Market operations

Market operations consists of both risk reducing activities on behalf of the European Flexible assets and Trading & Origination activities. The activities within the segment are as follows:

Dynamic asset management: Statkraft incorporates market analysis, portfolio analysis and financial operations in a dynamic hedging approach for Statkraft's European flexible power generation assets in the Nordics and on the Continent. Positions are taken based on fundamental analysis and aim at reducing risk and optimising revenues for the Nordic and Continental assets. Mandates to enter into financial contracts are based on volume thresholds related to available generation. Statkraft has two dynamic asset management portfolios, one for the Nordic flexible assets and one for the Continental flexible assets.

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

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

Statkraft has an ambition to be a leading provider of market solutions for renewable energy producers and consumers. To reach this ambition, Statkraft's target is to expand its trading of energy products and significantly increase the volumes in upstream PPAs and structured green energy supplies by 2025.

Key risks

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

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

Important events in 2021

- There has been an extraordinary situation with low renewable energy production and high fuel prices in Europe in the second half of 2021. These conditions led to an increase in commodity prices with extreme volatility, resulting in record-high prices in the power and fuels markets.
- Statkraft signed 194 new short-term fixed price PPAs in Germany, as more EEG customers seek to benefit from the continuous high power prices in Germany. Total installed capacity for these contracts is 2469 MW with an expected annual generation of 3.4 TWh.
- Statkraft signed three 10-year PPAs for purchasing power from solar projects owned by Foresight Solar Fund in Spain. The total installed capacity of the three projects is 99 MW, with an estimated annual generation of 127 GWh.
- Statkraft signed a 10-year power supply agreement with Neste in Finland, with an estimated volume of 215 GWh per year.

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	32 383	17 980
Net operating revenues and other income	-2 343	4 304
Operating expenses	-2 005	-1 777
Operating profit (EBIT) underlying	-4 348	2 527
Unrealised value changes from embedded EUR derivatives	-	-
Gains/losses from divestments of business activities	-	-
Impairments/reversal of impairments	-	-
Operating profit (EBIT) IFRS	-4 348	2 527
Share of profit/loss in equity accounted investments	-	1
ROACE (%)	n/a	n/a
ROAE (%)	n/a	n/a
Maintenance investments and other investments	23	13
Investments in new capacity	-	-
Investments in shareholdings	-	-
Generation (TWh)	n/a	n/a

The decrease in underlying EBIT was driven by record-high prices for power and other power-related commodities and high volatility in the forward markets. These price movements led to the negative underlying EBIT from the segment.

Dynamic asset management ended with a negative EBIT of NOK 5485 million compared with a positive EBIT of NOK 757 million in 2020. The negative result was a consequence of the high energy prices and the volatile market. The dynamic asset management portfolios were affected negatively as they, in addition to optimise revenues, are risk-reducing portfolios for Statkraft's flexible assets in Europe.

Trading & Origination had a positive EBIT of NOK 1137 million compared with NOK 1770 million in 2020.

The operating expenses increased, primarily due to higher salary and payroll cost.

International power

International power includes development, asset ownership and operations of renewable assets in emerging markets. The segment currently operates in Brazil, Chile, Peru, India, Nepal, Albania and Turkey.

International power operates in growth markets with an increasing need for more energy. Statkraft is focusing on selected markets where the company can add value in a clear industrial role. Some of the investments are made in collaboration with local partners or international investors.

The revenue stems from power sales, mainly on long-term contracts. Asset sales are evaluated on a case by case basis.

Business model

The primary strategy for International power is to develop new generation capacity and integrate it into the existing operational portfolio to achieve efficient management, operations and route to market. International power has a sizeable pipeline of attractive investment opportunities.

Key risks

Key risks are related to HSSE, market, weather, commodity, project execution, economic, political and regulatory aspects and compliance. All relevant risks are reflected in the valuation of investments and assets on a continuous basis. Market risk is partly reduced through hedging which for 2021 was above 70 per cent of the produced volume. For all risk areas proactive mitigation and handling of risk is covered in the risk and performance management process.

Important events in 2021

- Investment decisions were made for the wind projects Torsa (108 MW) in Chile and Morro do Cruzeiro (80 MW) in Brazil, as well as for the Nellai solar power project in India (76 MWp).
- Statkraft entered into new power sales agreements in Albania, Brazil, Chile, India and Peru. The annual volume for these contracts is approximately 0.8 TWh.
- Net impairment reversal of NOK 393 million related to three hydropower plants in Asia were recognised. See note 15 to the consolidated financial statement for more information.

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	2 588	2 902
Net operating revenues and other income	1 632	2 314
Operating expenses	-1 677	-1 909
Operating profit (EBIT) underlying	-45	405
Unrealised value changes from embedded EUR derivatives	-	-
Gains/losses from divestments of business activities	-4	119
Impairments/reversal of impairments	-79	45
Operating profit (EBIT) IFRS	-128	569
Share of profit/loss in equity accounted investments	553	-539
ROACE (%)	-0.2	1.6
ROAE (%)	22.1	-19.8
Maintenance investments and other investments	382	179
Investments in new capacity	1 925	1 064
Investments in shareholdings	-	43
Generation (TWh)	4.9	4.7

The net operating revenues and other income decreased, primarily due negative effects from energy contracts in Albania, the deconsolidation of the Khimti hydropower plant in Nepal in July 2020 and dry hydrology in Turkey and Chile. The decrease was partly offset by income from the recognition of a settlement for extended concessions in Brazil.

Operating expenses decreased 12 per cent year-on-year, primarily due to consolidation of the Khimti hydropower plant in Nepal for parts of 2020 and negative one-off effects in Brazil in 2020.

The increase in share of profit/loss in equity accounted investments was mainly due to net reversal of impairments related to three hydropower plants in Asia.

The decrease in the return on average capital employed (ROACE) was due to the lower underlying EBIT. The average capital employed, which was 8 per cent lower year-on-year, is relatively high mainly due to newly built and acquired assets leading to high carrying values.

The high return on average equity accounted investments (ROAE) in 2021 was mainly driven by the reversal of impairments in Asia.

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

European wind and solar

European wind and solar includes development and construction of onshore wind and solar power plants with the intention to divest the plants (Develop-Sell/Develop-Build-Sell business model). The segment has development and construction activities in several countries in Europe. The segment also includes asset ownership and operation of wind farms in Norway, Sweden, Ireland, Germany and France, as well as development and construction of grid service assets in the UK and Ireland.

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

Business model

In addition to the business model where Statkraft build, owns and operates (BOO) wind farms, the segment has a large portfolio of projects, both in the development phase and in the construction phase. These projects follows the business model Develop-Sell/Develop-Build-Sell (DS/DBS), where the aim is to develop and construct onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion. For some of the divested assets Statkraft will deliver asset management as well as operation & maintenance services to the asset owner.

Key risks

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

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

For some projects, Statkraft will construct a power plant subsequent of divesting it to a third party. In such cases, there is a risk of contractual liabilities emerging during the warranty period that is caused by underperformance of the project.

Important events in 2021

- Transactions from the BOO business model:
  - Statkraft acquired 39 operating wind farms in Germany and four in France with a total capacity of 346 MW.
  - Statkraft divested its 52.1 per cent share in Roan wind farm. Roan has an installed capacity of 256 MW and is part of the Fosen portfolio in Norway.
  - Statkraft divested 100 per cent of the shares in Andershaw Wind Power Limited, which consists of the Andershaw wind farm (36 MW) in Scotland.
- Within the DS/DBS business model the current pipeline consists of 12 400 MW, with 811 MW being developed during 2021. Furthermore, 252 MW was divested in Spain, Scotland and the Netherlands primarily. Put-call option agreements for future sales or sale agreements with agreed sales price for 298 MW in Ireland, Spain and Netherlands were also signed during the year and are expected to be closed in 2022.
- Kvenndalsfjellet, Harbaksfjellet and Geitfjellet at Fosen reached commercial operation date. Thus, all Fosen wind farms are handed over to operation.
- Cooperation agreements for two different consortiums to explore offshore wind opportunities in Norway was signed. One with Aker Offshore Wind, Aker Horizons and bp and the other one with Aker Offshore Wind and Ocean Winds.
- Expected higher future power prices in the coming years in the Nordic area are considered to lead to increased revenues for wind assets in Norway and Sweden. As a result, impairment reversals amounting to NOK 2466 million were recognised in the statement of profit and loss.
- The Norwegian Supreme Court ruled the concession and expropriation decision of 2013 for Storheia and Roan wind farms as invalid. See note 35 in the Group financial statement.

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	2 240	767
Net operating revenues and other income	1 703	659
Operating expenses	-1 867	-1 452
Operating profit (EBIT) underlying	-164	-793
Unrealised value changes from embedded EUR derivatives	-	-
Gains/losses from divestments of business activities	821	-
Impairments/reversal of impairments	2 466	-3 126
Operating profit (EBIT) IFRS	3 123	-3 919
Share of profit/loss in equity accounted investments	3	8
ROACE (%)	-1.3	-8.3
ROAE (%)	0.4	0.9
Maintenance investments and other investments	1 284	297
Investments in new capacity (BOO)	38	2 263
Investments in new capacity for subsequent divestment (DS/DBS)	1 892	413
Investments in shareholdings	1 762	1 850
Generation (TWh)	3.5	3.9

Net operating revenues and other income increased significantly year-on-year due to high Nordic power prices and gains from divestments within the DS/DBS business model.

Operating expenses increased due to new employees, costs from newly acquired businesses, higher business development costs in line with the growth strategy and higher depreciations due to reversal of previous year's impairments.

The negative return on average capital employed (ROACE) was due to a negative underlying EBIT. Average capital employed increased by 30 per cent. The capital employed is relatively high due to newly built and acquired assets leading to high carrying values.

The return on average equity accounted investments (ROAE) decreased as a result of the lower share of profit.

The investments in new capacity were mainly related to the development and construction of wind and solar projects to be divested, primarily in Ireland, Spain and the Netherlands. Other investments were related to grid service projects in Ireland and the UK. The investments in shareholdings were related to the acquisition of wind farms in Germany and France.

District heating

Statkraft owns and operates 13 facilities and concessions divided in two sub-areas, Trondheim and Bio Norden.

Trondheim is based on a waste-to-energy plant at Heimdal in Trondheim with mainly electricity and gas to cover peak load. Bio Norden consists of twelve plants in different locations in Norway and Sweden, all based on biomass with some bio-oil and electricity for peak load.

District heating has a distribution grid of approximately 500 km, 40 000 end-users and the segment delivers 1.1 TWh of heating and cooling.

Business model

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

Key risks

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

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

Important events in 2021

- Statkraft and Coop Norge entered into an agreement that ensures utilization of surplus heat from Coop's logistics center at Gardermoen for the period 2023-2041 (25 GWh per year).
- The Norwegian government decided to implement CO_2-tax on waste handling from 1 January 2022.

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	1 045	686
Net operating revenues and other income	716	488
Operating expenses	-508	-471
Operating profit (EBIT) underlying	208	17
Unrealised value changes from embedded EUR derivatives	-	-
Gains/losses from divestments of business activities	-	-
Impairments/reversal of impairments	-4	-6
Operating profit (EBIT) IFRS	204	10
Share of profit/loss in equity accounted investments	-	-
ROACE (%)	5.9	0.5
ROAE (%)	n/a	n/a
Maintenance investments and other investments	190	13
Investments in new capacity	-	203
Investments in shareholdings	-	-
Delivered volume (TWh)	1.1	0.9

Net operating revenues and other income increased year-on-year due to both higher heating prices and delivered volume. The increase in achieved heating prices was primarily a result of the high power prices in Norway, while the increase in delivered heating volume was a result of colder weather during the winter months. The revenues from waste handling was on par with 2020.

Operating expenses increased 8 per cent, primarily related to an increase in the number of full-time equivalents, business development costs and higher depreciations due to new pipelines and reinvestments.

The higher EBIT was reflected in the return on average capital employed (ROACE), which increased significantly year-on-year. The ROACE was mainly driven by district heating activities in Trondheim. The average capital employed was stable compared with 2020.

The investments were primarily related to pipelines and modifications of existing assets in Norway.

Industrial ownership

Industrial ownership includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, Eviny (formerly named BKK) and Agder Energi. Statkraft is the majority shareholder in Skagerak Energi, which is included in the consolidated financial statements and holds large minority shareholdings in Agder Energi and Eviny which are reported as equity accounted investments.

The companies' revenues primarily come from power generation, distribution grid and district heating. In addition, Agder Energi has a significant power sales and energy service business and Eviny has operations in infrastructure services. All companies are actively working on solutions to develop environmentally friendly energy and infrastructure solutions and contribute to the electrification of the society.

Business model

As an owner, Statkraft focuses on optimizing the industrial development of the companies to increase the shareholder value and the companies' competitive positions. The work is founded on Statkraft's ownership strategy, which has clear views on the development of each business as well as structural development of the industry. Statkraft aims at good relations with the co-shareholders and at contributing to professional board work in the companies.

Key risks

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

The risk from the volatility of the power market is handled differently in the companies. Skagerak Energi has limited hedging of power prices, while Agder Energi and Eviny have significant market activities that hedges generation revenues through physical bilateral contracts and financial power trading.

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

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	6 638	2 120
Net operating revenues and other income	6 053	1 975
Operating expenses	-1 716	-1 592
Operating profit (EBIT) underlying	4 337	382
Unrealised value changes from embedded EUR derivatives	-	-
Gains/losses from divestments of business activities	-	-
Impairments/reversal of impairments	-	-
Operating profit (EBIT) IFRS	4 337	382
Share of profit/loss in equity accounted investments	1 227	1 472
ROACE (%)	25.6	2.3
ROAE (%)	11.6	15.4
Maintenance investments and other investments	923	626
Investments in new capacity	80	388
Investments in shareholdings	93	-
Generation (TWh)	6.5	6.4

Net operating revenues and other income increased, primarily due to significantly higher power prices.

Operating expenses increased 8 per cent year-on-year, mainly due to a higher number of full-time equivalents and increased costs for power plants operated by others.

The share of profit/loss in equity accounted investments decreased as there were gains from divestments in 2020.

The increase in the return on average capital employed (ROACE) was primarily due to the higher underlying EBIT. The average capital employed increased 3 per cent year-on-year.

The decrease in the share of profit/loss in equity accounted investments was reflected in a decrease also in return on average equity accounted investments (ROAE).

The investments were primarily related to grid activities in Skagerak Energi.

Other Activities

Other activities include cost related to governance of the Group, new business within electric vehicle charging, biomass and biofuel as well as venture capital investments. Unallocated assets are also reported as Other activities.

Important events in 2021

- Statkraft participated in a share issue in the Swedish electrical vehicle charging company Bee Charging Solutions, resulting in 51 per cent ownership in the company.
- Statkraft established the company HEGRA with 33 per cent ownership as a collaborative project together with Yara and Aker to produce green ammonia in Norway.

Financial performance

Key figures

NOK mill.	2021	2020
Gross operating revenues and other income	1 926	1 594
Net operating revenues and other income	1 677	1 390
Operating expenses	-2 502	-2 075
Operating profit (EBIT) underlying	-825	-685
Unrealised value changes from embedded EUR derivatives	-	-
Gains/losses from divestments of business activities	-	-
Impairments/reversal of impairments	-	-
Operating profit (EBIT) IFRS	-825	-685
Share of profit/loss in equity accounted investments	-97	-123
ROACE (%)	n/a	n/a
ROAE (%)	n/a	n/a
Maintenance investments and other investments	539	206
Investments in new capacity	-	-
Investments in shareholdings	287	465
Generation (TWh)	n/a	n/a

The decrease in underlying EBIT was primarily due to higher costs related to business development and newly consolidated companies within EV charging.

PROFIT ALLOCATION

The parent company Statkraft AS had a net profit of NOK 10 195 million in 2021.

Statkraft AS is fully owned by Statkraft SF. The Board of Directors of Statkraft SF proposes a dividend of NOK 10 214 million to its owner. The Board of Directors of Statkraft AS proposes the following allocation of the annual profit in Statkraft AS:

NOK mill.	
Net annual profit in Statkraft AS' company accounts	10 195
Appropriation of profit for the year and equity transfers:	
Allocated dividend from Statkraft AS to Statkraft SF	10 214
Allocated to (+)/from (-) other equity	-19

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

GOING CONCERN

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

RESEARCH AND DEVELOPMENT (R&D)

Statkraft participates in research projects to keep updated on the latest knowledge and to contribute to securing a sustainable future for the renewable energy sector. Targeted investments in R&D are made to increase the company's competitive advantages. R&D within hydropower and energy management remains a priority, at the same time the R&D portfolio has been broadened to support Statkraft's growth within other technologies and geographies.

R&D to optimise hydropower and support growth

The R&D activities provide knowledge and solutions for ongoing operations as well as for new business development. Statkraft's Corporate R&D portfolio currently consists of around 80 projects within hydropower, wind power, solar energy, market operations, customer business and new business initiatives.

In 2021, approximately 60 per cent of the R&D spend was related to hydropower generation and market operations, 30 per cent to wind and solar, and 10 per cent to new business initiatives.

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

For Statkraft to remain a competitive developer within wind and solar, R&D is needed to steadily decrease the cost of energy. The past years, wind power R&D has focused on the operational phase of wind farms as this was considered the greatest opportunity for value creation. Statkraft is currently shifting the focus to include other areas such as early-phase development, site selection and decommissioning. Statkraft is developing an increasingly diverse wind portfolio internationally and is therefore looking into issues that are different from those faced in the Nordics. The solar energy R&D portfolio is increasing in line with a growing project pipeline. Reduced uncertainties regarding technology choice, plant design and production estimates are still in focus, in addition to operations and maintenance related R&D, as well as sustainability challenges.

R&D is an important contributor to identify and develop new business initiatives, exploring unsolved technical challenges such as batteries for transport and storage, fuel cells for mobile energy solutions and electrolysers for hydrogen production. In addition, R&D plays an important role investigating the energy system transition, as well as exploring the opportunities and challenges of integrating and optimising new solutions on a system level.

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

Increased value through joint research

Statkraft is actively optimising the returns from its research activities by seeking research partnerships, co-funding and public funding when appropriate. The mode of operation is to pursue clear business cases owned by the business line, preferably through joint industry projects and in collaboration with research institutions. Statkraft encourages open discussions and cooperation and pursues competitive advantages through optimal use of knowledge.

Both in the Norwegian and European research arenas, Statkraft seeks to actively contribute with problem definitions, direction and content. Statkraft is contributing in several research centres' boards. This applies amongst others to HydroCen, a Norwegian research collaboration for hydropower, Bio4Fuels, focusing on converting biomass to sustainable fuels and energy and NTRANS, the Centre for Energy Transition Strategies, giving policy input to decision makers. All centres have broad and heavy participation from Norwegian research partners and industry and are funded by the Norwegian Research Council's FME scheme.

Statkraft actively participates in regulatory processes and hearings through research policy developments and prioritisations. The company is represented in the Norwegian Research Council's shadow group for the Horizon Europe program, and is involved in the International Energy Agency (IEA) and the International Hydropower Association (IHA) working groups. Statkraft holds the chair position in the Energy21, a strategic body appointed by the Ministry of Oil and Energy, with mandate to develop the Norwegian national strategy for research, development and commercialisation of new, climate-friendly energy technology.

Through participation in R&D projects both on the Norwegian, European and international arena, Statkraft strengthens its position as a leading player within renewable energy. This is emphasised by the close alignment between Statkraft's corporate strategy and the R&D strategy.

RISK MANAGEMENT

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

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

Operational risk

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

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

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

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

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

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

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

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

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

Energy market risk

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

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

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

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

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

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

Financial risk

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

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

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

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

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

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

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

Regulatory and country risk

Statkraft's activities in Norway are influenced by framework conditions such as taxes, fees, terms for concession, grid regulations and requirements stipulated by the Norwegian Water Resources and Energy Directorate (NVE). Statkraft puts substantial efforts into the understanding of environmental regulations and climate change. The risk of flexibility loss due to stricter regulations for hydropower generation, the cumulative effect for the Norwegian society and value of flood-damping capabilities are being analysed. In addition, there are general terms and conditions stipulated for the energy industry that must be adhered to. These framework conditions may affect Statkraft's generation, costs and revenues.

The framework conditions in the individual countries in Europe are the result of international processes that will be important for Norwegian and other European power plants. With its international presence, Statkraft is also directly exposed to different national framework conditions, tax levels, licence terms and public regulations. Statkraft therefore emphasises the uncertainty in the future development of these factors at investment decision. Possible changes in the political landscape are considered and maintaining an open dialogue with decision-makers in relevant arenas is of a high priority.

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

Climate risk

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

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

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

CORPORATE GOVERNANCE

Statkraft adheres to the Norwegian Code of Practice for Corporate Governance (NUES) within the framework established by the company's organisation and ownership. Statkraft follows the Norwegian state's principles for sound corporate governance, described in the White Paper, Meld. St. 8 (2019-2020) "Statens direkte eierskap i selskaper – Bærekraftig verdiskaping" ("The state's direct ownership of companies – sustainable value creation") and is subject to reporting requirements relating to corporate governance according to Section 3-3b of the Accounting Act.

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

OUTLOOK

The Nordic power prices increased significantly from the very low levels in 2020. Also in other European markets where Statkraft has power generation there were substantial increase in power prices. The market expects the high price levels to continue in the short to medium term. In addition, reservoir levels in the Nordics are below normal.

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

Statkraft has a large volume of long-term power contracts within the segments European flexible generation and International power. These contracts have a stabilising effect on revenues and profit over time. Statkraft will continue to offer new contracts to maintain the position as a competitive supplier to the industry in Norway.

The strong recovery of the Nordic power prices and successful energy management led to very strong results in 2021. This has had a positive effect on the investment capacity and Statkraft is planning net investments of more than NOK 13 billion annually in renewable energy towards 2025. The pace and total amount of investments in the strategic period will depend on market opportunities and market development. The investment programme has a large degree of flexibility and will be financed by retained earnings, external financing and divestments. The strategic growth target of developing 9 GW by 2025 is expected to be met. Statkraft has a solid financial foundation to deliver on the growth strategy and aims to be a major wind- and solar developer with a development rate of 2.5–3 GW per year by 2025. Statkraft's ambition is to maintain the position as the largest generator of renewable energy in Europe and to be a significant player in South America and India through investments in renewable energy. This will contribute to lowering carbon emissions in the race to fight climate change.

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

From Statkraft's Low Emissions Scenario:

Falling technology costs for renewable energy will make it easier to set more ambitious climate targets and to invest in green technologies.

TAXONOMY

EU TAXONOMY

Economic activities (figures in NOK mill./%)		NACE	Category	Net revenue	Opex	Capex
4.1	Electricity generation using solar photovoltaic technology	D35.11	Own performance	475	291	2 530
4.3	Electricity generation from wind power	D35.11	Own performance	2 159	-1 178	2 549
4.5	Electricity generation from hydropower	D35.11	Own performance	36 984	7 619	3 978
4.9	Transformation and distribution of electricity	D35.12	Enabling	945	758	1 324
4.15	District heating/cooling distribution	D35.30	Own performance	185	154	47
4.16	Installation and operation of electric heat pumps	D35.30	Own performance	6	4	-
4.20	Cogeneration of heat/cool and power from bioenergy	D35.11	Own performance	283	200	12
4.24	Production of heat/cool from bioenergy	D35.30	Own performance	163	141	46
4.25	Production of heat/cool from waste heat	D35.30	Own performance	16	9	-
6.15	Infrastructure enabling low-carbon road transport and public transport	F42.22	Own performance	101	381	575
3.10	Manufacture of hydrogen	C20.11	Own performance	-	33	-
7.7	Acquisition and ownership of buildings	L68.20	Own performance	4	22	12
A – Total of Taxonomy eligible activities				**41 320**	**8 433**	**11 073**
B – Total of Taxonomy non-eligible activities				**-34**	**3 126**	**795**
Total of A + B				**41 286**	**11 559**	**11 868**
Percentage eligible				**100%**	**73%**	**93%**

In order to meet the climate and energy targets and reach the objectives of the European green deal, the EU has introduced a classification system for sustainable economic activities that is commonly referred to as “EU taxonomy”. The aim of the taxonomy is to redirect private capital towards sustainable projects and investments. Most of Statkraft’s activities fall under the scope of the taxonomy and hence Statkraft will disclose to what extent the activities that are carried out meet the criteria set out in the EU Taxonomy.

The EU Taxonomy Regulation sets mandatory requirements on disclosure, with the aim of providing transparency on environmental performance. The basis for the first disclosure is the delegated act on climate change supplementing article 8 of the taxonomy regulation that was published in July 2021. This specifies the content, methodology and presentation of information to be disclosed concerning the proportion of environmentally sustainable economic activities.

For financial reports published on or after 1 January 2022, i.e. the annual report for the financial year 2021, only the proportion of Taxonomy-eligible[4] and Taxonomy non-eligible economic activities of the net turnover, operational expenditure and capital expenditure shall be disclosed.

An economic activity is considered eligible if it is included in the list of activities covered by the delegated acts of the Taxonomy Regulation. These are activities which are considered potentially to make a substantial contribution to any one of the six environmental objectives. An eligible activity is a Taxonomy-aligned[5] activity if it meets the Taxonomy criteria on substantial contribution to one or more of the environmental objectives, does not significantly harm any of the other environmental objectives and is carried out in compliance with the minimum safeguards, i.e. the UN Guiding Principles and the OECD Guidelines.

Statkraft’s taxonomy-eligible economic activities

Statkraft has considered the eligibility at asset level, e.g. at power plant level, and has identified assets under 12 economic activities that fall under the taxonomy definition as eligible. The table above shows these 12 activities and their share of Statkraft’s net revenue, operating expenses and capital expenditure. This disclosure does not take into consideration to what extent these activities are Taxonomy-aligned in this reporting cycle.

The activities that are classified as non-eligible in the table, mainly relates to the segment Market operations. Furthermore, the activities related to gas-fired power plants and 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.

The European Commission has been explicit that economic activities that are not recognised by the EU Taxonomy are not necessarily environmentally harmful or unsustainable.

The three performance indicators, net revenue, operating expenses and capital expenditure, are all determined in accordance with the standards applied in the financial statements. For each of the KPIs the financial figures are determined at the lowest level for which there are separately identifiable cash flows for assets or groups of assets (cash-generating unit) considering

[4] An activity is eligible under the Taxonomy if it is included in the list of activities covered by the Taxonomy and has technical screening criteria developed that determine under what conditions the activity substantially contributes to one or more of the Taxonomy’s objectives (climate change mitigation, adaptation, ecosystems, pollution, water and marine life, circular economy) and does no harm to any of these objectives.

[5] An economic activity is aligned when it meets all the Taxonomy criteria on ‘substantial contribution’, ‘do no significant harm’ and ‘minimum safeguards. In other words, an eligible activity is aligned when it meets all the criteria.

them on a standalone basis. The figures presented are totals for each activity after elimination of intracompany transactions.

Net revenue

The Taxonomy KPI on net revenue has the same definition as net operating revenues and other income in Statkraft's statement of comprehensive income. In 2021 the Group's total net operating revenues and other income was NOK 41 286 million, of which 100 per cent derived from taxonomy-eligible activities. The taxonomy-eligible share is 100 per cent due to non-eligible activities having negative net operating revenues and other income, primarily due to losses for the segment Market operations.

Operating expenses

The KPI on operating expenses has the same definition as operating expenses in the statement of comprehensive income. Primary cost as well as cost related to business support and governance were included on cash-generating unit level but excluded from Group Services representing the cost allocator. Only cost related to operating and maintaining the assets were included. In 2021 the Group's total operating expenses was NOK 11 559 million, of which 73 per cent derived from Taxonomy-eligible activities. 4.3. Electricity generation from wind power is reporting a negative figure in the table above, this was due to reversal of impairments for Nordic wind power assets more than offsetting the operating expenses for the activity.

Capital expenditure

The Taxonomy KPI on capital expenditure 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. Such investments are not included in the list of standards to include according to 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 2021 the Group's total capital expenditure was NOK 11 868 million, of which 93 per cent derived from Taxonomy-eligible activities. Investments related to the business models Develop-Sell and Develop-Build-Sell represent 16 per cent of the total investments.

Statkraft's taxonomy-aligned economic activities

For financial reports published on or after 1 January 2023, Statkraft is aiming at disclosing the share of net turnover, operational expenditure and capital expenditure that is Taxonomy-aligned. Renewable power generation is generally deemed to make a substantial contribution to the mitigation of climate change and Statkraft has an ongoing process for assessing substantial contribution towards this objective and reviewing the economic activities for doing no significant harm for the other objectives.

From Statkraft's Low Emissions Scenario:

EU's Green Deal emphasises both preservation and restauration of nature and species. The target for 2030 is to protect 30 per cent of EU's land and sea area with binding plans for biodiversity.

SUSTAINABILITY

Sustainability

HOW WE MANAGE SUSTAINABILITY

Statkraft aims to be a leading renewables company by 2025. A clear business strategy has been developed to achieve this. One of the enablers of the strategy is the way in which Statkraft operates as a company. This is reflected in the company's commitment to sustainability and responsible business practices. Through its activities, Statkraft aims to create value for society, the environment and the company.

At Statkraft, we recognise the importance of businesses in contributing to the realisation of the UN Sustainable Development Goals, and this is why we place a special focus on seven SDGs. These are goals which we are well-positioned to contribute to, or which we believe are particularly important to address. Our overarching ambition is to contribute to combatting climate change (SDG 13).

Statkraft is committed to combatting climate change through its core business, providing renewable energy from hydropower, wind and solar, and exploring new energy solutions.

Equally important is the way we do business, understanding our impacts – positive and negative – on people, the environment, and the societies where we operate. This is reflected in a strong health and safety culture, a focus on diversity and inclusion, high ethical standards, and zero tolerance for corruption. Statkraft also continuously works to understand and address environmental and human rights risks and impacts.

Statkraft's core business and strategy represent a significant positive contribution to climate change mitigation, which the company aims at maximising through its 2025 growth targets. As an overall climate ambition, Statkraft is committed to a power sector pathway compatible with a 1.5°C global warming target, and carbon neutrality by 2040. A set of climate targets has been established to achieve this.

Statkraft has a long history of focusing on sustainability. Combined with new laws and evolving stakeholder expectations, we draw on this experience as we continue to develop the sustainability strategy with a special focus on the areas of climate change, human rights, and biodiversity. We have also explored what circular economy means to Statkraft and its relevance to our technologies.

Governance

Through our management system, "The Statkraft Way", we embed our sustainability approach into our processes. The system sets the direction of our work, and it is reviewed and updated as laws, expectations and challenges evolve.

Our Code of Conduct, approved by the Board of Directors, outlines our fundamental principles for responsible behaviour. These principles are further described in the policies and governing documents in our management system. They cover our key activities, including acquisition and construction projects. The Code of Conduct applies to our employees and all the companies in the Statkraft Group. When it comes to our business partners and suppliers, they are expected to adhere to our Supplier Code of Conduct.

We have a system for registration and follow-up of non-compliance with external and internal requirements. It facilitates handling of cases, analysis of incidents, identification of improvements, and subsequent learning across the group.

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

Statkraft's Key Performance Indicators (KPIs) include sustainability topics, such as health and safety, business ethics and the environment. Group KPIs are regularly reviewed by Corporate Management and the Board of Directors as part of the corporate performance reporting process. Sustainability topics are also included in Corporate Audit's annual plan and work.

Covid-19 and sustainability

Our main priority has been to ensure the health and safety of our employees across our operations, and to maintain our power supply. We have also followed up our suppliers. This has enabled us to maintain uninterrupted, resilient operations around the world.

Throughout the pandemic, we have responded to regional restrictions and encouraged our employees to work from home. Health guidelines and training have been provided to those whose responsibilities require on-site work. IT systems have been given specific attention to safeguard cybersecurity and personal data.

In addition, we initiated a series of actions in the communities where we have operations. These included e.g. providing medical kits for testing in communities close to our projects, awareness and improved sanitation programs, food packages to vulnerable families, medical equipment and supplies to local clinics and hospitals, and alternative income-generating activities, such as the local manufacture of face masks. All donations were coordinated with local authorities and provided in kind with local suppliers being vetted before signing service or supply contracts.

Sustainability reporting

Statkraft's sustainability reporting is based on the Global Reporting Initiative Standards (GRI core option). In 2020, we finalised an update of our materiality analysis, anchored at the Corporate Management level. It identifies the sustainability topics that are most material for the company:

- Occupational health and safety
- Human rights
- Water management
- Biodiversity
- Contribution to climate change mitigation
- Business ethics and compliance
- Responsible supply chain

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

Statkraft has engaged Deloitte AS to provide a limited level of assurance of this report.

In 2021, Statkraft started up annual reporting of our climate-related status, actions and ambitions to the Carbon Disclosure Project (CDP). Our reporting related to climate topics is aligned with the Taskforce on Climate related Financial Disclosure (TCFD) recommendations and a reference table is included as part of the Sustainability Statement.

We are continuously working to align with emerging regulations, standards and frameworks, such as the EU taxonomy (more information in the Taxonomy section) and the Corporate Sustainability Reporting Directive (CSRD). We also follow the development of and make preparations to implement relevant national legislation, including the new Norwegian Transparency Act.

Stakeholder dialogue

We value engagement with those impacted by our activities and those that impact our activities, and we aim to maintain an open dialogue on sustainability issues.

Statkraft's stakeholders include employees, local communities, local, regional and national authorities, government officials, customers, suppliers, research institutions, non-governmental organisations, civil society organisations, and the media.

Stakeholder dialogue forms part of daily operations, ranging from regular stakeholder interaction at our project sites, to memberships in sustainability forums and platforms, alliances, and partnerships such as:

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

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

Handling reported concerns

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

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

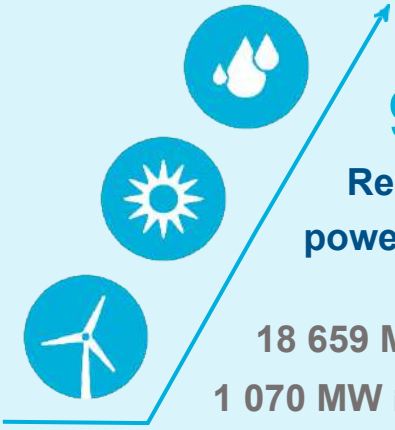
Employees and externals can report their concerns through the whistleblowing channel, through line management, via email, mail, or by phone. The whistleblowing channel offers reporters the possibility of reporting and communicating anonymously with Corporate Audit. Corporate Audit is responsible for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

All reported concerns sent to Corporate Audit are acknowledged within 72 hours. Corporate Audit starts by conducting a quality assurance and initial review of the information received. Corporate Audit then assess the nature of the concerns and determine the steps required to establish relevant facts. Corporate Audit is responsible for performing all internal investigations.

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

In 2021, 57 cases were reported to Corporate Audit. Of these cases, one led to an investigation, which is still ongoing, and four led to inquiries, two of which are still ongoing. Similarly, 34 cases were concluded by Corporate Audit or sent to the line organisation for further handling. Lastly, 18 cases were concluded to be outside Corporate Audit's mandate to handle and accordingly sent to the correct department for further handling, e.g. issues related to human resources.

Sustainability
at a glance

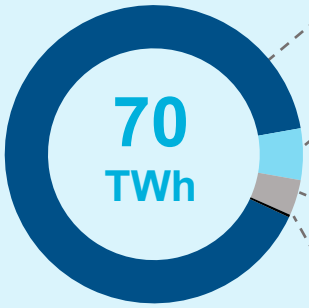


96%
Renewable power generation

18 659 MW installed capacity

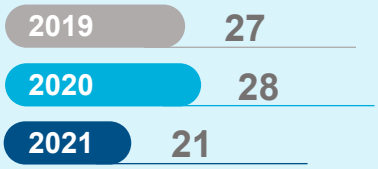
1 070 MW investment decision taken

Power generation



Hydropower 90.2%
Wind power 5.6%
Gas-fired power 3.9%
Other 0.3%

Power generation
Carbon intensity
kg CO_2e/MWh



Score for
CDP: C
Carbon Disclosure Project

Capital return
22.4% ROACE*

Electrified fleet
12% of fleet

Environment
0 serious incidents

Women in management
28% of total positions

Health and safety
7 serious injuries

Whistleblowing
57 cases

*Return on average capital employed.

STATKRAFT'S CONTRIBUTION

Statkraft has provided renewable energy to communities, industries, businesses, and homes around the world, blazing a trail for the global energy transition since 1895. Our growth ambition is to become one of the world's leading renewable energy companies by 2025.

We are integrating sustainability practices into our operations and striving to create economic, environmental, and social shared value, and contributing to the UN's Sustainable Development Goals (SDGs). Also, through our core business, we have the potential of contributing to the circular economy.

Environmental shared value

Globally, a significant source of greenhouse gas emissions is related to energy production of all types, including the generation of electricity. In order to reach global emission target, combating climate change and the loss of biodiversity caused by climate change, it is critical to increase the production of energy from low-carbon energy sources. To ensure sustainable natural resource management, it is also vital to produce more energy from renewable energy sources, especially with respect to meeting ambitions of a more circular economy. Thus, we believe that electrification based on renewable energy is key to reach climate change, biodiversity, and circular economy targets.

Today, Statkraft is Europe's largest generator of renewable power. We have a market share of about 7% of Europe's total electricity production based on renewable energy technologies such as hydro, wind, and solar power. Statkraft supplies about one-third of the total electricity consumption in Norway. We also generate heat and power from waste, biomass and natural gas.

Statkraft's business activities are constantly expanding. We are currently developing new green business activities such as hydrogen, biofuels, charging infrastructure for electric cars and locations for data centres. All of these contribute to the green energy transition.

Our activities, and our continuous efforts in Research & Development (R&D), generate dissemination of knowledge and information related to best practices, renewable energy, energy systems, climate change and environmental issues, all of which contribute to the industry's growth potential.

Statkraft has an environmental management system through which we address and manage our impacts. Through this system, we understand risks early in the planning and development phase, which allows us to avoid them and to mitigate negative impacts.

We also cooperate closely with authorities and research centres to provide expertise and resources. For example, we carry out environmental enhancement measures, genetic preservation initiatives, and landscape restoration activities.

Social shared value

We apply good practices in our operations, with the goal of having a positive impact in the communities where we develop and operate power plants; and put in place initiatives to address key issues of importance in these communities.

Possible project benefits include improving and developing local infrastructure and services, such as irrigation systems, roads, electrification, community buildings and health centres, and supporting health and education improvement projects.

Our hydropower plants in Norway provide benefits through both monetary and non-monetary mechanisms enshrined in Norwegian legislation. Among non-monetary benefits, we implement catchment and community development initiatives such as public use of access roads, assisting the development of tourism or facilitating access to resources for other economic sectors such as forestry or mining.

Moreover, skilled and careful operation of our hydropower plants enables us to contribute to both flood and drought mitigation by using the storage capacity of our reservoirs as a tool for enhanced climate resilience. The development and operation of hydropower plants facilitate multiple uses of watercourses and infrastructure such as drinking water supply, transportation, irrigation, and recreation.

In countries where Statkraft operates, the company also contributes to more optimal utilisation of energy resources through market access services, remote control of renewable assets and virtual power plants.

Economic shared value

Statkraft's activities contribute in different ways to global, national, and local economies. Through our operations, we have created a total value of 36.9 million NOK globally. The value created is distributed between the salaries and benefits of our employees (13%), the returns to our lenders and owners (73%), and the company in the form of equity (14%). Our operations also support the creation of jobs in Norway and around the world.

By complying with our obligations to pay taxes and tariffs, we create revenue for the governments where we operate, helping to fund and improve public services. We also create value for our shareholders through the generation and distribution of dividends.

Wind and solar power investments are important parts of Statkraft's business strategy. Both are becoming viable without subsidies in an increasing number of markets.

As regards our hydropower portfolio, monetary benefit sharing mechanisms include revenue sharing through concession fees, various property and natural resource taxes, providing for economic development funds, equity sharing through public ownership, as well as preferential electricity rates for local communities.

Our tax policy

The Statkraft Group has a tax strategy which is approved by the Board of Directors and published on our external website. The tax strategy is regularly evaluated by Statkraft's Group Tax Department, and any amendments to the tax strategy are presented to the Board of Directors for review and approval.

Statkraft pursues a tax strategy that is principled, transparent and sustainable. We comply with tax law and practices in all of the

countries in which we operate, and we believe that a responsible approach to tax is essential to the long-term sustainability of the societies where we operate, as well as our business across the globe.

Tax is a core part of our governance and our responsibility as a corporation and is overseen by the Board of Directors. The day-to-day management of Statkraft's tax affairs is handled by Group Tax, which is involved in all significant business developments to assess any potential tax consequences of our decisions in advance.

Statkraft has a clear responsibility to comply with legislation in the countries where we operate. In relation to tax legislation, we choose to do this by aiming not only to comply with the letter of the law, but also with the underlying intent of the policy. Statkraft has a centralised and uniform approach to interpretation of the tax rules, which is handled at the Group level.

We employ appropriately qualified and trained tax professionals with the necessary levels of expertise and knowledge. We constantly monitor updates and changes to tax legislation to assess their impact on the Statkraft Group.

Tax disclosures are subject to internal reviews as part of the statutory reporting process and as part of the Group reporting process. In addition to internal reviews, tax disclosures are subject to ordinary external audit requirements in accordance with local statutes and regulations.

Statkraft approaches tax in a way that is aligned with our business strategy and aims to reduce business complexity and cost. We do not engage in artificial tax arrangements and actively consider all implications of tax planning. Furthermore, all tax planning must comply with the Group's Tax Optimisation and Structuring framework, which governs our approach to tax planning and is subject to robust review and approval processes.

We do not use tax havens to avoid tax and only establish an entity in a nil or low-rate jurisdiction for substantive and commercial reasons. This means that we pay tax according to where value is created within the normal course of our commercial activities.

Statkraft is committed to ensure full compliance with all statutory obligations and full disclosure to tax authorities. We engage with tax authorities with honesty and integrity and seek to establish a relationship based on mutual respect, transparency and trust. We work collaboratively with tax authorities wherever possible to resolve disputes and achieve clarity, but we are prepared to litigate where we disagree with a ruling or decision.

Statkraft engages constructively with governments on the development of tax systems, legislation and administration, either directly or through industry associations as appropriate. We believe that more informed and sustainable outcomes are achieved where governments openly consult with industry and other affected stakeholders.

Statkraft has an established quarterly procedure in place for tax risk management that facilitates appropriate identification, measurement, management and reporting of tax risks. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought in accordance with our internal framework.

We proactively manage tax issues and risks in a way that maximises shareholder value after tax while operating in accordance with applicable legislation and Statkraft's Code of Conduct.

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

Tax is part of the general process for reporting concerns about unethical or unlawful behaviour. Statkraft has systems in place for independent reporting of concerns, and Corporate Audit is the first recipient of all concerns reported through proper channels (i.e. the whistleblower channel).

OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

As a provider of clean energy to millions of people around the world, Statkraft is committed to playing a key role in the green transition towards a more sustainable, decarbonised global society.

Renewable power production is a fundamental and integral part of the movement to combat climate change (SDG 13), a factor which will play a pivotal role in determining the outcome of all 17 of the UN's Sustainable Development Goals (SDGs).

We have identified three levels of action in which we embed sustainability throughout our organisation: our overarching commitment, our core business functions, and the way in which we operate on a daily basis. Last year we accelerated our efforts to address these and other SDGs in order to contribute to a more climate-positive, resilient and inclusive world. By adopting a balanced approach that recognises not only the positive impacts and synergies between SDGs, but also negative trade-offs, we pinpoint concrete measures that will allow us to achieve our goal of full carbon neutrality by 2040. We thereby aim to be a key player in advancing the UN's sustainability mission and global goals by 2030.

This strategic approach is further embedded within our internal Code of Conduct and Supplier Code of Conduct as well as our policies, which touch on impactful issues related to, amongst other things, our business ethics, the environment, employee health and safety, diversity and inclusion.

Our commitment

Decarbonising the planet

Climate change is the greatest challenge we currently face, and it has the potential to impact the economy, biodiversity, politics and the day-to-day lives of people around the world. We see SDG 13 as central to the overarching ambition of contributing to decarbonising the planet. Our core business is the generation of electricity using hydropower, wind, solar, gas, biomass, and hydrogen. All of our new investments are in renewable assets.

Our strategy

Our contribution to SDG 13 is exemplified by our commitment to reach carbon neutrality by 2040 and advancing a power sector pathway compatible with a 1.5°C global warming target. Given the pervasive nature of both the threats and opportunities associated with climate change, we intend to go beyond simply reducing our carbon footprint and have adopted a wide range of initiatives aimed at mainstreaming climate change measures both within our organisation and society at large (SDG target 13.3).

Our approach is focused on increasing renewable energy sourcing, accelerating investment in electric mobility, maximising energy efficiency, mitigating indirect emissions from our supply chain and decarbonising our operations.

Opportunities

Our path towards climate neutrality and our core business activities mean that we naturally have an impact on other relevant SDGs. We directly work to provide access to modern energy systems (7.1), substantially increase the share of renewable energy in the global energy mix (7.2) and provide opportunities for green jobs (8.5).

We also contribute through our low-carbon electricity generation to reduce the loss of biodiversity due to climate change (15.5).

Likewise, we contribute to the provision of cleaner air for cities and communities by replacing fossil fuel-based power generation with non-polluting renewable energy sources (3.9, 11.6).

Challenges

As part of the large ongoing transition away from coal-fired plants in the European market, our gas-fired power generation is expected to increase to meet demand (9.4). This, however, facilitates lower European power sector emissions overall (12.c), with further reductions expected over the coming years (7.1, 7.2).

We also work to minimise our Scope 3 indirect emissions (12.2) which result from the production and transport of gas to our plants, as well as materials like concrete and steel that are needed for new construction initiatives. We are exploring ways to implement improved sustainability measures, such as new environmental assessment tools and pilot projects to explore emission mitigation options in the supply chain (12.6), to reduce our overall greenhouse gas emissions.

Our core business

Generating affordable and clean energy

Substantial changes to the present energy sector will be required to limit global warming to 1.5ºC. We contribute to this goal through our business activities and the provision of renewable energy (7.2, 12.2). With our ambition of developing 9 GW of new renewable capacity by 2025 (from 2018 baseline) and our overarching focus on ensuring all new investments are 100% renewable, we remain Europe's largest generator of renewable power and we will continue to be a leading contributor to decarbonisation of the energy sector.

Our strategy

Our installed renewable power generation capacity was at a total of 16 269 MW in 2021. In addition to our own capacity, we also build, develop, and sell renewable power plants. We are committed to the green transition through our continued support for EU policies, such as the "Fit for 55" package, which establishes a roadmap to achieve emission reductions by 2030 and net zero emissions by 2050.

We generate affordable, reliable, and clean energy in 13 countries (7.1, 7.a), and have set our goal to achieve carbon neutrality by 2040. Statkraft continuously seeks opportunities to develop business activities in the realm of renewable energy, and in 2021 we were chosen as suppliers of green hydrogen for the zero-emission cargo ship planned by HeidelbergCement and Felleskjøpet.

Opportunities

Statkraft is a major provider of electricity to power-intensive industries in Norway, allowing us to contribute to the overarching goal of decoupling the use of fossil fuels from economic growth (8.4, 12.2). Our supply of green power, electric vehicle charging and district heating all serve to make industrial processes cleaner and more environmentally sound (9.4, 12.6).

As the vast majority of our renewable generation comes from existing hydropower assets, our main generating source does not consume or produce toxic material (12.4) and makes use of the natural cycle of water, in line with a more circular economy.

We also look to expand access to modern and sustainable energy services for all, and have partnered with SolarAid to improve solar power access in sub-Saharan Africa (7.b, 17.7).

Challenges

As we continue to grow and build infrastructure, we recognise that our business has the potential to impact the environment in many ways.

Although our hydropower and wind power generation capabilities are an important component of providing clean energy, both technologies also affect biodiversity.

While hydropower can affect freshwater ecosystems, wind power can impact flying, grazing and migratory animals (15.1, 15.5). Furthermore, the construction of related infrastructure such as roads may contribute to habitat fragmentation and the spread of invasive species (15.8). Where migratory species are concerned, we work to holistically manage potential negative repercussions from our activities. Measures taken in Norway and Sweden, for example, focus on preserving the genetic variety of wild salmon (6.6).

Our core business

Creating sustainable cities and communities

Statkraft aims to make cities and communities more sustainable, safe, and resilient by helping improve resource use, reducing pollution and delivering improved infrastructure. As a leading renewable energy company, we invest in hydropower, wind, solar, hydrogen, and biofuel technologies in order to provide the renewable energy needed to promote circular economy principles and a pollution-free environment.

Our strategy

Our hydropower reservoirs are not only used to produce renewable energy, but also contribute to flow regulation and control, an important factor when considering the mitigation of climate change impacts and adverse effects of water-related disasters (11.5), such as floods and droughts.

We also investigate circular economy issues by reducing resource consumption and increasing the reduction, reuse and recycling of waste wherever possible. Through new business activities, like expanding electric vehicle charging, Statkraft aims to further deliver sustainable infrastructure and services to cities and communities (11.6).

Opportunities

Statkraft continues to develop sustainable and resilient energy infrastructure with a focus on making clean energy more accessible than ever before (9.1, 9.4). Our contribution to reducing cities' dependency on fossil fuels means that our business activities play a role in lowering both illness and death from hazardous chemicals and pollution (3.9).

Moreover, due to climate change, some regions may experience extreme precipitation and sudden floods, while other areas may be exposed to prolonged droughts. We are working to improve our water management services to prepare for changing conditions, and our reservoirs can play a role in both mitigating floods (13.1) and increasing freshwater availability for irrigation and consumption (6.1, 6.4).

Challenges

While Statkraft's business activities had a substantial positive impact on communities in 2021, we acknowledge that there are some associated risks related to waste generation and emissions stemming from our operations.

In line with circular economy principles, we are exploring ways to lessen our material footprint and reduce our waste generation through prevention, reduction, recycling and reuse (12.2, 12.5). To do so, we are looking at ways to recycle wind turbine blades, and we have also conducted a project to analyse the current status of European wind and solar in order to create a roadmap for achieving increased circularity in these areas by 2040.

The way we work

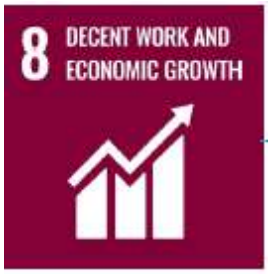
Advancing gender and workplace equality

Our focus on closing gender gaps has resulted in a steadily increasing proportion of women in Group top management positions; 30% of these positions are currently held by women, and we aim to reach at least 40% in the coming years (5.5). Various capacity-building initiatives such as unconscious bias training for senior management teams and leadership development platforms have been key drivers for enhancing workforce diversity and inclusion.

The Covid-19 pandemic has posed an obvious threat to the well-being and work-life balance of employees, with women impacted at higher rates around the world (5.1, 5.4). To help address this risk, Statkraft has provided active and responsive support to all employees in an effort to ensure that they stay healthy and feel safe. This includes providing mental and physical health support, home office equipment, and virtual exercises and learning spaces.

Our efforts in fostering gender equality are also closely connected to our diversity and inclusion engagement (10.3), including the professional development program and talent acquisition process. Our actions are aligned with strong global labour practice policies (8.8) in different countries where we operate to achieve a more equal, diverse, and inclusive work culture (5.c).

Providing decent work and economic growth



Statkraft seeks to create value through our business wherever we operate (8.3), and we recognise the important role our employees have to play in helping us achieve the transition to a world powered by clean energy.

We are strongly committed to providing an equitable and fair working environment, and continuously work to ensure that all workers within our organisation and across our supply chain receive fair wages (8.5, 10.4).

Caring for people is at the core of Statkraft's culture, and our strong commitment to health, safety and security is exemplified by our goal to provide a workplace free from injury and harm (8.8). Our business activities, construction projects and operation and maintenance of our power plants all carry inherent health and safety risks for our employees and contractors.

We aim to manage these risks through our "Powered by Care" programme (16.6). In 2021, the programme focused on addressing challenges related to the Covid-19 pandemic. Flexible work arrangements, surveys, the provision of mental health tools and resources, and various health webinars were all implemented to help ensure the health and well-being of everyone working at or for Statkraft.

The way we work

Preserving and protecting life on land

We acknowledge that power generation infrastructure impacts the environment. We are actively engaged in managing and mitigating our environmental impacts, including loss of biodiversity and natural habitats in our operating locations (15.5), in collaboration with responsible authorities. We are continuously improving our environmental management plans through annual environmental risk assessment, implementation of environmentally friendly designs, and management of pollution and waste.

Statkraft has an environmental management system that monitors potential negative environmental impacts, and ensures that incidents are systematically reported and addressed.

In 2021, Statkraft launched a project to improve and systematise biodiversity protection. In close collaboration with national authorities, we are mapping red-listed, highly-valued and vulnerable species (15.5). We also strive to minimise our negative impacts in areas where we operate. Examples of initiatives include measures to maintain healthy fish populations in rivers where we operate hydropower plants; to restore landscapes; to protect and foster soil and indigenous species in revegetation work, including relocation of species when necessary; and to establish no-work zones during the construction and operation of wind farms (6.6, 15.1).

Promoting just, peaceful, and inclusive societies

We are convinced that responsible governance and ethical standards are beneficial both for society and for business.

Therefore, our culture and all business activities are aligned with high global ethical standards. Through our internal Code of Conduct and Supplier Code of Conduct, we set out key expectations for all employees and requirements for suppliers.

Our comprehensive compliance programme covers the areas of corruption, fraud, money-laundering, sanctions and export control, as well as personal data protection and competition law (16.5, 16.6, 16.b). We are similarly fully engaged in preventing corruption and unethical practices in all our activities.

Our main achievements in 2021 included the adoption of a human rights commitment statement by Corporate Management, the integration of a holistic approach to the management of construction projects, and decision-making frameworks aimed at utilising expert resources and community engagement to avoid negative human rights impacts. We also continued assessments to identify and mitigate risks related to business ethics, fraud and corruption.

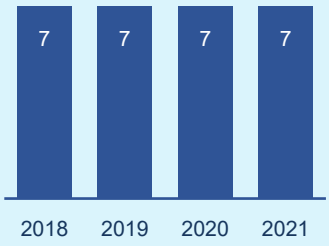
HOW WE PROMOTE RESPONSIBLE BUSINESS PRACTICES

Health and Safety

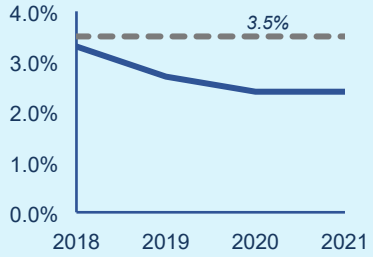
We aim to prevent incidents and commit to being a workplace without injury or harm, by:

- having zero serious injuries associated with our activities
- maintaining less than 3.5% sick leave amongst employees

Serious injuries across all activities



Sick leave amongst all employees



Comments on performance

There were no fatal accidents in Statkraft in 2021, but Statkraft did not reach its target of zero serious injuries. Four contractor employees and three Statkraft employees suffered serious injuries in work-related accidents, and the serious injury rate was 0.3. The Powered by Care programme and efforts to continuously improve our health and safety performance and culture will remain high priorities going forward.

Improvement measures in 2021

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

Our approach

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

The Health, Safety, Security, and Environment (HSSE) policy and management system apply to everyone working at or for Statkraft. We have a programme to implement improvements within health and safety across the organisation called “Powered by Care”. Statkraft’s Corporate Management clearly demonstrate their commitment to a workplace without injury and harm through our Powered by Care commitment statement.

Key risks

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

Status 2021

Fatal accidents

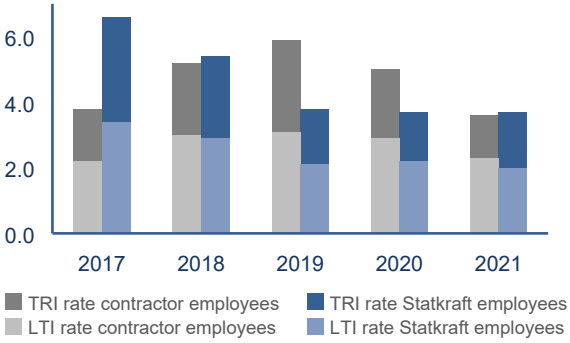
There were no fatal accidents in Statkraft in 2021.

Accidents

Four contractor’s employees and three Statkraft employees suffered serious injuries in 2021. In addition, 43 incidents and observations were classified with high risk potential. Serious injuries and high-potential incidents are defined as incidents causing, or potentially causing, serious health consequences. Such accidents and incidents are investigated, and mitigating actions are implemented locally and across the Group to ensure learning and to prevent recurrence.

The total recordable injuries (TRI) for Statkraft employees increased to 56 in 2021, of which 31 were lost-time injuries (LTI). The TRI for contractors was 40, of which 25 were LTI. TRI rates and LTI rates for the last five years are presented below.

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



Sick leave
Sick leave in Statkraft is at a stable low level, at 2.4% in 2021, which is below the target of 3.5%.

Health and Safety Improvement Programme
In 2021, the Powered by Care programme focused on:

Leadership and commitment
In 2021, management throughout Statkraft was actively engaged and participated in local activities in the Powered by Care programme. Workshops have been held to address health and safety leadership and culture at various levels of the organisation. A dedicated “stop unsafe work” card signed by the CEO has been rolled out, giving everyone working for Statkraft the authority to stop work activities they deem unsafe.

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

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

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

CEO’s HSSE Award
An HSSE award scheme is in place to encourage activities that contribute to improved HSSE awareness, results and engagement across the organisation. The award for 2021 was given to the Project Delivery Unit in European Wind and Solar, for their proactive engagement and application of the authority and duty to stop unsafe work across all their projects.

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

Health
We have dedicated initiatives that focus on health and well-being, which address the challenges arising from the Covid-19 pandemic. These include flexible work arrangements, pulse surveys to check status, promoting resources and tools related to mental health, a mental health awareness week and various webinars focusing on mental and physical health.

Public safety
Statkraft’s activities involve significant interaction with the public and the environment, and our focus is on ensuring the safety of both. Dam and watercourse safety is one key focus area. Statkraft performs maintenance on dams and associated structures within a strict and controlled system. Measures are carried out in accordance with legal and regulatory requirements, as well as Statkraft’s detailed procedures and plans to protect life, the environment and property. Statkraft also performs systematic inspections and maintenance of electrical assets in compliance with laws and regulations. Assets near areas with public access have increased electrical safety awareness and safety measures.

In 2021, we faced several situations in the Nordics where management of hydropower plants was challenging due to more extreme weather conditions. In such situations, our priority is to mitigate floods that may have significant and serious consequences for local communities and the environment. These situations are expected to be more frequent in the future.

Priorities 2022

- Continue to develop our health and safety culture through systematic improvement, including employee surveys, management workshops and follow-up
- Strengthen processes, tools and practices for contractor management and engagement
- Implement new and improved digital support for HSSE processes and activities across the organisation
- Revise HSSE KPIs to drive the desired behaviours to further develop our culture
- Maintain and utilise the existing Powered by Care programme across the organisation (consisting of the following elements: CEO’s HSSE award, life-saving rules, the “stop unsafe work” card, incident follow-up and learning, modular training, and sharing and collaboration)

Security and emergency response

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

- implementing identified supporting initiatives
- improving information security culture and IT security operational practice based on the CIS framework and the Norwegian National Security Authority's ICT security principles

Improvement measures in 2021

1. Refined our focus on the Covid-19 response, which is expected to continue into 2022
2. Increased our focus on Emergency Response training and travel risks
3. Increased our focus on compliance related to security regulations and training

Comments on performance

The response to Covid-19 has been the main effort in 2021. This response has been coordinated globally and in accordance with local health authorities' guidelines. An In-Action Review was conducted to ensure learning, both for the continued Covid-19 response and general handling of Emergency Response. A travel support solution to mitigate travel risks was implemented in 2021, with a new corporate HSSE requirement during travel. The capability of the cyber security department has also been strengthened.

Our approach

Security refers to the ability to keep people, operations, information and systems secure from intentional harm or damage. Statkraft takes a comprehensive approach and follows international good practice for security management. Security matters are addressed through a risk-based approach aligned with standards such as ISO 31000, ISO 27001, NS-5814 and NS-5832. Statkraft is currently considering ISO 27001 certification.

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

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

A new travel security support solution was implemented in 2021 and will ensure better support to travellers and ensure Duty of Care during travel for our employees. The solution includes better risk information prior to, following and during travel, as well as direct support from a third-party provider.

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

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

Information security is a high priority and Statkraft follows international good practice for information security management. Statkraft is currently building a framework for cultural measurement to achieve the objective of a strong information security culture that ensures the confidentiality, integrity and availability of Statkraft's information.

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

Key risks

How Statkraft assesses security risks varies by asset. Security is assessed either through probability and consequence, or by analysing threats, vulnerabilities, and consequences. Both approaches are in accordance with recognised standards. The threat analyses are based on national threat reports, open-source information and risk analyses from external vendors. Conducting security risk assessments is a line responsibility, supported by the Corporate Security & Emergency Response department, Corporate Information Security Organisation and the Cyber Security Department.

Statkraft utilises a wide range of human, organisational and technical measures to proactively reduce security risks. Sudden changes in a security situation will trigger immediate measures. Statkraft generally uses unarmed security guards to enforce local security, but in some countries where this is dictated by national regulations or the security situation, armed security is used.

In 2021, key risks have evolved around cyber security and personnel security, as a result of heightened risks with new ways of working during Covid-19. We have a regime in place to regularly verify our cyber security and information security controls

by performing security testing. As regards personnel security, Statkraft conducts background checks on new hires. The extent of the background check is dependent on the risk and national regulations.

Emergency preparedness

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

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

Within Emergency Response, the response to Covid-19 has been the primary effort in 2021. As a result, training has been reduced somewhat in favour of real-life emergency handling. The response has been coordinated globally to ensure a harmonised Duty of Care while complying with local health authorities' advice and directives. Statkraft's pandemic response strategy has revolved around the following priorities:

- Preventing spread and protecting employees in line with national plans
- Maintaining and managing processes critical for society – generation, heating and water management

Statkraft conducted an In-Action Review with an external consultant to ensure learning from the Covid-19 response.

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

Status 2021

Security incidents

A total of 522 security incidents were reported in 2021. 484 of these were IT incidents, including six high potential incidents that were detected and efficiently handled at an early stage.

Priorities 2022

- Continue response to the Covid-19 pandemic; the response is expected to become more diversified to allow for a more appropriate local response as the pandemic evolves
- Within cyber and information security, focus on training the organisation, joint operations, increasing geographical presence and compliance with current regulations
- Increase training capacity again within Emergency Response
- Maintain our travel assistance solution to mitigate global travel risks; the solution will maintain a strong focus as business travel is expected to increase in 2022

Human rights

We aim to act according to the United Nations Guiding Principles on Business and Human Rights, by:

- having zero confirmed instances where we are causing, contributing, or linked to breaches of internationally recognised human rights

Confirmed instances where we are causing, contributing, or linked to breaches of internationally recognised human rights

Comments on performance

We continuously work to improve our processes in accordance with the UNGPs, including updating our policies and strengthening our strategic and operational approach to human rights due diligence.

---

* In October 2021, the Norwegian Supreme Court found that the licences awarded for the Roan and Storheia wind farms as part of the Fosen development were in violation of international human rights. The Supreme Court established that the wind power development would have a significant adverse effect on the reindeer herders' possibility to practice their culture on Fosen, which was deemed by the court to be the relevant threshold under Article 27 of the ICCPR. Against that background, the Supreme Court found that the herders' rights would ultimately be violated if satisfactory mitigating measures are not implemented.

Both Statkraft and Fosen Vind, majority owned by Statkraft, have a strong commitment to respect human rights and we take the Supreme Court decision very seriously. In addition to the standard impact assessment process, a thorough review of the potential impacts on the indigenous communities at Fosen had been undertaken as part of the original licensing process. This included extensive dialogue and engagement with the Sami groups, both by the company and the relevant authority. The companies acted in faith that the licenses awarded in 2013 did not violate the Sami groups' indigenous rights.

Fosen Vind is continuing its efforts to understand how the impacts can be addressed with the aim of adopting appropriate mitigating measures that safeguard the reindeer herders' cultural rights in line with Article 27. As part of ongoing processes initiated by the relevant ministry, Fosen Vind has suggested an impact assessment programme with this purpose. Fosen Vind has also outlined a plan for emergency preparedness to help Sør-Fosen sijte in the event of a challenging grazing situation the winter 2021/2022.

Improvement measures in 2021

1. Continued work on the salient issues identified in the 2020 human rights impact assessment of Statkraft's activities
2. Adopted an explicit commitment statement on human rights to further reaffirm our long standing commitment, and demonstrated this through the "tone at the top"
3. Continued to develop our 2020 commitment to a living wage in all our operations and at our project sites, aiming for implementation in 2022
4. Deepened our understanding of human rights in the supply chain, including due diligence in the solar supply chain to understand and address any risks of forced labour, and a "Know your Supplier" process (see Supply chain management chapter)
5. Working to improve our processes to be compliant with new legal requirements that will make human rights due diligence mandatory (e.g. the Transparency Act in Norway entering into force in 2022)

Our approach

As a responsible business, we are committed to creating value while caring for people and the environment. This is at the heart of our corporate culture.

Our commitment to care for people is rooted in supporting and respecting human rights.

Given that Statkraft is a company with varied and extensive business relations and stakeholders, it is important to understand how our activities may impact human rights and whether we cause, contribute to, or are directly linked to such impacts. We have therefore established a human rights due diligence process to identify, prevent and mitigate our potential negative impacts on human rights. Where we have such impacts, we are implementing actions to address them and discuss them with our stakeholders. We are committed to providing for or cooperating in remedy processes in these situations.

Statkraft is committed to and has adopted an approach to human rights in line with the United Nations' Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. This long-standing commitment is reflected in the company's Code of Conduct, Supplier Code of Conduct, the Group Sustainability and HSSE Policy, as well as the Commitment Statement adopted by Corporate Management in September 2021. A review of the Supplier Code of Conduct has been initiated and will continue in 2022.

We have an integrated approach to handling human rights issues in Statkraft. This means that we manage human rights issues through the existing functional areas and management systems. We regularly review the implementation and results of the agreed or planned measures through internal reporting and quality control and assurance routines in an effort to address human rights risks and impacts in our main processes.

Key risks

Our latest human rights impact assessment conducted in 2020, as part of our corporate-level human rights due diligence process, has identified four key areas of salient human rights, where we are focusing our efforts:

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

While the salient issues remain the same this year, we see development in various aspects of risks within these four areas. For example, the issue of forced labour in the solar supply chain has come to the fore in 2021 (see the Supply chain management chapter). Another example is the Fosen Supreme Court judgement which has highlighted indigenous rights and their relevance to business (more detailed information below).

Human rights continue to be an important issue in large-scale development projects such as Tidong (India), Los Lagos (Chile), and Ventos de Santa Eugenia (Brazil), as well as in large and/or complex M&A processes. Smaller development projects with specific supply chain challenges as regards human rights, such as solar and batteries projects, are also a specific area of concern.

Status 2021

Projects, programmes and initiatives

As part of the sustainability strategy, a dedicated workstream on human rights was completed in 2021. The company is now working to implement the strategy prioritising the salient issues identified in the 2020 human rights impact assessment. Statkraft is focusing on finding synergy across functions and business areas to focus on the issues where we can make the most positive impact, while continuously improving in areas where we have identified negative impact.

In order to improve the communication and visibility of human rights internally, Corporate Management adopted a Commitment Statement, as mentioned above. In combination with internal and external training efforts, the Statement is intended to increase awareness of management expectations in concrete areas and activities. Through the adoption of similar commitment statements on health and safety and business ethics in previous years, we have experienced this to be an effective tool to promote awareness and the "tone from the top". Statkraft has also increased its expert resources to assist construction projects teams in their assessments of human rights impacts as part of our licence to operate, and to further integrate a human rights approach in the management of construction projects and decision-making frameworks.

In the privacy and personal data protection area, there have been several initiatives to follow legal developments from the EU, as well as to roll out governance in compliance with new national legislation in some of our countries. In particular, we have focused on our supply chain to ensure that transfers of personal data out of the EU are handled securely. This will most likely be a long-term effort, as there are still legal uncertainties regarding such transfers.

We have also worked on developing more detailed guidance on how to process personal data in our various community relations and stakeholder management processes to reduce the risk for data subjects.

The Norwegian Transparency Act was adopted this year, and Statkraft is working to prepare for the law coming into force in July 2022. Similarly, new legal requirements have been adopted in other geographies and Statkraft will be working to be ready to meet these new standards as they emerge. Statkraft is also a member of the Nordic Business Network on Human Rights, where we engage with peers to share information and knowledge on human rights topics

Community relations and social licence

Statkraft is engaged in a broad range of community development initiatives.

Consultations and engagement continued in 2021 with a wide range of local stakeholders, including indigenous peoples.

Norway

In October 2021, the Norwegian Supreme Court rejected the petition from Fosen Vind regarding the setting of damages for two Sami sijte (reindeer husbandry groups) in connection with the Roan and Storheia projects, which are part of the Fosen wind farm development. The reason for the rejection was that the Supreme Court found the licences were invalid as they violated the indigenous rights of the Sami sijte under Article 27 of the International Covenant on Civil and Political Rights. The Court found that the impact the wind parks could have on the reindeers' winter grazing areas entailed a clear risk that the Sami sijte, over the long term, will have to significantly reduce their number of animals. The conclusion was that this would have a substantively negative effect on their ability to exercise their nomadic culture, unless satisfactory mitigating measures are implemented. The Ministry of Petroleum and Energy (MPE) has confirmed that no immediate measures will be taken in relation to the concession while the work to identify appropriate mitigating measures to be implemented is ongoing.

Both Statkraft and Fosen Vind have a clear commitment to respect human rights and adhere to the UN Guiding Principles on Business and Human Rights. In addition to the standard impact assessment process, a thorough review of the potential impacts on the indigenous communities at Fosen had been undertaken as part of the original licensing process. This included extensive dialogue and engagement with the Sør-Fosen sijte and Nord-Fosen siida, the two reindeer husbandry groups within the reindeer husbandry district, both by the company and the relevant authorities. The companies acted in faith that the licenses awarded in 2013 did not violate the Sami groups' indigenous rights.

An agreement for the construction phase of the projects was reached between Fosen Vind and Sør-Fosen sijte and Nord-Fosen siida. Unfortunately, no agreement could be reached for the operations phase and the issue of compensation for this phase was therefore brought to the courts for resolution. Following the Supreme Court decision, MPE has outlined an administrative process with the aim to identify mitigation measures that safeguard the reindeer herders' right to cultural practice and maintain reindeer husbandry at Fosen in the long-term. MPE will consider relevant changes to the wind park licenses to ensure the protection of Sami's indigenous rights. In light of our commitment to respect human rights, Fosen Vind and Statkraft will support this process and have proposed an impact assessment programme, as requested by MPE.

Statkraft owns 52.1% of Storheia through Fosen Vind DA, whereas Roan was divested in 2021. Fosen Vind and Roan Vind will continue the dialogue with Sør-Fosen sijte and Nord-Fosen siida respectively, with the aim of adopting appropriate mitigating measures that safeguard the reindeer herders' cultural rights in line with Article 27, both in the short and long term. Fosen Vind has also outlined a plan for our emergency preparedness to help Sør-Fosen sijte in the event of a challenging grazing situation during the winter 2021/2022. We will continue the dialogue with the Ministry and other relevant stakeholders and contribute to the development of a satisfactory impact assessment programme.

Chile

In line with the findings from the company-wide human rights impact assessment, we paid special attention to human rights risks related to community acceptance, health, safety and security, and decent work conditions in our projects and activities. As part of our human rights due diligence routines, we conducted a human rights management review of our Los Lagos Hydropower project, which is under construction in southern Chile. The human rights management review identified areas with potential improvements where mitigating measures were implemented. One such action was to provide an introduction and training on human rights and community relations to the security personnel working for our main contractors on site. The management review also highlighted some areas where the Los Lagos project is performing well, along with a focus on implementing measures to promote decent work conditions among contractor workforces on site, which led to the establishment of a precedent for industry good practice. In agreement with our main contractor, the project established a living wage for the workforce, higher than the minimum wage provided by the local law and calculated using an internationally recognised approach.

Brazil

An Information Centre has been established near the Ventos de Santa Eugênia wind project to receive questions, suggestions and official information related to the construction site. In addition to the physical structure for the grievance mechanism, Statkraft also has a toll-free telephone number and an email address to receive any complaints from the communities. All received complaints are analysed and addressed in a timely manner.

Among several programs developed to identify and mitigate possible social impacts, a specialised study was conducted to map the social, historical, and productive aspects of two local communities of formerly enslaved people (Quilombola) that are located in the construction site's influence area. In alignment with the ILO Indigenous and Tribal Peoples Convention No. 169, this study also identified possible construction impacts and pointed out mitigation initiatives that are being addressed. In addition, Statkraft is implementing four social programmes inside those two communities specifically to contribute to Quilombola Social Communication; a Covid Prevention Plan, Environmental Sustainability and Income Generation, and Strengthening of Quilombola Identity.

Health, safety and security

Health, safety and security issues are a priority for Statkraft, as we find a clear link between these issues and our commitment to respect human rights. More detailed information about this topic can be found in the Health and safety chapter.

Labour conditions in the workplace

Fundamental human rights are closely linked to the management of human resources and ensuring adequate working conditions for our more than 4 500 employees. In addition to corporate-level activities on this front, Statkraft also engages in activities at the local level. For example, in Peru, a diversity and inclusion programme has been launched to create campaigns to raise awareness in relation to gender issues, women's empowerment,

unconscious biases, etc. More detailed information about this topic can be found in the Labour practices chapter.

Decent working conditions in the supply chain
Our commitment to respect human rights encompasses our activities to follow up our suppliers.

> **Statkraft has committed to guaranteeing a living wage for all our employees and will require the same for site-based workers.**

Statkraft is committed to promoting living wages in the supply chain based on the principle of leverage. The company is currently working on a concrete, step-wise plan for rolling out this commitment for new projects in the pipeline. We are also assessing how it can be implemented for existing construction projects in a cross-functional manner involving project management teams, procurement teams and corporate units.

Statkraft has conducted a human rights impact assessment and reviewed the risks of forced labour in the solar supply chain. This work is specifically relevant for current greenfield solar projects which are just starting the construction phase. Statkraft is also reviewing impacts and assessing risks associated with ongoing battery projects in the UK and Ireland, with a particular focus on responsible mining of minerals used in the batteries. Please see the chapter on Supply chain management for further details.

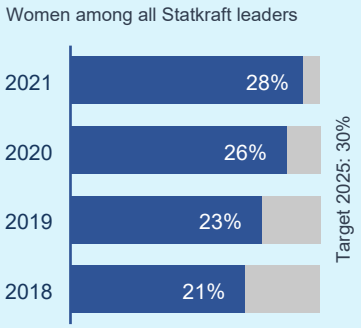
Priorities 2022

- Roll out awareness-raising and training activities on human rights in Statkraft
- Roll out living wage in new construction projects, and evaluate how it can be implemented in existing construction projects; review working conditions for all workers and contractors at construction sites
- Plan for the enactment of the Transparency Act and other new legal frameworks
- Follow up the Fosen Supreme Court ruling, including continued engagement and dialogue with the impacted Sami sijte and the authorities, as well as internal discussions and lessons learned
- Conduct an updated corporate human rights due diligence review and roll out country-based human rights impact assessment in a prioritised manner, focusing on countries with an assumed higher risk
- Execute human rights initiatives in the supply chain

Labour practices

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

- having 35% women in Group top management positions[1] by 2025, and 40% by 2030
- having 30% women among all Statkraft leaders by 2025
- having a favourability score of 85% on our new employee inclusion index by 2023



Comments on performance

Three new goals were established in 2021 to strengthen our diversity and inclusion efforts. Currently, there are 30% women in Group top management positions, up from 29% in 2020. 28% of all leaders in Statkraft are women, up from 26% in 2020. In addition to gender balance goals, a new inclusion index was established in 2021. This index tracks the degree to which employees experience inclusion at work, and progress is measured twice a year as part of employee surveys. Results from the 2021 survey show a favourability score of 80% on the inclusion index.

1. Group top management positions include CEO, EVPs, and SVPs. Target and results for percentage women among leaders in Statkraft are set and measured for wholly owned subsidiaries.

Improvement measures in 2021

1. Set clear goals for gender balance in leadership
2. Carried out a global D&I maturity assessment and employee survey as a basis for systematic and targeted action planning
3. Established a new inclusion index that measures employees' experience of inclusion at work

Our approach

Statkraft is an open workplace that encourages everyone to pursue their potential while enabling the energy transition. Collectively, we strive to meet the next challenge head-on and are able to see the connection between our own work and the broader purpose of the company.

Our people are our most important resource, and play a key role in reaching the goal of a world based on renewable energy.

At Statkraft, we are committed to helping our people translate their ideas and knowledge into impactful action. One of our most important tasks as an employer is to create a caring culture – one that treats employees like individuals with lives outside work.

Key risks

Responsibility is one of Statkraft's core values. A key focus in 2021 has been to ensure the health and safety of our people during the Covid-19 pandemic.

Both in 2021 and moving forward, it is critical for Statkraft to attract, develop, engage, and retain the workforce needed to deliver on our strategy and to lead the transition to renewable energy.

Status 2021

Employee satisfaction and well-being

A pulse survey was conducted in June 2021 to enable Statkraft to continuously listen to and act on feedback from employees. The overall results of the pulse survey showed high engagement and productivity across Statkraft, although work-life balance and general well-being have been reduced for some employees due to the Covid-19 pandemic. Both global and local activities such as Covid information pages, virtual exercise groups, mental and physical health awareness campaigns, and virtual learning opportunities have continued in 2021. The pulse survey also showed that flexible and hybrid work has been a key learning point during the pandemic, and that employees favoured hybrid work to be a part of the post-pandemic future for Statkraft.

The annual Statkraft employee engagement survey was conducted in October 2021 with a response rate of 90%.

The employee engagement rate was 91%
the same score as in 2020.

All 11 dimensions and indices measured were above the global average benchmark, and the trend for employee engagement has been steadily rising since 2018 (when the score was 78%).

Future of work

A project was initiated in 2021 to analyse and explore the potential for hybrid work in Statkraft. Throughout the pandemic, Statkraft has proven that we are able to be productive and run a complex business with a larger amount of hybrid work than before. We believe that hybrid work has the potential to improve the work-life balance. We also believe it is important to safeguard the company's shared culture and to build on the power of in-person interactions within and across Statkraft's locations. In June 2021, we launched guidelines for hybrid work at Statkraft. Employees in the scope of these guidelines are those that predominantly perform "office-based work" in Statkraft. The guidelines offer up to 40% remote work to employees based on certain criteria. The aim was to incorporate the best from both office-based work and remote work. Statkraft's approach to hybrid work will be continuously evaluated and developed to maximise the benefits for employees and for Statkraft as a company.

People development

Attracting and developing people has remained a key focus in 2021 to ensure a workforce that is both engaged and highly qualified. A substantial uplift on people development was conducted in 2020 with the launch of a new learning platform and the offering of LinkedIn Learning to all employees. A leadership programme gathering top leaders across Statkraft was also initiated in 2020 and has continued during 2021 in collaboration with the business school IMD. The programme has generated high engagement among participants, with a particular focus on topics such as collaboration, agility, psychological safety and how to lead in uncertain times. To ensure that the programme has a sustainable impact, 36 participants from the programme volunteered for additional project work in cross-geography and cross-functional teams, with a mandate to propose organisational improvements to corporate management based on the key topics in the programme.

In 2021 we also launched a new portfolio of leadership and talent development programmes, alongside "Power Skills" – a series of tailored learning opportunities for all employees on topics such as project management, communication, culture, and collaboration. In addition, we reviewed Statkraft's people development processes, and strengthened our focus on feedback, learning and development.

Workforce diversity and inclusion

For us, diversity means differences in gender, age, expertise, cultural background, nationality, experience, sexual orientation, ethnicity, ability, and religious beliefs – everything that shapes who we are and our perspectives. To succeed with the transition to a world powered by renewable energy, we need different perspectives and voices at the table. We therefore work actively to create an inclusive work environment where everyone has an equal opportunity to contribute to business success and to realise their potential. Diverse and inclusive teams make Statkraft better.

Efforts to strengthen diversity and inclusion (D&I) in Statkraft were continued in 2021. To ensure a targeted approach, a global D&I maturity assessment was carried out, providing a solid basis for action planning and long-term ambitions for D&I in Statkraft. The results showed good ambitions to improve D&I, but that there is a need for a more strategic and systematic approach. Clear targets have therefore been set for gender balance in leadership and a new inclusion index has been established. This index consists of four questions in the employee survey and will track to what extent employees experience inclusion at work. Progress will be measured twice a year, and the baseline for the index was established in 2021. The results show a favourability score of 80% on the inclusion index.

Based on the maturity assessment there have been workshops in all top management groups in 2021 to identify D&I action plans on both group level and in each of the business areas. The focus in 2022 will be to implement and follow- up established action plans. Moreover, we will work to further embed diversity and inclusion in our policies and processes as well as to continue to work on creating an even more inclusive culture.

When looking at gender equality results for 2021 in Norway, the overview below shows that women's total salary is 93.7% of men's salary overall. Total salary includes, in addition to fixed base salary, elements such as shift premiums and other compensation. When looking at average fixed salary, the difference between men and women's salary is minimal, at 104.1% (women to men).

Gender equality results 2021 (for wholly owned subsidiaries in Norway)

		Women	*Men*
Total employees	(1 653 people)	29%	71%
Part-time employees	(23 people)	43%	57%
Temporary employees	(21 people)	52%	48%
Average parental leave		163 days	81 days
Top management positions		30%	70%
All leadership positions		28%	72%
Average total salary ratio (women to men)		93.7%	

Gender equality per Hay grade 2021 (for wholly owned subsidiaries in Norway)

Hay Grade	Number of women	Number of men	Ratio women/men average total salary
11	10	15	97.7%
12	28	153	97.7%
13	25	125	92.4%
14	26	71	73.8%
15	35	73	81.4%
16	53	115	90.6%
17	64	191	92.0%
18	122	213	85.8%
19	48	115	79.2%
20	34	53	85.6%
21	10	35	92.6%
23	9	19	96.0%
All levels	**478**	**1 200**	**93.7%**

Statkraft uses an external framework for assessing positions and compensation provided by Korn Ferry Hay Group. This is an international well-known and used methodology. Union representatives have been involved in the process of changing the salary system to reflect employees' Hay grade. Full time work is a

norm and policy in Statkraft unless part time is requested from employees. Only 1.4% of employees work part time, and of these 43% are women.

Employee relations
Statkraft has a structured and close collaboration with local employee representatives and trade unions. In addition to cooperation at the national level, Statkraft has established the Statkraft European Works Council (SEWC), with employee representatives from Norway, Sweden, Germany and the UK.

Statkraft supports and respects internationally recognised labour rights in all countries where we are present. Relevant International Labour Organisation (ILO) conventions and European Union (EU) directives have been included in the SEWC agreement with EPSU (European Federation of Public Service Unions), the federation for European trade unions within the energy sector. In countries not covered by SEWC, Statkraft respects the employees' freedom of association and cooperates with union representatives in accordance with collective bargaining agreements, legal requirements, international standards, and prevailing industry best-practice for each location.

Priorities 2022

- Ensure the health and safety of all employees during the Covid-19 pandemic
- Ensure a diverse and inclusive work environment where everyone has an equal opportunity to contribute to business success, to realise their potential, and to be themselves
- Strengthen our culture for continuous learning and development

Supply chain management

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

- stepping up sustainability risk management to improve supply chain performance and integrate SDG ambitions for climate and labour conditions
- implementing new EU taxonomy and new Norwegian Transparency Act
- working together with our suppliers to achieve sustainability goals

Comments on performance
During 2021, Statkraft focused on implementing sustainable supply chain management as an integrated part of the procurement process. Implementation of a range of measures has continued, and the entire procurement community has received training in sustainability. Our procurement procedures and tools, as well as the contractual obligations for suppliers, have been revised and updated.

Improvement measures in 2021

1. Identified potential risks in the supply chains for electromechanical equipment for hydro, solar panels, and wind turbines
2. Established a system for assessing how strategic suppliers work with human rights management in their supply chain
3. Reviewed labour conditions in Norway for subcontractors at key construction sites
4. Trained contract managers and procurement personnel to improve awareness about sustainability and how to avoid purchasing from suppliers that may cause adverse impacts to people, society, and the environment

Our approach

Statkraft is committed to sustainable and responsible business practices, and this commitment extends to our suppliers. Our work is guided by the eighth UN Sustainable Development Goal (Decent work and economic growth), the UNs Guiding Principles for Business and Human Rights, and the OECD's Guidelines for Multinational Enterprises. We believe that cooperation with suppliers is necessary to achieve a sustainable supply chain. We organise our procurement activities so that we can obtain the best possible value, terms and conditions, and avoid adverse impacts to people, society, and the environment in our supply chains.

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

Each year, Statkraft purchases from approximately 11 000 suppliers world-wide. Procurement is handled by more than 100 procurement professionals, in different purchasing streams, located in twelve countries. Their day-to-day work is supported by the Sustainable Supply Chain unit in Group Procurement.

Our Supplier Code of Conduct is part of all contracts; it prohibits unethical and illegal business practices, and requires our suppliers

to respect fundamental human rights and labour rights, health and safety standards, the environment, and privacy.

Statkraft's procurement policy requires that procurement activities be organised to "avoid adverse impacts to people, society and the environment". The policy is supported by requirements that ensure that potential impacts are assessed in the same manner as financial and operational risks. Our standard contract models include sustainability obligations. We integrate obligations in tender documents, and potential suppliers are assessed (as part of the qualification criteria) on how they respect human and labour rights.

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

Key risks

A risk of adverse impact exists when there is potential for behaviour inconsistent with the recommendations in OECD's Guidelines for Multinational Enterprises. Statkraft acknowledges that we cannot handle all potential adverse impacts in our supply chain. Action priorities have been set for the most significant risks of human and labour rights impacts, based on severity and likelihood.

Most of Statkraft's procurement activities are directly linked to the purchase of equipment necessary to produce electricity and construction of powerplants. We have identified risks in the supply chains for electromechanical equipment (used for hydropower), wind turbines and solar panels, and specific risks related to components/activities linked to sector, products, input material and geographies. The main risks identified are described below.

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

Emissions from construction and rehabilitation of power plants has an effect on the climate. Emissions linked to the supply chain (scope 3) are addressed in the Climate action chapter.

Potential risks of breach of human and labour rights in the supply chain for hydropower equipment
Electromechanical equipment for hydropower generation is usually tailormade to the production capacity of a power plant. The supply chain is long and varies from project to project. The main component of all electromechanical equipment is steel, followed by copper and aluminium. There is very limited use of conflict minerals and critical minerals in electromechanical equipment. Statkraft's contracting parties buy engineered components from a variety of sub-suppliers and usually undertake assembly in their own workshops. Statkraft has limited transparency into the lower tiers of the supply chain. We consider that the highest potential for adverse impacts are poor working conditions and inequality at sub-supplier workshops (in rough machining and welding workshops), and unreasonable working time, inadequate leave periods and wages for workers during equipment installation at site.

Potential risks of breach of human and labour rights in the supply chain for wind power equipment
The main components in wind turbines are rotor blades, the rotor hub, nacelle, and tower. The supply chain is long and Statkraft's suppliers buy standard and manufactured components from a variety of sub-suppliers. Glass fibre reinforced plastic (GRP) is the main component in the rotor blades, and also a large part of the rotor and hub. Statkraft has assessed that there is a risk of forced labour, and discrimination against women related to production of GRP parts. In addition, there is a potential risk of unreasonable working time, inadequate leave periods and wages for workers during installation of wind turbines on-site.

Potential risks of breach of human and labour rights in the supply chain for solar power equipment
The main components for solar are photovoltaic (PV) panels, with polysilicon as the key input material, and inverters. Forced labour in the production of polysilicon for solar panels sourced from China received international attention towards the end of 2020 and Statkraft has addressed these issues during 2021, supported by a dedicated taskforce. Statkraft strongly opposes the use of forced labour and seeks to avoid contributing to or being directly linked to adverse human rights impacts, which we address through necessary traceability and audit rights. Future contracts will be awarded to suppliers that deliver solar module materials from factories where there is a limited risk of forced labour, who can act transparently and allow sufficient insight into their supply chain.

Statkraft also works with industry associations and peers to raise awareness, increase transparency, and improve industry standards for PV panels.

Other potential risks of breach of human and labour rights in our supply chains
Business consulting and engineering work is usually performed by suppliers in countries where Statkraft is located, and the supply chain is short. Statkraft considers the risk of human rights breaches to be low.

Statkraft acknowledges that there are potential risks related to labour conditions in connection with transportation of goods to Statkraft's sites and between each supplier tier, and also linked to certain indirect materials and services, but our focus in 2021 has been on procurement of equipment where Statkraft has the highest risk and most leverage.

Risks related to business ethics (e.g. risk of fraud and corruption) are still under pressure, and we are working to mitigate them through awareness.

Status 2021

Sustainable supply chain management as an integrated part of procurement processes
Statkraft carries out sustainability assessments as part of the supply chain management, which is integrated in the procurement process. Also, a guide for tendering, monitoring and follow up of

sustainability activities during contract execution has been developed. The procurement community, with more than 100 procurement professionals (category managers, contract managers and sourcing personnel), has been trained. A tool to assess how strategic suppliers work to identify, prevent, mitigate, and account for potential adverse human and labour rights impacts in their own business and supply chains has been developed. Statkraft has held dialogue with three suppliers of hydro equipment, two suppliers of wind turbines and five suppliers of solar equipment. Our aim is to improve transparency, continue dialogue with our strategic suppliers and share best practice to better identify and avoid risks for adverse impacts, ensuring compliance with labour rights on-site.

In 2021, we continued to verify that contractors and sub-contractors performing work at our sites respect labour rights. We performed ten controls in Norway and discovered that, in three cases, contractors have paid workers a wage below the minimum requirement, and that six contractors have performed work in breach of working time requirements.

Key results of investigations in 2021

Controlled the labour conditions of 10 contractors on Statkraft's sites in Norway

Discovered 6 contracts where work in the supply chain had been performed in breach of working time limitations

Found 3 contracts where workers in the supply chain were paid wages below minimum requirements

Statkraft believes that not paying a minimum wage is a significant breach of our Supplier Code of Conduct. When we discover breaches, we instruct our suppliers to rectify the situation and to submit documentation that the breach is remedied. However, in cases like this, as it is not possible to retroactively rectify breaches of working time restrictions, we instruct our suppliers to compensate their workers for overtime in accordance with Norwegian law.

Consequently, Statkraft is revising the contractual obligations for suppliers and is strengthening the system for verifying labour conditions to prevent breaches of Statkraft's requirements and applicable legislation.

Building awareness among procurement personnel
Group Procurement continues to build awareness of issues that may cause adverse impacts on people, society, and the environment.

All new members of procurement teams receive sustainability training and an introduction to our tools.

Priorities 2022

- Integrate Statkraft's SDG ambitions for climate in procurement processes, ensuring compliance with new EU taxonomy
- Align supply chain processes with requirements in the new Norwegian Transparency Act
- Roll out commitment on ensuring a living wage for contractor personnel at construction sites and undertake assessments of labour conditions for the same
- Map sustainability risks related to new technologies, transportation, and indirect purchases
- Increase co-operation with industry peers and participate in sector and industry initiatives to share experience and increase leverage

Business ethics

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

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

Comments on performance

A comprehensive compliance programme has been implemented and rolled out to all new entities in the Group. We have regular communication and culture-building activities to complement formal business ethics training sessions. In addition, we have regular business ethics dilemma discussions across business areas. Overall, we have strengthened our compliance resources centrally and in the line, and we regularly review our internal controls in key business processes to ensure adequate handling of business ethics risks. We have successfully embedded integrity due diligence, especially regarding corruption and fraud risks in high-risk projects (such as construction and M&A projects).

Improvement measures in 2021

1. Rolled out a new modular and interactive Business Ethics eLearning for all employees.
2. Delivered digital classroom business ethics training to relevant departments, including to new hires and colleagues joining after the SolarCentury acquisition, with a particular focus on corruption, fraud and competition law risks.
3. Invested significant efforts in designing appropriate controls in co-development agreements and new business activities.
4. Piloted a new digital tool for integrity due diligence of business partners.

Our approach

Statkraft is committed to high standards of business conduct. Our Code of Conduct sets out the key expectations for all employees, and our requirements are in line with international good practice. Business ethics is a line responsibility, supported by a central compliance function.

We have a comprehensive compliance programme in place covering the areas of corruption, fraud, money-laundering, sanctions and export control, as well as personal data protection and competition law. The compliance programme was audited at a general level in 2019, followed by audits focused on particular topics/regions in 2020 and 2021. It was assessed as adequate and proportionate to the risks of the Group, and up-to-date with the relevant developments in external legislation and standards. The adequacy and quality of the activities are under constant review by the corporate compliance unit, which supports and advises Statkraft's management on the compliance programme.

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

Key risks

Assessments of business ethics and compliance risks are undertaken regularly at the business and staff area level and for the entire Group, which feed into the annual risk reporting to the Board. The risk management process is more extensive for high-risk locations and projects, and always involves a combination of local expertise and central compliance resources. A more in-depth group-wide assessment is conducted every three to five years.

The risk assessment process and methodology for risk assessment is reviewed regularly.

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

The corporate compliance programme is updated annually and on an ongoing basis to ensure continuous mitigation of the identified risks and to reflect lessons learned from concrete cases and investigations, and from audits and reviews. Implementation examples for specific geographies are given below.

Brazil

On 16 October 2021, a leniency agreement was signed with the Federal Comptroller General (CGU) and the Federal Attorney General (AGU). As part of the agreement, Statkraft admitted that prior to Statkraft taking over control of Desenvix Energias Renováveis S.A. in 2015, Desenvix made illegal payments to speed up public entity approvals in 2011-2014. Statkraft's full compliance programme was rolled out in the organisation in Brazil following Statkraft taking control, and efforts are continuously made to review and update the programme.

Greece

An investigation was conducted in 2021 following reported concerns that corruption may have taken place related to two

development projects in Greece prior to Statkraft's acquisition in 2020. Direct evidence of corruption has not been found, but Statkraft has reported facts and circumstances to relevant authorities and exited the relevant projects. Any financial exposure for Statkraft is not expected to be material.

Status 2021

Training and communication

Statkraft ensures that all employees are familiar with the principles set out in the Code of Conduct and internal business ethics rules.

New, modular interactive Business Ethics eLearning has been launched for all employees.

Tailored training sessions are given to employees according to their risk exposure. In 2021 all new staff joining from SolarCentury received compliance training. In addition, specialised training sessions were organised for the Board of Directors, Corporate Management, high-level managers, and staff members in different functions. Business ethics topics were included in leadership and group events throughout the year.

Statkraft's internal Business Ethics Portal is a key hub for knowledge sharing, engagement and culture-building. The Portal, which contains materials and guidance on all relevant topics, was upgraded in 2021 for a better user experience. We also set targets for the frequency of dilemma discussions run by managers at different levels, as well as other similar initiatives. The performance against these targets is monitored.

Fraud Prevention & Internal Controls

Statkraft recognises the increased risk of fraud resulting from the Covid-19 pandemic and launched a fraud awareness initiative in 2020 aimed at strengthening the resilience of the first line of defence and empowering managers to control risk. The campaign, which continued well into 2021, consisted of communication to all employees, new fraud awareness materials and targeted training and communication.

Several initiatives were taken in 2021 to further strengthen internal procedures and controls related to compliance. Work continued on developing and implementing some initiatives from the Framework for Compliance Reporting, Monitoring and Review outlined in July 2020. There were also further developments in the Fraud Prevention System, including adjustments to existing controls in financial processes. Corporate-wide projects on fraud prevention were executed and reinforced controls will be implemented in 2022 as a part of continued development of the Finance and Fraud Analytics tool.

Due diligence of business partners

Statkraft has clear, detailed procedures for handling risks related to third parties.

This includes a policy for background checks, contract clauses and monitoring conducted for high-risk contracts. All high-risk business partners (including all agents) are reviewed by the Compliance Unit. The integrity reviews include assessments of the ownership structure (incl. beneficial owners), connections to politically exposed persons and reputational risks associated with the counterparty. Work has been carried out to further combine integrity review requirements into the procurement process and training. Over the course of the year, compliance concerns were identified in some acquisition processes, and concrete measures were decided for how to handle such concerns. Examples of how this was handled include terminating certain processes and proceeding with others, but with an adjusted scope and approach. Independent reviews were undertaken of the approach to compliance due diligence in mergers and acquisitions, in both 2019 and 2020, to review our approach and integrate lessons from external practice. The reviews confirmed that Statkraft's approach is in line with market practice and relevant standards.

Personal data protection

In 2021, we have performed various new initiatives to further strengthen our privacy and personal data protection program:

- we have strengthened our collaboration with IT Security to ensure a more holistic experience for our users,
- we have taken part in several collaborative activities with other Corporate Staffs to raise awareness about personal data protection and privacy,
- we have automated and streamlined how we handle data protection inquiries to better document, streamline and manage support requests,
- we have initiated several improvement projects following up Corporate Audit findings concerning internal control frameworks, system support and other topics; one example is our development of topic-specific guidelines for our various stakeholder, environmental, and social management processes in projects.

In addition, there have been relatively extensive legal developments impacting how we transfer personal data out of the EU/EEA, which we have followed up with targeted mini-projects mapping our supply chain and developing new contract templates to ensure adequate risk management.

Priorities 2022

- Complete implementation of the digital workflow for integrity due diligence (IDD) of business partners
- Develop and implement a Conflict of Interest tool to bolster management and documentation of potential conflicts across the company
- Implement a training and communication plan for 2022
- Perform ongoing compliance work related to growth initiatives (M&As, greenfields), and support integration of new companies
- Ensure an aligned approach to compliance in all development projects across technologies

HOW WE SUPPORT THE GREEN TRANSITION

Biodiversity

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

- maintaining zero serious environmental incidents related to biodiversity
- implementing Group-wide improvement initiatives related to biodiversity management

Comments on performance

As part of the sustainability strategy, Statkraft has initiated a biodiversity workstream to develop a company-wide strategic approach. The workstream will help us understand how Statkraft is managing material biodiversity topics today and further identify key improvement areas at a corporate level.

Improvement measures in 2021

1 Completed Critical Habitat Screening for all assets in our operations outside of Europe, identifying monitoring needs and established Biodiversity Action Plans

2 Cleaned fine sediments and thick mosses out of riverbeds for salmon and installed passages for upstream migration of young eels

3 Established a three-year R&D project (2020-2022) to assess possible long-term impacts from wind projects on the white-tailed eagle population

4 Formed a partnership in 2021 with the Bumblebee Conservation Trust which will assist with assessing habitat management plans to ensure Statkraft is maximising biodiversity measures in solar development

Our approach

Statkraft manages biodiversity within its corporate sustainability framework, in close collaboration with relevant authorities. Statkraft provides expertise and resources to perform monitoring and research projects, and the necessary investigations. We also implement suitable mitigation measures and follow them up systematically.

Biodiversity challenges and cumulative impacts often extend beyond the reach of a single player, and ecosystems are typically affected by many factors and activities. In cases where conflicting biodiversity conservation interests may arise, we establish priorities based on scientific studies and according to guidance provided by the authorities. Decisions on priorities between impacts on nature, climate and the social value of power generation are made by relevant public authorities in an independent manner.

Key risks

Internationally recognised reports show that global biodiversity is rapidly declining.

The main reasons are changes in land use (deforestation, monocropping and urbanisation), over-exploitation of natural resources, climate change, pollution and invasive alien species. Stakeholders are also increasingly focusing on the impact of society and business on biodiversity.

From a Statkraft-perspective, these risks are especially relevant as we continue to grow and build more business-related infrastructure which may impact biodiversity. Understanding these risks early in the planning and development phase can avoid and minimise negative impacts during construction and operation.

Currently, Statkraft's key risks related to biodiversity arise mainly from hydropower and wind power generation. Each power-generating technology has a specific risk profile. Hydropower's key risks are related to changes introduced into freshwater ecosystems and migrating aquatic species. Wind power's key risks are related to flying, grazing and migrating animals. Infrastructure related to both technologies, such as access roads, can contribute to fragmentation and degradation of habitats and to the spread of invasive alien species.

Status 2021

Throughout the year we have continued efforts to reduce and mitigate impacts through environmentally friendly designs, appropriate location choices, and implementing improvement measures, as well as work to protect soil, air and water from pollution and waste.

In relation to Statkraft's sustainability strategy we have initiated a workstream to further develop our approach throughout the company. The workstream aims to map and understand key risks and regulatory developments that affect Statkraft today and in the future and understand our current footprint and potential improvement areas.

Below are some examples of our biodiversity activities for 2021.

Hydropower

Wild salmon

Wild salmon is a species for which Norway has a special responsibility (more than 25% of the European population), and national salmon rivers have been established for its protection. In

addition, Atlantic salmon was placed on Norway's national red list of threatened species in 2021. Statkraft operates hydropower plants on 13 out of 52 national salmon rivers. Our impact on wild salmon varies depending on whether the power station discharges water into a river section where salmon live and whether our installations reduce the natural flow of a river. Other factors that also affect the salmon population include parasite infestations (gyrodactylus salaris), the time spent in salt water and escaped hatched salmon.

In order to enhanced living conditions for young salmon, mechanical removal (ripping) was used in 2021 to remove fine sediments and thick moss vegetation from the riverbed of Suldalslågen (South-Western Norway), a national salmon river and one of Norway's best salmon fishing rivers.

Eel
In the context of building a new hydropower plant at Dalfoss in the Kragerø river basin (Southern Norway), Skagerak Energi AS – majority owned by Statkraft – has installed a passage to facilitate the upstream migration of young eel as well as a modern intake installation to catch downstream migrating adult eels and transport them to the other side of the power plant.

Preservation measures
To preserve the genetic variety of wild salmon, Statkraft operates a gene bank in collaboration with the Norwegian Environment Agency, which conserves genetic material from five different wild salmon stocks. To sustain salmon and other important migratory fish species, Statkraft has restocked more than 570 000 salmon, sea trout, inland trout, grayling and eel in the Nordics and Europe, as well as more than 1 100 000 juveniles of the same species. Approximately 340 000 fish eggs were placed in Norway and Sweden. In Sweden, a total of 101 000 eel juveniles were collected in Laholm (Lagan River) in 2021. In addition, trap and transport of grown eel was carried out in the Lagan and Nissan Rivers in Sweden in collaboration with local fishermen.

Key figures for aquatic species restocking in 2021

570 000 salmon, trout, grayling and eel restocked

1 100 000 salmon, trout, grayling and eel juveniles restocked

340 000 fish eggs placed in Norway and Sweden

Reindeer
In the Nea River (Central Norway), a passage for tame reindeer herds has been built downstream of the Tydal hydropower plant. Such mitigation measures require close collaboration with authorities to ensure that the impacts of new infrastructure on nature are acceptable and that effective solutions are developed to mitigate changes in the migration routes of these domesticated reindeer.

Landscape restoration
In Albania, where Statkraft has two hydropower projects in operation (Banja and Moglicë), an extensive reforestation project has been undertaken to offset the loss of forests due to the impacts from construction, spoils, quarries, transmission line corridors and inundation. A total of 872 hectares of new forest, consisting of native trees and economically important fruit and nut trees are being planted around the reservoirs. This programme not only offsets the loss of forest areas but also stabilises slopes, rehabilitates former camps and construction areas and provides local communities with a source of additional income.

Construction projects
Statkraft is constructing a 52 MW hydropower plant in Chile (Los Lagos) and a 519 MW wind project in northeast Brazil (Ventos de Santa Eugênia) where animal rescue and relocation programs have been carried out prior to the start of construction and local seeds have been gathered for reforestation programs as part of rehabilitation and offset activities to ensure there is no biodiversity loss of flora and fauna in the vicinities of our projects. In India, Statkraft is currently constructing the 150 MW Tidong hydropower project in Himachal Pradesh. The project area impacts a critical habitat with a red-listed species locally known as chilgoza, a type of pine tree. In 2021, re-alignment and adjustments in the right-of-way and tower spot locations necessitated felling of more trees, totalling 1 042. A higher impact level requires more attention, and a forestation programme is under consideration.

Innovation
In 2021, the German authorities approved an innovative solution at Statkraft's run-of-river hydropower plant in Wahnhausen, where renewal of the concession aimed at improving the conditions for migrating fish. A pilot project has been accepted for a permanent downstream bypass using an existing pipe.

A new electric barrier is about to be tested in our Swedish hydropower plant Gideåbacka, with the objective of assisting salmon in finding the upstream migration passage.

Wind power
In Norway, all six wind farms associated with the Fosen wind power programme are now completed.

Statkraft was responsible for construction operations, including the restoration of road embankments, quarries and landfills. During construction of Fosen Vind, ornithological monitoring enabled the protection of active breeding bird nests, and this monitoring now continues throughout the post-construction phase. These surveys are already taking place at Roan Wind Farm and in 2021 found no signs of negative impacts on breeding birds.

In the Netherlands, Statkraft has established a research programme, along with several government agencies, energy companies and nature organisations, to monitor the potential reduction of bird collisions with a wind turbine where one blade is painted black. The project will run until 2024.

In the UK, Statkraft has undertaken annual monitoring across the four operational schemes including conducting bird surveys, habitat condition assessments and woodland establishment monitoring. Monitoring has found that habitats are establishing well and helping to increase biodiversity across our sites.

Solar power

Talayuela Solar (Cáceres, Extramadura) was connected to the grid in January 2021. At 300 MW, the project is one of the largest in Spain. 320 hectares of the site has been set aside for environmental protection, of which 78 hectares are part of the holm oak protection area. The environmental protection initiative involves planting 5 000 acorns yearly. It is expected that in five years there will be an average of 20-30 000 new holm oaks.

To increase forest growth, we will plant 20 000 saplings in coming years.

The steppe habitat will be restored and improved through a management strategy for animal husbandry. Ponds, troughs and basins have also been built to support animals that are sensitive to the lack of water in the region. Wild rabbits and other species will be encouraged/introduced, and studies will be carried out to measure the variety of species on site. A nature classroom is also being constructed to provide visitors with onsite learning about local nature and solar power.

Following its acquisition of Solarcentury, Statkraft has a pipeline of solar projects in the UK, all of which are being developed with the aim of delivering a significant net gain in biodiversity. During 2021, Statkraft formed a partnership with the Bumblebee Conservation Trust, which will assist with assessing our habitat management plans to ensure we are maximising biodiversity measures. Our process includes estimating the number of bumblebees present in an area, which is important because bumblebees are an indicator species for overall habitat quality. In addition, we support a trust that takes care of rare breeds (Rare Breeds Survival Trust), which demonstrates how old and new can work together to achieve a healthier and more diverse environment.

In the Netherlands, Statkraft has been taking part in a study run by the University of Wageningen, where biodiversity has been measured onsite comparing grazing by sheep with regular lawnmowing. Following the study, Statkraft started mowing with different machinery in order to increase the biodiversity that thrives in this new environment. Statkraft is committed to taking part in and learning from this type of independent research, and will be taking part in further studies in 2022.

Houten Oostrumsdijkje - a 16 MW solar farm - was connected in May 2021. The development of this site has allowed for the restoration of the historical landscaping structure, and large ditches have been created to improve water management for the solar farm and its surroundings. More than 150 trees were planted, in addition to more than 500 m of hedgerow.

Priorities 2022

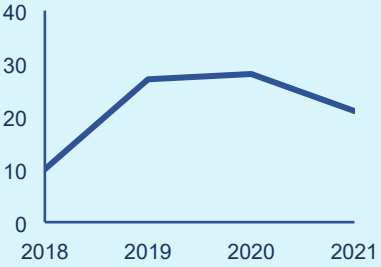
- Continue taking active part in ongoing revision of concession terms in projects in Norway and prepare for upcoming processes in Sweden
- Implement new environmental terms and conditions for updated operating rules for the Åbjøra, Trollheim and Aura hydropower plants, with integrated fish and habitat management plans
- Update our fish management strategy for the upcoming period (2022 – 2025)
- Improve training and dissemination of information and share lessons learned across all geographies

Climate action

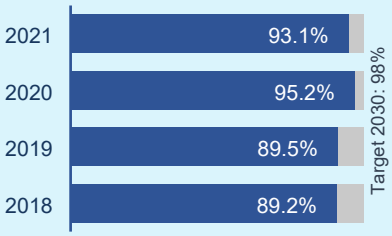
We commit to a 1.5ºC global warming target pathway for the power sector, and we aim to bring society along with us, by:

- reducing our GHG emissions (scope 1 & 2) to reach climate neutrality by 2040
- remaining Europe's largest generator of renewable power
- continuing to invest 100% in renewables by expanding our hydro, wind, and solar power by 9 GW before 2025 (from 2018 baseline)
- reaching 98% renewable energy share in district heating by 2030
- reducing our supply chain emissions (scope 3) by engaging with our suppliers
- transforming our vehicle fleet to 100% EV by 2030

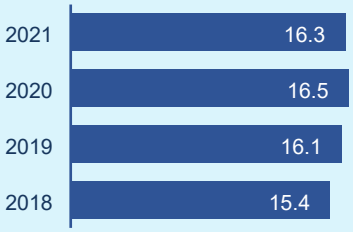
GHG Intensity (scope 1 & 2, g CO_2e/kWh)



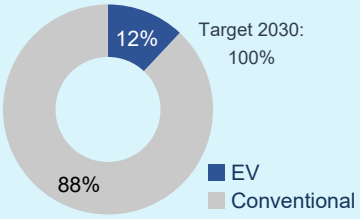
Total share of renewables in district heating



Installed renewable power generation capacity (GW)



EV percentage in own fleet in 2021



Comments on performance

In 2021, our installed power generation capacity based on renewables was 16 269 MW. Statkraft's total GHG emissions (scope 1 & 2) in 2021 were 1.2 million tonnes of CO_2 equivalents (CO_2e), and most of these emissions came from gas-fired power generation in Germany. As Statkraft's portfolio is dominated by renewable power generation assets, the average GHG emissions from the company's electricity generation are still low, only 21 g CO_2e/kWh in 2021. Statkraft's power generation was based on 96.1% renewable energy sources in 2021.

Improvement measures in 2021

1. Continued to optimise our hydropower portfolio through refurbishment projects in the Nordics
2. Continued to be well on track with our growth target of 9 GW by 2025 in new developed renewable capacity (from 2018 baseline)
3. Continued to develop our businesses contributing to decarbonisation, such as green hydrogen (and green ammonia), our EV charging business, and maturing additional initiatives such as biofuel
4. Actively supported policies for decarbonisation and carbon neutrality, including key instruments such as the EU ETS, carbon pricing and policies for deep decarbonisation

Our approach

Climate change is one of the greatest challenges the world is currently facing. Statkraft helps alleviate climate change through its core business.

The Paris Agreement sets ambitious targets for reducing greenhouse gas emissions to a level which limits global warming to 2ºC, and to pursue efforts to limit the increase to 1.5ºC. This will require significant changes in the energy sector. Statkraft's current portfolio and strategy are consistent with an energy sector development path that will make it possible to reach the Paris Agreement targets. As all Statkraft's investments are focused on renewable energy, we will be a leading contributor to decarbonising the energy system.

Statkraft's ambition is to remain Europe's largest generator of renewable power and to be among the top three most climate-friendly European-based power generators. Statkraft supports policy measures that contribute to reduced greenhouse gas emissions by adopting market mechanisms. Statkraft's ambition is to reduce emissions from its supply chain and will encourage its suppliers to also contribute to this effort.

Key risks

Physical risks

Physical risks resulting from climate change will materialise as both incidents and long-term shifts in weather patterns. Statkraft is directly exposed to climate change, as changes in precipitation patterns will change the average output from hydropower plants, as well as the variations. In the Nordics, where most of Statkraft's hydropower plants are located, climate change is expected to lead to more precipitation, although we may see periods with less precipitation than historical averages as well. Extreme weather events may occur more frequently. In regions outside the Nordics, precipitation could decrease. However, large reservoirs do act as a safeguard enabling us to cope with increasingly imbalanced precipitation patterns, as they allow us to store excessive rainfall and retain more fresh water for dry periods.

For existing power plants, this will represent a change in power generation and thus also a change in the value of the assets. Increased probability of extreme weather is taken into account in assessments of the robustness of dams and waterways, in accordance with regulations and international standards for best practice. In Norway and Sweden, Statkraft invests annually in dams and waterways to increase the robustness of dams and meet regulators' updated safety standards. The risk of major accidents related to climate change is thus considered to be low. The probability of damage to local infrastructure, such as roads and power lines, is expected to increase. However, this does not represent a major long-term risk for Statkraft's operations.

When making investment decisions related to hydropower, the optimal size of the dam and the capacity of the power plant will depend on both the expected precipitation level and variations from year to year. To ensure that Statkraft's production facilities are as well-adapted to future market opportunities as possible, projections of precipitation conditions and inflows based on climate models are used when assessing such investments. The risk of stranded assets due to climate change is thus considered to be low.

Transition risks

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

Changes in output from hydropower plants and other renewable power plants may impact power prices, and temperature changes may impact the demand for electricity for heating and cooling. However, changes in the physical climate are expected to be slow compared to the investment cycles in the electricity industry, and investors will thus be able to adapt to these market changes. The long-term direct impact of a warmer climate is thus considered to be low.

All countries where Statkraft operates have signed the Paris Agreement, which will require substantial changes in their energy systems, such as reducing the use of fossil fuels, increasing the use of renewable energy sources, as well as increasing the overall energy efficiency of their economies. In general, this is expected to increase the long-term value of Statkraft's assets and expertise. However, the transition will also carry risks both on the upside and downside.

The European Union (EU) has established ambitious targets for reducing greenhouse gas emissions. These targets are a key part of the European Green Deal, which establishes a new roadmap to achieve emission reductions of 55% by 2030 and net zero emissions by 2050. A set of proposed changes to EU legislation to support these targets, known as the "Fit for 55" package, was presented in June 2021. For the energy sector, the emission reduction targets will be reached through a combination of a strengthened cap-and-trade system for emission allowances, direct regulation and subsidies. It is too early to assess the full consequences of the implementation of the European Green Deal, but it is likely to increase both the production capacity of renewable energy and the demand for electricity.

The EU cap-and-trade system, known as the EU Emissions Trading System (EU ETS), puts a price tag on emissions and will thus impact power prices by influencing the cost of generating power from fossil fuels. The ambition level of the EU ETS will impact the cost of allowances and thus also have an impact on power prices. The price of emission allowances in the EU ETS is also sensitive to general macroeconomic trends. For Statkraft, this introduces uncertainty related to future revenues, which could be both higher and lower than the company's expectations. Subsidies, including government auctions for new renewable capacity, will impact the supply side and thus also the long-term power price level. In general, a high level of subsidies for new generation capacity will be negative for Statkraft, as it can lead to oversupply and put negative pressure on power prices. However, subsidies may also create investment opportunities. Subsidies and other incentives that increase electricity demand will have a positive impact for Statkraft.

Statkraft bases its investment decisions on internal projections of future power prices. These projections are based, among other variables, on expectations for overall future climate and environmental targets, as well as a view of the balance between different regulatory measures. The uncertainties related to both overall targets, the path chosen towards these targets and the actual measures will result in significant uncertainties for Statkraft's future revenues. This will also impact new investment decisions, but will partly be offset through geographical diversification.

The European energy sector is also impacted by regulations of a broader scope. A key part of the European Green Deal process is the Sustainable Finance process, which introduces a taxonomy based on environmental criteria. This is expected to impact the power markets, making it more attractive to invest in renewable capacity compared with capacity based on fossil fuels. However, the actual impact on the markets and thus on Statkraft's business position is still uncertain.

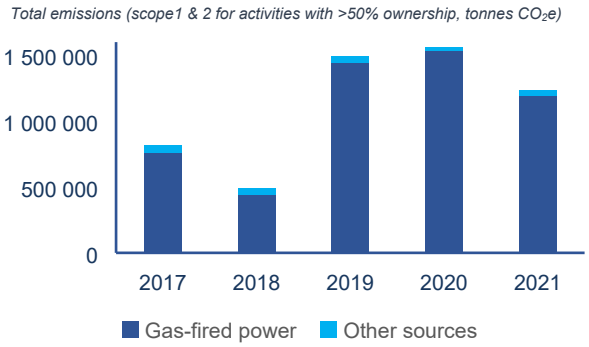
In order to understand and manage uncertainties driven by climate policies, Statkraft regularly performs systematic analyses of the

European power markets. These studies make it possible to understand how current assets and future investments will be impacted by environmental policies and provide both power price forecasts and a framework to quantify business risks.

Status 2021

Statkraft's greenhouse gas emissions

The GHG intensity of Statkraft's operations is among the lowest in the global energy sector. In 2021, Statkraft's own GHG emissions were 1.2 million tonnes of CO_2e.



As shown in the figure above, Statkraft's own GHG emissions are dominated by emissions from the company's gas-fired power plants. In addition, there are also emissions from company-wide combustion of fossil fuels and from the combustion of plastics in district heating plants. As Statkraft's portfolio is dominated by renewable assets, encompassed by the 'other sources' in the figure above, the average GHG emissions from the company's electricity generation are still low.

Average emissions were 21 g CO_2/kWh in 2021

9% of the average EU power generation carbon intensity (European Environmental Agency, 2020).

Statkraft's gas-fired capacity is regulated under the EU ETS. As the total GHG emissions under this system gradually decrease, gas-fired capacity will be more competitive relative to coal-fired plants. The increase seen in Statkraft's GHG emissions in recent years thus reflects the fact that emissions from the total European power sector have been reduced.

The primary sources of Statkraft's indirect emissions are upstream emissions associated with production and transport of gas to our gas-fired plants as well as our use of materials and products, primarily concrete and steel and the use of fossil fuels in ongoing construction projects. High-level estimates indicate total scope 3 emissions in 2021 at a minimum of 740 000 tonnes of CO_2e.

In 2021, Statkraft started an initiative to develop practical approaches for assessing GHG emissions in the supply chain with focus on consumption of materials and products in ongoing and future construction projects. We have prioritised establishing a set of pilot projects across the company; two hydropower refurbishment projects in Norway and three new wind construction projects outside Norway. In the hydropower area, we have developed and started testing a unique climate assessment tool based on life cycle emissions data related to projects' use of construction materials, electro-mechanical products and on-site work. Further, we have started developing a similar climate/circularity assessment tool for wind projects that will be finalised in 2022.

Growth in renewable energy capacity

In 2025, Statkraft aims to remain Europe's largest generator of renewable power, and to be among the top three most climate-friendly European-based power generators. In addition, Statkraft aims for the following emission targets globally: <50 g CO_2e/kWh by 2025, <35 g CO_2e/kWh by 2030 and climate neutral by 2040.

In 2021, Statkraft's installed renewable power generation capacity was 16 269 MW.

Statkraft aims to be a major wind and solar developer with a total growth target of 8 GW by 2025 in new developed capacity from a 2018 baseline. In October 2021, Statkraft acquired the wind power portfolio of wind farm operator Breeze Three Energy in Germany and France. This acquisition constituted our market entry as an owner of a wind farm portfolio in Germany and France and is in line with Statkraft's strategy to ramp up as a wind and solar developer and further strengthens our role as a key renewable player in Europe.

Part of Statkraft's business strategy is to develop new business initiatives with international potential within sectors such as datacentres, EV charging, advanced biofuel or green hydrogen.

Statkraft aims to be a leading green hydrogen producer in Norway and Sweden, and an important milestone was reached in 2021, when it was announced that Statkraft and Skagerak Energi had been chosen to provide the world's first hydrogen-powered cargo ship with zero-emission green hydrogen planned by Heidelberg Cement and agricultural cooperative Felleskjøpet. The winning concept involves container swapping with compressed hydrogen. The solution is flexible and can be used both for transport and other purposes.

District heating is an integral part of the energy supply in towns and cities and acts as a useful supplement to the electricity grid. Statkraft will continue to increase the renewable share of its district heating plants from 93.1% in 2021 to at least 98% in 2030. Statkraft will also continue to modernise and further develop its district heating distribution grid.

For example, in Norway a biofuel burner has been added in Namsos to reduce the need to use fossil gas and a feasibility study was initiated for a carbon capture system at Heimdal district heating plant in Trondheim. In addition, as an energy efficiency measure, heat accumulators have been installed at Heimdal and are under development at Gardermoen to reduce the need to use fossil fuels to meet peak load demands. In Sweden, fossil fuel has been replaced by biofuel in Åmål.

Supporting decarbonisation of society

In January 2021, the CEOs of the three largest Nordic energy utilities, Statkraft, Fortum and Vattenfall, sent a letter to the Director-General for Climate Action at the European Commission, calling for swift revision of the EU 2030 climate and energy legislation. In their letter, the three CEOs welcomed the EU's revised 2030 climate target of at least 55% emissions reduction as

a crucial step on the path towards 2050 climate neutrality, emphasising three key elements for a rapid adjustment of the 2030 climate and energy policy framework; strengthening EU ETS as a key driver for decarbonisation, enhancing electrification to decarbonise the EU economy and strengthening cost efficiency and markets through technology neutrality.

In February 2021, Statkraft's EV charging businesses were merged into a single organisation and rebranded to Mer – with a mission to make the transition to sustainable e-mobility easier and more accessible to European EV drivers by offering innovative solutions and improving the customer experience. Electrification of the transport sector is an important step towards a low-emission society and will cut future emissions in the sector. Statkraft's Low Emissions Scenario report estimates that 40% of new passenger cars sold in 2030 will be electric and that this will increase to almost 100% by 2050. Statkraft's own ambition is to transform its global vehicle fleet to 100% EV by 2030. The status in 2021 was that 12% of the total vehicle fleet has been converted to electric vehicles (compared with 2% in 2020).

In July 2021, Statkraft and SolarAid, the international development charity working to create a sustainable market for solar lights in Africa, announced a continued strategic partnership to tackle climate change and poverty in Africa. Statkraft will support SolarAid with donations totalling two million GBP to be paid over three years. Solar power is a simple and cost-effective solution for those who have no choice but to rely on expensive and toxic kerosene or dangerous candles. Statkraft's partnership with SolarAid will fund small distributed solar power solutions in selected areas in sub-Saharan Africa.

Part of Statkraft's business strategy is to grow our different customer segments. Statkraft aims to serve large corporate customers' needs across the entire value chain from market access and hedging to green power supply. We will also continue to grow customer-oriented activities, such as EV charging and district heating.

During the year, Statkraft signed several power purchase agreements (PPAs) with large corporations across Europe, serving these customers with renewable energy. A prominent example is a 15-year contract with metals producer Boliden's plant in Odda, Norway, with an annual volume of 1.6 TWh.

In October 2021, Statkraft launched its Low Emissions Scenario 2021. This is the sixth consecutive report, which is updated annually and demonstrates Statkraft's own analyses on how the energy world can develop towards 2050. Some key report findings are given in the following figure.

Key findings from the 2021 low emissions scenario

2°C
projected global temperature increase by 2100

solar is world's largest power source by 2035

80%
of global power generation in 2050 is renewable

Statkraft's Low Emissions Scenario report also suggests that renewable energy and electrification are the main solutions for decarbonisation, and that green hydrogen will play a key role in the industry and heavy transport sectors.

In 2021, Statkraft started up annual reporting of our climate-related status, actions and ambitions to the Carbon Disclosure Project (CDP), a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

Priorities 2022

- Continue with Statkraft's main ambition to deliver renewable power, and grow capacity in hydro, wind and solar by 9 GW by 2025 (from 2018 baseline)
- Continue to develop GHG assessment tools and pilot projects across the company to understand how to reduce supply chain scope 3 emissions in refurbishment and construction projects
- Continue to minimise negative climate impact through initiatives such as transitioning Statkrafts commercial vehicle fleet to electric vehicles, limiting the use of business flights and offsetting non-ETS direct emissions
- Investigate how Statkraft can set science-based emissions reduction targets in line with 1.5°C emissions scenarios and the framework of the Science Based Targets initiative
- Continue the company's annual climate reporting to the CDP, the global disclosure system for environmental impact that provides a reporting mechanism in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)
- Complete a feasibility study of CCS for waste combustion related to the Heimdal Heating plant in Trondheim
- Continue to deliver on the ambition to reach a 98% renewable energy share in district heating by 2030
- Continue to deliver on the ambition of transforming our global vehicle fleet to 100% EV by 2030

Water management

We aim to be recognised as a company with responsible water management practices, by:

- implementing identified supporting initiatives

Comments on performance

Statkraft's mandate is to maximise value creation and optimise the value of the water we manage in the energy market, while respecting agreed environmental requirements. In the event of a potential flood episode, our focus shifts from financial optimisation and compliance to civil protection. A key priority for 2021 has been to preserve a maximum of flexibility, both for energy services as well as water management services, in order to ensure adaptation to climate change and to remain responsive to an increasingly variable power supply side.

Improvement measures in 2021

1. Adopted a new operating routine during periods with low water levels to avoid sudden changes in the flow regime of the Hjartdøla and Heddøla rivers
2. Concluded the public revision processes of concession terms for the hydropower schemes at Åbjøra, Aura, and Trollheim
3. Optimized operating conditions at the Kargi hydropower plant in Turkey, where a project to study downstream water releases resulted in greater efficiency and cost savings, while maintaining adequate water supply for irrigators

Our approach

At Statkraft, water has been our business since our inception in the late 1800s and it continues to play a significant part in the energy mix that makes up Statkraft in 2021. While we are involved in hydropower projects globally, the majority of our hydropower assets are located in the Nordics.

Responsible and optimal water resource management requires the capacity to analyse large volumes of data and to predict weather conditions as accurately as possible. These complex tasks require close cooperation between experts in hydrology, meteorology, market analysis and production planning. Our activities cover four focus areas: increasing efficiency in resource use, maintaining flexibility, operational water management and water quality management.

In order to maximise the role of hydropower reservoirs in mitigating climate change, hydropower projects need to be developed and operated sustainably, hence taking into account river ecology, hydrology, sediment transport, local livelihoods, and greenhouse gas emissions. The International Hydropower Association recognises that multipurpose hydropower reservoirs contribute to flow regulation and control, increased availability of freshwater for irrigation, navigation and the supply of drinking water or industrial water, in addition to its purpose of storing energy for power production.

Key risks

The key risk for the hydropower industry is climate change. We now face challenges in accurately predicting future trends, as modelling must incorporate an understanding of how climate change will impact weather patterns.

More extreme weather conditions will impact how Statkraft operates its hydropower assets.

In wet regions, like the Nordics, we will have to cope with more flood events but also more dryer periods than we have had historically. In warmer climatic zones, water periodically becomes a scarce commodity, which may trigger user conflict issues.

Status 2021

Statkraft aims at preserving flexible renewable power generation from our hydropower reservoirs to ensure supply security and to enable the shift towards a greener economy. At the same time, we must maintain our capacity to mitigate floods. Management of hydropower plants in the Nordics has been challenging during 2021 due to more extreme and varying weather conditions. Whereas in 2020 we had a high focus on mitigating floods, the circumstances this year were the complete opposite. Little snowfall in the winter, followed by dry weather, caused low inflow and a difficulty to fulfil minimum flow requirements at several locations. For example, the mountainous areas of Northern Norway experienced an exceptionally long period of very low temperatures, freezing all smaller bodies of water, including water intakes and tributaries, and causing low reservoir inflow. The dry weather continued in the South of Norway until autumn and led to low water levels in several of our reservoirs as well as to high electricity prices.

For example, we experienced such minimum flow challenges in the Rana River in Northern Norway. It was prone to a major flood event during the winter of 2021, when the natural flow regime of about 20 m^3/s suddenly rose to 1 000 m^3/s. Such flash floods have a particularly devastating effect on the aquatic ecosystem, as they move significant masses of ice over the riverbed and its banks, disturbing fish eggs and killing juvenile fish. The mountainous areas of Northern Norway also experienced an exceptionally long period of very low temperatures, where all smaller bodies of water, including water intakes and tributaries, were completely frozen, making it challenging to meet minimum flow requirements.

Maintaining flexibility
For plants with reservoir capacity, it is key to preserve flexibility in order to ensure adaptation to climate change, as well as to remain responsive to an increasingly variable power supply side. As such, a key priority for 2021 has been to preserve a maximum of flexibility, both for energy and water management services.

Most of Statkraft's hydropower assets are in Norway and Sweden, and public revision processes for our concession terms are ongoing in both countries. In 2021, the public revision of concession terms was concluded for three hydropower schemes: Åbjøra, Aura and Trollheim. Although the Aura and Trollheim hydropower schemes are located in the same area of Central Norway, the outcomes are a good illustration of how hydropower is a tailor-made technology which is adapted to local conditions and needs. For example, minimum flow requirements were included for Trollheim, whereas for Aura, the decision was made to establish an integrated habitat management plan to improve living conditions for fish. It also showcases that decision-making must address dilemmas; that power plants play different roles in the power systems and that cost-benefit considerations for environmental improvement measures vary accordingly.

Statkraft has recently had to manage its reservoirs more frequently, due to the changing and extreme weather conditions, as they can play an important role in mitigating floods. When the weather forecast indicates intensive precipitation ahead, our focus shifts from financial optimisation to civil protection. For example, we try to empty our reservoirs as much as possible, regardless of the power market situation, to enable our reservoirs to absorb the large expected volumes of rain. As a result of minimum flow requirements, excess amounts of rain or snowmelt, reservoirs do not necessarily have the capacity to collect all the rainwater during unpredictable and intense rainfalls. Under these circumstances, the excess water cannot be used for power generation and will inundate the rivers downstream.

Beyond hydropower, which returns all withdrawn water directly to the environment, we also consume water for cooling in our gas-fired power plants, and to treat emissions (process water) in our gas and bio power plants, as well as in our district heating. We only consume water in areas with low water stress.

Water quality and quantity management
Water quality management is part of our environmental management processes. It is usually embedded in specific licence terms.

As an example, Statkraft has developed a measurement method for small scale gas supersaturation, in cooperation with major Norwegian research organisations, such as NINA and NTNU. Gas supersaturation of water can occur in high-head hydropower schemes and has a negative impact on water quality, which can be harmful to aquatic fauna. A study is ongoing to evaluate whether or not this is an issue, with measurements taken at five hydropower plants in Norway.

As for water quantity management, we continuously strive to optimize our generation while considering local needs. One example of a project in which we refined inflow forecasts to achieve better performance, is the Kargi hydropower project (102 MW) in northern Turkey. A study of irrigation water used in rice production found that the original flow requirements exceeded the actual needs of farmers. With improved infrastructure and monitoring, Statkraft was able to reduce flows for several months and divert this water to the powerhouse for generation. Combined with responsive water management to ensure sufficient amounts of water to the rice farmers, this resulted in an increased production of 5.9 MWh in 2021.

Innovation
Even with our 88 years of weather data, we have never before registered the combinations of weather types we have recently seen. Statkraft has invested in several R&D projects to develop new and flexible modelling tools, refine inflow forecasts over the short and long term and to achieve better performance.

In collaboration with the University of Umeå, we are modelling climate scenarios for three river basins in Norway and Sweden (Ljungan, Lagan and Umeå). We aim to estimate how the increasing variability of precipitation could affect hydropower generation and the possibility of being able to comply with special environmental measures such as minimum flow requirements. The first river basin to be examined will be Ljungan.

In 2021, Statkraft signed a cooperation agreement for the "SamVann" research project, led by SINTEF Energy Institute and approved by the Research Council of Norway. We aim to document the socio-economic benefits of reservoirs in flood mitigation. Interdisciplinary collaboration and the use of new data sources will make it possible to find more detailed cost functions for flood damage, and how these are affected by various flood parameters and climate change.

Priorities 2022

- Provide data, information and expertise in ongoing revision of concession terms
- Obtain knowledge-based contributions to national Water Framework Directive processes for hydropower operations in Europe, and implement the measures concluded in updated water management laws and/or public review processes of concession terms

Circular economy

Statkraft recognises the increasing importance of a more circular economy and is working to better understand how we can leverage circularity initiatives to decrease GHG emissions from our supply chain and help mitigate environmental impacts.

Comments on performance
We believe that the circular economy lays an important foundation for how we can further integrate sustainable practices into our business processes. We have recently pursued several initiatives that lay a foundation for better integration of circular economy principles into our activities, including in our supply chain.

Improvement measures in 2021

1. Dedicated our annual summer project to the circular economy in European wind and solar, to build the foundation for a circular economy ambition
2. Initiated collaboration with SolarPower Europe to develop a new Life Cycle Assessment (LCA) of solar modules
3. Started a pre-feasibility study to explore the use of a climate and circularity assessment tool for the development of wind farms
4. Hosted an internal company hackathon to gather ideas for how Statkraft can best implement a circular economy mindset

Our approach

The circular economy is an alternative to traditional economic thinking that focuses on using reused/recycled materials in construction, keeping assets in use for as long as possible, and reducing, reusing, and recycling waste, instead of sending it to landfills. Doing so maximises the long-term value of materials, and reduces the need for raw resources – along with the GHG emissions from their extraction and processing.

Statkraft contributes to improving circularity by providing renewable energy
– a key pillar of the circular economy.

We are currently exploring ways to expand this contribution by working to electrify the transport sector, and by collaborating with our suppliers to design for increased asset lifetime, reduced resource consumption, and increased end-of-life reuse and recycling. Moreover, we also focus on increasing the efficiency of resources already in use; for example, when refurbishing our hydropower projects, we aim to increase installed capacity so that we can generate more electricity with the same amount of water, but without additional environmental impact.

Key risks

The general current circular economy risk focus includes three main items: waste generation in wind and solar, emissions up and down the value chain (scope 3 emissions), and global supply chain fragility.

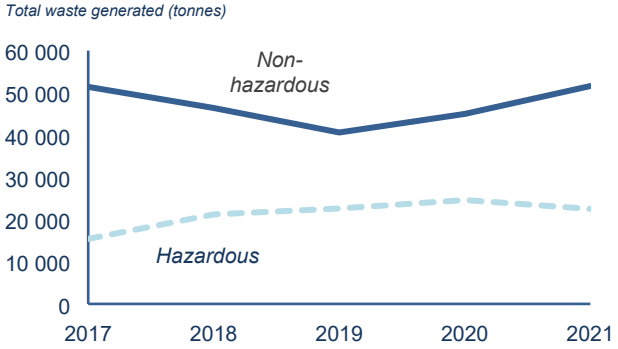
Statkraft currently generates little waste from wind and solar, as plants have yet to be decommissioned. However, due to the relatively short lifespan of such plants (20-40 years, as compared with hydropower's 100 years), studies from the University of Cambridge and the International Renewable Energy Agency indicate that wind and solar waste streams will grow exponentially in the next decade, in pace with the expected expansion in global renewables. Although Statkraft's current portfolio consists mostly of hydropower, we expect to grow within wind and solar. It is therefore important for Statkraft to explore this further.

An additional risk is the scope 3 emissions from our material footprint. Indirect emissions released in extraction, processing, and shipping of materials to our assets contribute to climate change, and thereby also to our identified climate-related risks (see the Climate action section). Our efforts to minimise our material footprint help mitigate climate-related risks.

Finally, the Covid-19 pandemic has demonstrated the fragility of global supply chain systems, which poses a risk to our activities. More circular business models keep materials in use, locally, much longer than today, which could help mitigate the impact that international crises can have on our operations.

Status 2021

Using renewables instead of fossil fuels to generate electricity entails less natural resource extraction, less pollution, and much lower GHG emissions. Statkraft, being a leading provider of renewable energy, plays a key role in enabling others to become more circular. This being said, our own activities still generate waste, as shown in the figure below.



Our main source of waste today is from our waste incineration and biopower plants. The decommissioning of wind and solar plants in coming years is expected to increase total waste generation across the industry, and Statkraft is no exception. We recognise that more action is required to decrease the material footprint of our activities. Decoupling resource consumption from economic growth is one of the pillars of the European Green Deal, which aims to, among other things, accelerate the EU's transition to a circular economy. This ambition is enshrined in several legal instruments such as the Taxonomy for Sustainable Activities ("the EU Taxonomy"), the Environment Action Program and the Circular Economy Action Plan. Against this backdrop, addressing the circularity of our own assets is an increasingly important step to consider as we continue to develop our sustainability strategy. In line with our risk picture, our primary focus is on wind and solar.

Although 85-90% of a wind turbine can be recycled today, the composite turbine blades remain an issue. In June 2021, WindEurope, of which Statkraft is a member, called for an EU-wide ban on landfilling wind turbine blades by 2025. Industry efforts to improve the recyclability of blades is ongoing. Statkraft is following developments in this field closely, and has funded blade recycling initiatives (Rekovind and ReComp) through the industry coalition Vindforsk. We have also initiated a pre-feasibility study to explore the creation of a combined scope 3 emissions and circularity calculator for wind farm projects.

As regards the solar supply chain, we are currently collaborating with SolarPower Europe to produce a new LCA for solar modules, which will help inform future circularity measures.

We are also exploring other circular economy initiatives. For instance, at Statkraft's two biomass power plants in Germany (Emden and Landesbergen), a study has been undertaken to assess whether it would be possible to recover phosphate from burning sewage sludge and fermentation substrate to reduce the need for new raw material. The technology to recover phosphate already exists; our study evaluates whether it is technically feasible to incorporate it into our plants. If successful, it would prove that we can give a "second life" to what would traditionally be considered waste, by extracting a product that has a market value as fertiliser.

In order to gain a clearer view of which circularity measures Statkraft can adopt going forward, we dedicated our annual summer project in 2021 to the circular economy. The project analysed the current sector and regulatory landscapes for European wind and solar, and formulated a potential roadmap for achieving full circularity in new wind and solar projects by 2040. The feasibility of the results is currently under review, with the aim to launch a follow-up project for strategic target-setting in 2022.

Priorities 2022

- Continue cooperation with SolarPower Europe in the development of a new LCA for solar modules
- Initiate development of a circular economy strategy with a clear ambition and targets
- Continue development of a combined scope 3 emissions and circularity calculator tool for wind farm suppliers, and start testing in a pilot project

From Statkraft's Low Emissions Scenario:

Electrification is the main solution for cutting CO_2 emissions and achieving a sustainable future. The share of electricity in final energy demand will more than double toward 2050.

CORPORATE GOVERNANCE

Corporate Governance

The corporate governance statement clarifies the distribution of roles between the Norwegian state as owner, the Board of Directors and the management of the company.

Efficient and transparent management and control of the business forms the basis for creating long-term value for the owner, employees, other stakeholders and society in general, and as a result, contributes to sustainable and lasting value creation. Open and accessible communication from the company ensures that the Group maintains a good relationship with society in general and with all stakeholders affected by the company's activities.

CORPORATE GOVERNANCE STATEMENT

Statkraft is organised through a state enterprise, Statkraft SF. The activity in Statkraft SF is, for all practical purposes, restricted to owning all shares in Statkraft AS. Statkraft SF and Statkraft AS have an identical board of directors and management. Statkraft AS is the parent company for an underlying Group structure. Statkraft adheres to the Norwegian Code of Practice for Corporate Governance (NUES) within the framework established by the company's organisation and ownership.

The Board of Directors monitors and oversees progress related to Statkraft's sustainability strategy, processes and reporting. This includes targets and activities related to climate, environmental, social and human rights considerations as well as sustainable supply chain topics. The Board takes such considerations into account in their strategic, risk and performance discussions, and as part of major investments and acquisitions. A closer description of this can be found in the chapter for Sustainability and in the Report from the Board of Directors.

Statkraft follows the Norwegian state's principles for sound corporate governance, described in the White Paper, Meld. St. 8 (2019-2020) "Statens direkte eierskap i selskaper – Bærekraftig verdiskaping" ("The state's direct ownership of companies – sustainable value creation") and is subject to reporting requirements relating to corporate governance according to Section 3-3b of the Accounting Act.

ACTIVITIES

The objective of Statkraft AS, alone, or through participation in, or cooperation with other companies, is to plan, engineer, construct and either divest or operate energy facilities, conduct physical and financial energy trading, and perform naturally related operations. Statkraft AS is registered in Norway and its management structure is based on Norwegian company legislation. Statkraft is also subject to the Norwegian Securities Trading Act and stock exchange regulations associated with the company's debt obligations.

Objectives and framework for the activities in Statkraft are set out in parliamentary documents and resolutions by the Parliament (Stortinget), see www.regjeringen.no and www.stortinget.no.

EQUITY AND DIVIDENDS

Statkraft AS' share capital totals NOK 33 600 000 000, divided among 200 000 000 shares of NOK 168 each. The company's shares can only be owned by Statkraft SF.

Changes in the share capital will be considered in the enterprise meeting of Statkraft SF and the general meeting of shareholders in Statkraft AS.

The State as the shareholder determines the dividend in its wholly owned companies. The provision of the Limited Liability Companies Act stating that the general meeting cannot adopt a higher dividend than that proposed or accepted by the Board of Directors, does not apply to wholly owned state companies in Norway.

The owner's dividend expectation is that Statkraft pays a dividend of 85 per cent of realised profit from Norwegian hydropower and 25 per cent of realised profit from other business activities. Realised profit is the profit before tax, less payable taxes and adjusted for unrealised effects and minority interests. Dividends received from equity accounted investments are included in realised profits. The Norwegian hydropower business is defined in the notes to the consolidated financial statements in the annual report. The Board of Directors maintains a continuous focus on adapting the company's objectives, strategy and risk profile to the company's capital situation. Statkraft's investments are financed through a combination of retained earnings, external financing, divestments and contributions from the owner. See Note 6 in the Group financial statements in the annual report for more information about the company's capital structure management.

FREELY NEGOTIABLE SHARES

Shares in Statkraft AS can, according to the Articles of Association, only be owned by the state-owned enterprise Statkraft SF.

ENTERPRISE MEETINGS AND GENERAL MEETINGS

The Norwegian state exercises its authority as the owner in the enterprise meeting of Statkraft SF. In accordance with the Articles of Association of Statkraft SF, Statkraft SF cannot attend and vote in a general meeting in Statkraft AS without a preceding decision in an enterprise meeting. The enterprise meeting and the following general meeting are held annually by the end of June. The Office of the Auditor General and the external auditor attend the enterprise meeting and the general meeting.

Before the Board of Directors decides in matters assumed to be of significant importance for the purpose of the enterprise/company, or which will significantly change the character of the activities, the matter must be put before the ministry representing the state's ownership in accordance with the State Enterprise Act.

NOMINATION COMMITTEE

Statkraft SF and Statkraft AS have no nomination committee. The appointment of the board members and Chair of the Board by the owner of Statkraft SF will take place in the enterprise meeting. Statkraft SF and Statkraft AS have identical boards.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The State Enterprise Act stipulates that state-owned enterprises shall be governed by a board and a chief executive officer. Pursuant to the Limited Liability Companies Act, Statkraft AS has entered into an agreement with its employees' trade unions stipulating that the company will not have a corporate assembly. Three of the board's nine members are elected by the employees based on the agreement that the company will not have a corporate assembly.

The State emphasises competence, capacity and diversity based on the company's distinctive character when the State selects people to sit on the companies' boards. The goal is for the board of each company, to collectively represent the desired expertise based on the company's objective, business area, challenges and the State's ownership goals. Emphasis is e.g. placed on selecting representatives with broad experience from commerce and industry for companies with commercial goals.

The Norwegian Parliament (Stortinget) has decided that its members should not be appointed to offices in companies that are subject to the Parliament's control. It is also assumed that ministers will resign from such offices when elected into the Government and cannot be selected for new offices. The same applies to state secretaries.

There are provisions stipulating that senior officials and civil servants employed in a ministry or the Central Administration in general, who deal with matters concerning the enterprise as part of their job, or that are working in a ministry or other Central Administration agency that regularly processes matters of significance for the company or the industry sector in question, cannot be elected to the company's board, see the White Paper, Meld. St. 8 (2019-2020). The President and CEO and senior executives of Statkraft are not members of Statkraft's board.

Members of the Board of Directors are normally elected for terms of two years and can be re-elected.

The company has established directors and officers liability insurance which, within the framework of the insurance wording, covers the personal liability they may incur as director or chief executive officer in accordance with applicable law.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors usually meets eight to ten times a year. The Chair of the Board will ensure that meetings are held as often as required. The Board of Directors has stipulated board instructions with guidelines for the work and case processing of the board. The instructions also cover the President and CEO. The instructions define the work scope, duties and authorities of the President and CEO in more detail than follows from the legislation.

The Board of Directors prepares an annual agenda for its work, with a special emphasis on goals, strategies, governance and oversight of daily operations and the company's other activities. The Board of Directors conducts an annual strategy conference. The President and CEO prepares background material for such conferences in the form of strategic, economic and financial plans.

The Board of Directors ensures that management informs the boards of subsidiaries of matters of potential significance for the subsidiary in question. The Board of Directors evaluates its own performance and expertise annually.

The Board of Directors has appointed a Compensation Committee consisting of the Board Chair and two other board members. The Compensation Committee prepares the board's deliberations on wages and other benefits paid to the President and CEO, as well as matters of principle related to wage levels, incentive schemes, pension schemes, employment contracts and similar for the company's executives. The remuneration for the Head of Corporate Audit is stipulated by the board.

The board's Audit Committee consists of four Board of Director's members. The committee functions as a preparatory body for the board's management and supervision work, and at least one member of the Audit Committee shall have experience in accounts management, financial management or auditing.

An overview of the members' participation in board meetings is available in Note 38 to the Group financial statements.

Statkraft engages in transactions with companies closely related to Statkraft's shareholder, the Norwegian state. All transactions are based on regular commercial terms and

principles.

The Board of Directors instructions state that neither board members nor the President and Chief Executive Officer (CEO) may participate in the processing or resolution of issues that are of substantial personal or financial interest to them or their related parties. Any persons in such a situation must, on their own initiative, disclose any interest they or their related parties may have in the resolution of an issue. The same follows from the Group's ethical guidelines.

RISK MANAGEMENT AND INTERNAL CONTROL

The internal control concept includes compliance with the company's values and guidelines for ethics and corporate responsibility. Important functions to ensure that risk management and internal control are an integrated part of the activities in Statkraft, include the Compliance functions, the Group risk function, the Group Investment Review unit and the Group's internal control over financial reporting.

Risk management is an integral part of Statkraft's governance model. Managers at all levels of the organisation are responsible for appropriate risk management. Risk management is regulated by mandates, requirements and guidelines. Follow-up of risk and risk management are incorporated in the daily business operations.

Risk management and internal control are integral parts of the Board of Directors work. To ensure that Statkraft has suitable and efficient systems in place for risk management and internal control, the Board of Directors shall:

- Review the Group's most important risk areas at least once a year
- Ensure that the governance, processes and systems are adequately established, implemented and followed up, e.g. through processing of reports submitted to the board by the President and CEO and the internal audit function
- Ensure that risk management and internal control are integrated in the Group's strategy and business plans and executed according to the guidelines.

Statkraft's management system, "The Statkraft Way", defines the Group's principles and ensures a sound control environment for fulfilling the management's goals and intentions. The Statkraft Way is based on ISO principles for quality and environmental management systems.

Statkraft's governance model has a risk-based approach to target setting, prioritisations and follow-up of the business and staff areas. The Group's risk function is process owner for the overall risk management framework and monitors Statkraft's overall risks at Group level. The Group's overall risk profile is concluded upon by the Corporate Management and is reported to the Board of Directors. The Group Risk function reports to the Chief Financial Officer (CFO).

Corporate Audit

Statkraft's Corporate Audit is an independent function that reports to the Board of Directors and the Audit Committee and which assists the Board of Directors and management in assessing whether the group's most significant risks are sufficiently managed and controlled. The purpose of Corporate Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight related to the organisation's governance, risk management and internal control.

Internal audits are conducted according to an annual plan. The audit work is to be carried out in accordance with the International Standards for Internal Auditing (IIA). The annual corporate audit report is submitted to the Board of Directors, which also approves the audit plan for the coming year. Corporate Audit also presents a semi-annual report to the Audit Committee. The implementation of Corporate Audit recommendations is regularly followed up.

The Head of Corporate Audit is responsible for Statkraft`s system for reporting of concerns (Whistleblowing channel). All reported concerns in Statkraft are to be addressed to Corporate Audit, who determines their follow-up. In cases where an investigation is required, this is the responsibility of the Head of Corporate Audit.

Corporate Audit is authorized full, free, and unrestricted access to any of Statkraft's records, physical properties and personnel pertinent to carrying out its work. All employees are requested to assist Corporate Audit in fulfilling its roles and responsibilities. The Head of Corporate Audit has a free and unrestricted access to the Board of Directors and the Audit Committee. The Audit Committee and Corporate Audit hold a minimum of one meeting per year without anyone from the Group's administration being present.

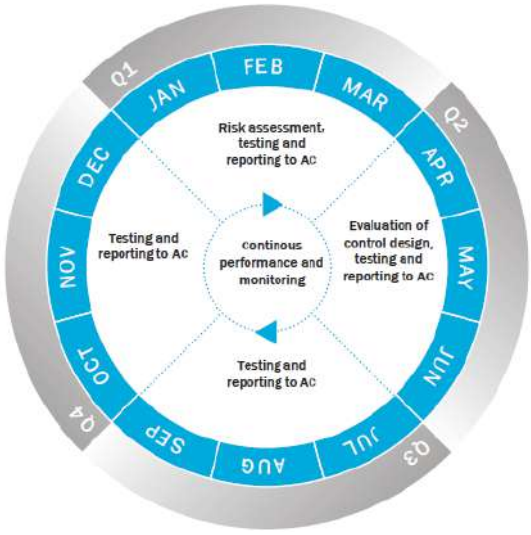
Internal control over financial reporting

The Group's CFO is responsible for the process for Internal Control over Financial Reporting (ICFR) in Statkraft. The ICFR work is based on the COSO framework for internal control, published by the Committee of Sponsoring Organizations of the Treadway Commission.

The ICFR ensures reliable and timely financial information in the interim and annual reports. All subsidiaries are required to comply with the ICFR requirements. The same applies for associated companies, joint operations and joint ventures where Statkraft is responsible for the accounting and financial reporting. If a third party is responsible for the accounting and financial reporting of the partly owned company, the responsible segment shall perform compensating controls.

The activities related to ICFR are performed in the Governance, Risk and Compliance (GRC) system, BWise. Through BWise, the Group can efficiently monitor real time status on control performance throughout the entire organisation.

Annual process for internal control over finanical reporting



The main elements of the ICFR system are:

- **Risk assessment**
  The Group's ICFR Network performs an annual risk assessment where the financial reporting risks are identified and assessed. The purpose is to verify whether Statkraft has appropriate controls to sufficiently mitigate the identified risks.
- **Evaluation of control design**
  Process to ensure that the internal controls are designed efficient and mitigate identified risks to an acceptable level.
- **Test of control performance**
  On a sample basis, the quality of control performance and compliance with control descriptions are tested quarterly to ensure operational effectiveness and continuous improvement.
- **Reporting of ICFR to the Audit Committee**
  As a part of the quarterly reporting, a status on internal control is presented to the Audit Committee. In addition, the result of the yearly assessment of control design and operational effectiveness is reported to the Audit Committee in Q1. The conclusion of the financial reporting risk assessment is presented in Q2. If material breaches are detected in the ICFR system, this will be reported to the Audit Committee.
- **Continuous performance and monitoring**
  Managers are responsible for compliance with control descriptions and ICFR requirements. Responsible managers perform an annual assessment of design and operational effectiveness of all controls.

Fraud Prevention

Statkraft has specific focus on fraud prevention in processes related to procurement, accounting, tax and treasury.

It is a risk-based approach, where each process owner is responsible for assessing risks and establish controls to prevent and detect fraud. The methodology is built on the same framework and in the same GRC system as for ICFR.

In addition, Statkraft has established a Finance and Fraud Analytics tool. Algorithms have been built on a selection of controls based on data from the SAP ERP system. The purpose of these controls is to assist with detection of fraud and errors in the accounting processes, but also to provide insight to Internal Control and Corporate Audit.

Statkraft will continue to work with fraud prevention and further development of the Finance and Fraud Analytics tool.

REMUNERATION OF THE BOARD OF DIRECTORS

The owner sets the remuneration for the Board of Directors. The remuneration is not related to the company's results.

Shareholder-elected board members normally do not perform any additional services to the company. To the extent that the members of the board perform tasks for the company, this must be clarified with the other board members in advance. Board of Directors remuneration is described in Note 38 to the Group financial statements.

REMUNERATION OF EXECUTIVE PERSONNEL

Statkraft adheres to the Norwegian state's guidelines for employment terms for managers in state enterprises and companies.

The Board of Directors will contribute to a moderate, but competitive development of executive remuneration in Statkraft. The board's Compensation Committee prepares the board's deliberation of the wages of the President and CEO and the company's Executive Vice Presidents. The President and CEO and corporate executives shall receive both a fixed salary and a variable payment. The variable salary has a maximum disbursement that complies with the owner's guidelines. The entering into pension agreements adheres to the current guidelines issued by the owner.

The Board of Directors declaration regarding executive wages and other remuneration to executive employees can be read in Note 38 to the Group financial statements. The revised NUES requires a separate report for management remuneration, and this will be presented in the general assembly in 2022.

INFORMATION AND COMMUNICATION

The Board of Directors sets guidelines for financial reporting and other information. Statkraft SF publishes its annual financial statement. Each year, Statkraft AS releases three quarterly financial statements and one annual financial statement.

The financial calendar, press releases and stock exchange notices, investor presentations, quarterly and annual reports and other relevant information are published on Statkraft's website.

Statkraft emphasises transparent communication with all stakeholders. The information the company provides to its owner, lenders and the financial markets in general shall provide enough details to permit an evaluation of the company's underlying values and risk exposure. The owner and the financial markets shall be treated equally, and information shall be communicated in a timely manner.

TAKE-OVERS

The Articles of Association for Statkraft AS state that the shares can only be owned by Statkraft SF.

AUDITOR

The enterprise meeting appoints the auditor based on the Board of Directors proposal and approves the auditor's fee. Statkraft SF and Statkraft AS have the same auditor. The auditor serves until a new auditor is appointed.

The Board of Directors and the auditor hold at least one meeting annually where the President and CEO and other Group executives are not present. The Audit Committee evaluates the external auditor's independence and reviews the overall use of the external auditor for consultancy purposes.

As part of the ordinary audit, the auditor presents an audit plan to the Audit Committee and a summary of the audit upon completion. The auditor reports in writing to Statkraft's Audit Committee concerning the company's internal control, applied accounting principles, significant estimates in the accounts and any disagreements between the auditor and the administration. The Board of Directors is briefed on the highlights of the auditor's reporting. At the end of the audit the auditor performs a summary meeting with the Audit Committee.

From Statkraft's Low Emissions Scenario:

Solar power will be the world's largest source of power generation from 2035. Since 2010, solar power costs have fallen about 85 per cent.

STATEMENTS

Group Financial Statements

Statement of Comprehensive Income

Statkraft AS Group

NOK million	Note	2021	2020
Profit and loss			
Sales revenues	4, 12	84 656	33 875
Gains/losses from market activities	13, 21	-3 235	3 958
Other operating income	14	1 556	685
Gross operating revenues and other income	4	82 976	**38 518**
Energy purchase	12	-39 968	-16 244
Transmission costs		-1 723	-1 040
Net operating revenues and other income	4	41 286	**21 234**
Salaries and payroll costs	16, 17	-5 286	-4 627
Depreciations and amortisations	23, 24, 25	-4 113	-4 066
Impairments/reversal of impairments	15, 23, 24	3 403	-1 379
Regulatory fees	18	-1 375	-1 264
Other operating expenses	19	-4 188	-4 150
Operating expenses		-11 559	**-15 485**
Operating profit/loss (EBIT)		29 727	**5 749**
Share of profit/loss in equity accounted investments	15, 26	1 686	**835**
Net currency effects	21	1 089	-1 520
Interest and other financial items	5, 20, 21	242	-111
Net financial items		1 331	**-1 631**
Profit/loss before tax		32 744	**4 953**
Income tax expense	22	-16 663	-1 421
Net profit/loss		16 081	**3 532**
Of which non-controlling interest		558	213
Of which owners of the parent		15 523	3 319
OTHER COMPREHENSIVE INCOME (OCI)			
Items in other comprehensive income that recycle over profit/loss:			
Items recorded in other comprehensive income in equity accounted investments		1	-13
Recycling of currency translation effects related to foreign operations disposed		-39	-132
Currency translation effects		-2 473	1 092
Total		-2 511	**947**
Items in other comprehensive income that will not recycle over profit/loss:			
Changes in fair value of financial instruments, net of tax		28	-4
Estimate deviation pension in equity accounted investments		28	-14
Estimate deviation pension, net of tax		-312	-475
Total		-257	**-492**
Other comprehensive income		-2 767	**456**
Total comprehensive income		13 315	**3 988**
Of which non-controlling interest		564	29
Of which owners of the parent		12 750	3 959

Statement of Financial Position
Statkraft AS Group

NOK million	Note	31.12.2021	31.12.2020
ASSETS			
Deferred tax assets	22	1 748	1 658
Intangible assets	23	4 112	4 113
Property, plant and equipment	24, 25	116 521	112 057
Equity accounted investments	4, 26	14 771	13 492
Derivatives	10	27 995	7 406
Other non-current assets	17, 27	6 488	6 338
Non-current assets		171 635	**145 064**
Inventories	28	6 614	6 363
Receivables	29	42 190	13 659
Financial investments	10	661	606
Derivatives	10	51 741	4 410
Cash and cash equivalents (incl. restricted cash)	30	37 162	11 155
Current assets		138 369	**36 193**
Assets		310 004	**181 257**
EQUITY AND LIABILITIES			
Paid-in capital		59 219	59 219
Other reserves		2 234	4 733
Retained earnings		41 426	29 888
Total equity attributable to owners of the parent		102 880	**93 840**
Non-controlling interest		4 896	4 188
Equity		107 775	**98 028**
Deferred tax	22	12 723	10 596
Pension liabilities	17	3 892	3 357
Bond and bank debt	33	19 632	26 756
Lease liabilities	25, 33	1 861	1 541
Contract liabilities	32	4 052	4 367
Derivatives	10	21 985	7 778
Other non-current liabilities	31	3 283	3 207
Non-current liabilities		67 427	**57 604**
Commercial papers, bond and bank debt	33	18 942	3 869
Lease liabilities	25, 33	303	269
Contract liabilities	32	316	316
Taxes payable	22	14 527	3 412
Derivatives	10	64 647	5 639
Other current liabilities	34	36 068	12 120
Current liabilities		134 802	**25 625**
Equity and liabilities		310 004	**181 257**

Statement of Changes in Equity

Statkraft AS Group

NOK million	Paid-in capital	Hedging reserves and profit and loss reserves other shares [1]	Currency translation effects	Total other reserves	Retained earnings	Attributable to owners of parent	Non-controlling interests	Total equity
Balance as of 31 Dec 2019	**59 219**	-187	3 814	**3 627**	**33 537**	**96 383**	**4 382**	**100 764**
Net profit/loss	**-**	-	-	**-**	**3 319**	**3 319**	**213**	**3 532**
Total other comprehensive income	**-**	-16	1 122	**1 106**	**-467**	**639**	**-184**	**456**
Total comprehensive income for the period	-	-16	1 122	**1 106**	**2 852**	**3 958**	**29**	**3 988**
Dividend	**-**	-	-	**-**	**-6 500**	**-6 500**	**-217**	**-6 717**
Business combinations/divestments	**-**	-	-	**-**	**-**	**-**	**-6**	**-6**
Balance as of 31 Dec 2020	**59 219**	-203	4 936	**4 733**	**29 888**	**93 840**	**4 188**	**98 028**
Net profit/loss	**-**	-	-	**-**	**15 523**	**15 523**	**558**	**16 081**
Total other comprehensive income	**-**	24	-2 523	**-2 499**	**-275**	**-2 773**	**6**	**-2 767**
Total comprehensive income for the period	-	24	-2 523	**-2 499**	**15 249**	**12 750**	**564**	**13 315**
Dividend	**-**	**-**	-	**-**	**-3 673**	**-3 673**	**-91**	**-3 763**
Transactions with non-controlling interests	**-**	**-**	-	**-**	**-38**	**-38**	**133**	**95**
Business combinations/divestments	**-**	**-**	-	**-**	**-**	**-**	**101**	**101**
Balance as of 31 Dec 2021	**59 219**	-179	2 413	**2 234**	**41 426**	**102 880**	**4 896**	**107 775**

[1] Mainly related to net investment hedges. See note 11.

GENERAL INFORMATION

The parent company has a share capital of NOK 33.6 billion, divided into 200 million shares, each with a par value of NOK 168. All shares have the same voting rights and are owned by Statkraft SF, which is a Norwegian state-owned company, established and domiciled in Norway. Statkraft SF is wholly owned by the Norwegian state, through the Ministry of Trade, Industry and Fisheries.

On 24 June 2021 Statkraft's General Assembly approved a disbursement of NOK 3673 million as dividend to Statkraft SF. For the current year the Board of Directors has proposed to pay a dividend of NOK 10 214 million.

SIGNIFICANT ACCOUTING POLICIES

Dividend proposed at the time of approval of the financial statements is classified as equity. Dividends are reclassified to current liabilities once they have been approved by the General Assembly.

Statement of Cash Flow
Statkraft AS Group

NOK million	Note	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit/loss (EBIT)		29 727	5 749
Depreciations, amortisations and impairments	23, 24, 25	710	5 445
Gains/losses from divestments and disposal of assets		-740	-64
Unrealised effects included in operating profit (EBIT)	21	-2 362	1 431
Dividends from equity accounted investments	26	571	597
Changes in working capital		859	1 794
Investments in development and construction projects classified as inventories (DS/DBS) [1), 2)]		-1 892	-413
Cash collateral, margin calls and option prepayments		3 311	659
Cash effects from foreign exchange derivatives related to operations		-273	-49
Effects from prepayments from customers	12, 32	-316	4 733
Income taxes paid		-3 042	-8 421
Other changes		-311	170
Cash flow from operating activities (A)		26 242	**11 631**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment and intangible assets [2)]		-7 477	-7 124
Business divestments, net liquidity inflow	5	2 442	7
Acquisition of shares in subsidiaries, net liquidity outflow	5	-1 730	-1 308
Loans and interest related to equity accounted investments		90	136
Sale of development and construction projects classified as inventories (DS/DBS)	5	822	-
Other investments		233	1 062
Cash flow from investing activities (B)		-5 618	**-7 226**
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	33	14 935	4 092
Repayment of debt	33	-5 842	-4 759
Cash collateral related to financing		333	-266
Interests paid		-567	-765
Interests received from cash and other assets		158	136
Dividend and group contribution paid to Statkraft SF [3)]		-3 673	-6 500
Transactions with non-controlling interests		73	-218
Cash flow from financing activities (C)		5 418	**-8 279**
Net change in cash and cash equivalents (A)+(B)+(C)		26 042	**-3 874**
Currency exchange rate effects on cash and cash equivalents		-34	-174
Cash and cash equivalents 01.01	30	11 155	15 203
Cash and cash equivalents 31.12	30	37 162	11 155
- Of which cash and cash equivalents in joint operations		281	194
Unused committed credit lines		9 167	9 194
Unused overdraft facilities		2 051	2 023
Restricted cash	30	342	31

[1)] Comparable figures include only figures from the fourth quarter, from when the develop-sell / develop-build-sell (DS/DBS) business model was introduced.

[2)] Comparable figures are restated by reclassifying the NOK 413 million in cash outflow from investments in property, plant and equipment and intangible assets under investing activities to investments in development and construction projects classified as inventories (DS/DBS) under operating activities. See also note 1.

[3)] For 2020, NOK 138 million in Group contribution paid to Statkraft SF is included. No Group contribition was paid in 2021.

Statement of Cash Flow continued

Reconciliation of investments in property, plant and equipment in the statement of cash flow against investments in note 4:

	2021	2020
Investments in property, plant and equipment and intangible assets in the statement of cash flow	**7 477**	**7 124**
Capitalised borrowing costs	136	113
Capitalised decommissioning provisions	138	42
Non-cash additions from right-of-use assets	1 083	78
Timing differences between capitalisation and payment date	-1 001	-225
Investments in maintenance, other and new capacity in note 4	**7 833**	**7 131**

Reconciliation of acquisition of shares in subsidiaries in the statement of cash flow against total acquisition cost in note 5:

	2021	2020
Acquisition of shares in subsidiaries in the statement of cash flow	**1 730**	**1 308**
Contingent consideration on current year acquisitions not paid	5	26
Contingent consideration paid from previous periods acquisitions	-32	-
Fair value uplift from existing ownership related to acquisitions (non-cash)	21	-
Shareholder loans paid in connection with acquisitions	-	-70
Participation in share issue without Group cash effect	191	-
Cash and cash equivalents in acquired companies	139	518
Acquisition of non-controlling interest not included in note 5 (no change of control)	-79	-
Total acquisition cost in note 5	**1 973**	**1 782**

SIGNIFICANT ACCOUNTING POLICIES

The cash flow statement has been prepared using the indirect method.

Operating activities Changes in working capital comprise of inventory, short-term interest-free receivables and short-term interest-free liabilities. Effects related to capital expenditures, unrealised changes or reclassifications are not included in changes in working capital.

Investing activities Acquisition/divestment of shares includes cash and cash equivalents in the investee that are recognised at the transaction date. Hence, this is presented net together with the cash consideration paid or received. Cash received from payment of loans as part of the share sales agreement following divestment of entities is presented together with the cash received from divestment of the shares as a part of business divestments under Investing activities.

Financing activities Interest payments from interest rate derivatives, which are used to manage the Group's debt portfolio, are presented as a part of interest paid. Cash effects from foreign exchange derivatives related to debt are presented as a part of repayment of debt. Both the principal portion and the interest portion of payments of lease liabilities are included in financing activities as repayment of debt and interest paid respectively.

Cash flows related to the DS/DBS model
From the DS/DBS model in the segment European Wind and solar, the main types of cash flows originate from either cash outflow from investments related to development and construction of projects and cash inflow from divestment of the projects. These are presented as follows:

- Cash outflow related to ongoing development and construction projects classified as inventories (DS/DBS) under Operating activities.
- Cash inflow following divestments of shares is presented as Sale of development and construction projects classified as Inventories (DS/DBS) under Investing activities.

See also note 1.

Notes

Statkraft AS Group

Index of notes to the consolidated financial statements

General		Page
Note 1	General information and summary of significant accounting policies	95
Note 2	Key accounting estimates and judgements	98
Note 3	Subsequent events	99
Note 4	Segment information	100
Note 5	Business combinations and other transactions	106
Financial risk and instruments		
Note 6	Management of capital structure	111
Note 7	Market risk in the Group	112
Note 8	Analysis of market risk	114
Note 9	Credit risk and liquidity risk	116
Note 10	Financial instruments	118
Note 11	Hedge accounting	123
Statement of comprehensive income		
Note 12	Sales revenues and energy purchase	125
Note 13	Gains/losses from market activities	129
Note 14	Other operating income	129
Note 15	Impairments/reversal of impairments	130
Note 16	Salaries and number of full-time equivalents	133
Note 17	Pensions	134
Note 18	Regulatory fees	136
Note 19	Other operating expenses	136
Note 20	Financial items	137
Note 21	Unrealised effects recognised in the statement of profit and loss	138
Note 22	Income taxes	139

Statement of financial position		Page
Note 23	Intangible assets	145
Note 24	Property, plant and equipment	146
Note 25	Leases	149
Note 26	Associates and joint arrangements	152
Note 27	Other non-current financial assets	155
Note 28	Inventories	156
Note 29	Receivables	158
Note 30	Cash and cash equivalents	159
Note 31	Other non-current liabilities	160
Note 32	Contract Liabilities	161
Note 33	Interest-bearing liabilities	162
Note 34	Other current liabilities	163
Other information		
Note 35	Disputes, contingencies and uncertain tax positions	164
Note 36	Pledges, guarantees and obligations	166
Note 37	Fees paid to external auditors	167
Note 38	Benefits paid to executive management and the Board of Directors	168
Note 39	Related parties	174
Note 40	Consolidated companies	175

Note 1 General information and summary of significant accounting policies

GENERAL INFORMATION

Statkraft AS is a Norwegian limited liability company, established and domiciled in Norway. Statkraft AS is wholly owned by Statkraft SF, which in turn is wholly owned by the Norwegian state, through the Ministry of Trade, Industry and Fisheries. The company's head office is located in Oslo and the company has debt instruments listed on the Oslo Stock Exchange and the London Stock Exchange.

Statkraft's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and further requirements in Norwegian Accounting Law (Regnskapsloven).

The consolidated accounts have been prepared based on the historical cost principle, with the exception of certain financial instruments, derivatives, certain environmental certificates and certain elements of net pension assets measured at fair value at the reporting date.

Historical cost is generally based on fair value of the consideration transferred when acquiring assets and services.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of fair value is contingent upon market prices being available at a certain date or whether other valuation techniques have been applied. When determining fair value, the management must apply assumptions that market participants would have been expected to use in a similar valuation. Measurement and presentation of assets and liabilities measured at fair value when presenting the consolidated accounts are based on these policies, except for when measuring fair value less cost to sell in accordance with IAS 2 Inventories and when measuring value in use in accordance with IAS 36 Impairment of Assets.

The accounting policies applied to the consolidated financial statements as a whole are described below while the remaining accounting policies are described in the notes to which they relate. The policies have been applied in the same manner in all presented periods, unless otherwise stated.

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies:

- Statement of cash flow
- Statement of changes in equity
- Segment information Note 4
- Business combinations and other transactions Note 5
- Financial instruments Note 10
- Hedge accounting Note 11
- Sales revenues and energy purchase Note 12
- Gains/losses from market activities Note 13
- Impairments/reversal of impairments Note 15
- Pensions Note 17
- Income taxes Note 22
- Intangible assets Note 23
- Property, plant and equipment Note 24
- Leases Note 25
- Associates and joint arrangements Note 26
- Other non-current financial assets Note 27
- Inventories Note 28
- Receivables Note 29
- Cash and cash equivalents Note 30
- Other non-current liabilities Note 31

CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the parent company Statkraft AS and its subsidiaries. A subsidiary is an entity in which Statkraft has control through the power to govern the financial and operating policies. Control is obtained when Statkraft has the ability to affect the variable returns through its power over the investee. Power is obtained either through ownership of more than 50% of the voting power or/and through agreements with other shareholders. Statkraft consolidates a subsidiary from the date the Group first obtains control, and ceases consolidating a subsidiary the date the Group loses control. If necessary, the subsidiaries' financial statements are adjusted to correlate with the Group's accounting policies. Inter-company transactions and inter-company balances, including internal gains and losses, are eliminated.

Investments in joint arrangements and associates
Statkraft classifies its investments based on an analysis of the degree of control and the underlying facts and circumstances. This includes an assessment of voting rights, ownership structure and the relative strength, purchase and sale rights controlled by Statkraft and other shareholders. Each individual investment is assessed. Upon changes in underlying facts and circumstances, a new assessment must be made on how to classify the investment.

Joint operations are joint arrangements where the participants who have joint control over a business activity have contractual rights to the assets and obligations for the liabilities, relating to the operation. In joint operations, decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group's share in joint operations is recognised in the consolidated financial statements in accordance with Statkraft's interest in the joint operation's assets, liabilities, revenues and expenses. The proportionate share of gains and losses arising from intragroup transactions between entities and joint operations are eliminated.

Note 1 continued

Joint ventures are companies where Statkraft has joint control together with one or several other investors. In a joint venture company, decisions related to relevant activities must be unanimous between participants which have joint control. The Group's share in joint ventures' net assets is recognised in the consolidated accounts using the equity method and presented as equity accounted investments under non-current assets. The Group's share of the companies' profit after tax, adjusted for amortisation of excess value and any deviations from accounting policies, is presented as share of profit/loss in equity accounted investments in the Statement of Comprehensive Income.

Associates are companies or entities where Statkraft has significant influence. The Group's share in associated companies is recognised in the consolidated accounts using the equity method and presented as equity accounted investments under non-current assets. The Group's share of the companies' profit after tax, adjusted for amortisation of excess value and any deviations from accounting policies, is presented as share of profit/loss in equity accounted investments in the Statement of Comprehensive Income.

PRINCIPLES RELATED TO THE DEVELOP-SELL (DS) AND DEVELOP-BUILD-SELL (DBS) BUSINESS MODEL

Statkraft's segment European wind and solar has a business model where the goal is to develop and construct onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion. The business model entails several new accounting policies affecting different notes. These policies are as follows:

Gains or losses from divestments of shares Most of development and construction are done in separate special purpose vehicles (SPVs). Gains are presented as Other operating income and losses as Other operating expenses. See note 14 and 19.

Classification of the main cash flows from the business model is described in the Significant accounting policies section in the Statement of Cash Flow.

Power plants Wind and solar plants that are constructed with the intention to divest are presented as Inventories. The individual SPVs are normally counterparties in leasing contracts related to land. The leasing liability and corresponding right-of-use asset are accounted for according to IFRS 16 Leases separately from Inventories. See note 28, 24 and 25.

Engineering, procurement and construction (EPC) Revenues from engineering, procurement and construction (EPC) contracts contain a single performance obligation satisfied over time. The revenues and expenses are recognised according to the project's progress rate. See note 12.

Asset management, operation and maintenance Revenues from operation and maintenance of third-party assets are normally related to performance obligations satisfied over time. See note 12.

Power generation before divestment If the construction of a power plant in the DS/DBS business model is completed before divestment, the power plants will generate power and these revenues are presented as Sales revenues. Expenses related to generation are presented as Other operating expenses. See note 12.

COMPARABLE FIGURES AND RECLASSIFICATIONS

The consolidated statements of comprehensive income, financial position, equity, cash flow and notes provide comparable information in respect of the previous period. The following changes in comparable figures have been made for 2021:

Presentation of cash flows related to the investments in projects intended to divest (DS/DBS) In 2020 Statkraft introduced the new business model related to development and construction of wind and solar projects classified as Inventories with the intention to divest (DS/DBS). Following this, cash outflow related to investments in these projects are in 2021 presented as Investments in development and construction projects classified as inventories (DS/DBS) under operating activities in the Statement of Cash Flow. Figures for 2020 are restated by reclassifying NOK 413 million from investments in property, plant and equipment and intangible assets under investing activities to operating activities.

Presentation of prepayments related to long-term power sales agreements Prepayments related to long-term power sales agreements have previously been presented as interest-bearing liabilities in the Statement of Financial Position. From 2021 these are presented as Contract liabilities. Comparable figures have been restated with NOK 4367 million for non-current and NOK 316 million for current.

Presentation of lease liabilities Liabilities related to lease agreements have previously been presented as interest-bearing liabilities in the Statement of Financial Position. From 2021 these are presented as Lease liabilities. Comparable figures have been restated with NOK 1541 million for non-current and NOK 269 million for current.

Presentation of bonds and bank debt Liabilities related to bonds and bank debt have previously been presented as interest-bearing liabilities in the Statement of Financial Position. From 2021 these are presented as Bond and bank debt for non-current liabilities and Commercial papers, bond and bank debt for current liabilities, respectively. Comparable figures have been restated with NOK 26 756 million for non-current and NOK 3869 million for current.

Presentation of liabilities related to cash collateral Liabilities related to cash collateral have previously been presented as current interest-bearing liabilities in the Statement of Financial Position. From 2021 these are presented as Bond and bank debt for non-current liabilities and Commercial papers, bond and bank debt for current liabilities, respectively. Comparable figures have been restated with NOK 1761 million.

Presentation of debt to Statkraft SF Debt to Statkraft SF has previously been presented as current interest-bearing liabilities in the Statement of Financial Position. From 2021 these are presented as Other current liabilities. Comparable figures have been restated with NOK 200 million.

Presentation of energy purchase within the EV charging business Purchase of electricity has previously been presented as other operating expenses in the Statement of Comprehensive Income. From 2021 these expenses are presented as Energy purchase. Comparable figures have been restated with NOK 184 million.

Presentation of district heating activities Sales revenues and energy purchase related to activities within district heating are presented separately from generation, see note 12. The changes have affected the segments District heating and Industrial ownership. NOK 773 million have been reclassified within sales revenues and NOK 237 million within energy purchase. The changes impact note 12, but not the Statement of Comprehensive Income.

Note 1 continued

FOREIGN CURRENCY

Subsidiaries prepare their accounts in the company's functional currency, normally the local currency in the country where the company operates.

Statkraft AS's functional currency is Norwegian kroner (NOK), and it is also the presentation currency for the consolidated financial statements. When preparing the consolidated financial statements, the local currency of the foreign subsidiaries, associated companies and joint ventures are translated into NOK in accordance with the current exchange rate method. This means that balance sheet items are translated to NOK at the exchange rate prevailing as of 31 December; whilst the profit and loss statement is translated using monthly weighted average exchange rates throughout the year. Currency translation effects are recognised as other comprehensive income and recycled to the profit and loss statement upon sale or loss of control of shareholdings in foreign companies.

The currency translation effects that are recycled are presented as part of the gain or loss of the sale or disposal in the profit and loss statement. The part of the currency translation effects related to non-controlling interest is not recycled to the profit and loss statement. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement.

CLASSIFICATION AS CURRENT/NON-CURRENT

Items in the statement of financial position are classified as current when they are expected to be realised or settled within 12 months after the reporting date. The first year's repayments relating to non-current liabilities are presented as current liabilities. Development projects, construction projects and projects in operation in scope of IAS 2 Inventories are always presented as current.

ADOPTION OF NEW AND REVISED STANDARDS

In 2021 new standards and amendments to existing standards have become effective. This is related to the following standards:

- COVID-19-Related rent concessions (amendment to IFRS 16)
- Interest rate benchmark reform – phase 2 (amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16)
- Amendments to IFRS 4 Insurance contracts

The adoption of these items did not have a significant impact on the financial statements of the Group.

THE FOLLOWING REVISED IFRSS HAVE BEEN ISSUED, BUT ARE NOT YET EFFECTIVE, AND IN SOME CASES HAVE NOT BEEN ADOPTED BY EU

- Annual improvements to IFRS Standards 2018-2020 cycle
- Reference to the conceptual framework (amendments to IFRS 3)
- Onerous contracts – costs of fulfilling a contract (amendments to IAS 37)
- Property, plant and equipment: proceeds before intended use (amendments to IAS 16)
- Classification of liabilities as current or non-current (amendments to IAS 1)
- Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2)
- IFRS 17 Insurance contracts
- Definition of accounting estimates (amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

Statkraft does not expect that the adoption of these Standards will have a material impact on the financial statements for the Group in future periods.

Note 2 Key accounting estimates and judgements

INTRODUCTION

The use of reasonable estimates and judgements is a critical element in preparing the financial statements. Due to the level of uncertainties inherent in Statkraft's business activities, management must make certain estimates and judgements that affect the application of accounting policies, results of operations, cash flows and financial position as reported in the financial statements.

Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances.

AREAS OF SIGNIFICANT JUDGEMENT

STATKRAFT'S LONG-TERM PRICE FORECAST FOR POWER

One of the key assumptions used by management in making business decisions is Statkraft's long-term price forecasts for power and the related market developments. In addition, these assumptions are critical input for management related to financial statement processes such as:

- Allocation of fair value in business combinations — Note 5
- Impairment testing of property, plant and equipment — Note 15, 24
- Impairment testing of intangible assets — Note 15, 23
- Impairment testing of equity accounted investments — Note 15, 26

Statkraft performs an annual update of its long-term price forecasts and the related expected market developments in the geographical areas where Statkraft operates. This update is the output from a continuous process of monitoring, interpreting and analysing global as well as local trends, which will affect future markets and revenues. The update provides basis for both strategic decisions as well as the management's expectation for future prices and revenue streams beyond 2030 associated with the assets.

A fundamental approach is applied when analysing the markets, considering elements such as:

- Cost levels of competing technologies and fuels
- Future energy balances
- Political regulations
- Technological developments to reduce emissions of greenhouse gases

The process is headed and run by a team of experts across the Group. The main results are benchmarked to external references and major deviations are explained. The process aims to ensure consistency and provides a balanced view of both the markets and expected future power prices.

The long-term energy sector analysis is based on a specific global climate scenario and in addition, regional climate ambitions are incorporated when developing the power market view. Also, climatic correction of weather and inflow is included in the assumptions used to develop the long-term price forecast.

The Corporate Management is forming its management view by being involved in the process. Corporate Management is invited to provide and challenge the input and scenarios applied in the analysis to be used in asset valuations and other strategic considerations. Based on the expert recommendations, the Corporate Management approves the annual long-term price forecasts for power and the view upon the related market development.

Various sensitivity analyses are disclosed in:

- Analysis of market risk — Note 8
- Financial instruments — Note 10
- Impairments — Note 15

FAIR VALUE MEASUREMENT OF ENERGY CONTRACTS

In addition to the above, significant judgement is applied in the valuation of the Group's long-term power purchase- and power sales contracts categorised within level 3 in the fair value hierarchy. The fair value estimate is based on the amounts for which the assets or liabilities could be exchanged at the relevant transaction date on the reporting period end. Where fair value measurement cannot be derived from publicly available information, they are estimated using models and other valuations methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market-based transactions often do not exist. In such cases Statkraft's management is required to make market-based assumptions, see note 10.

NET REALISABLE VALUE OF INVENTORIES

Statkraft constructs power plants with the intention to divest before or at completion (DS/DBS business model). Such assets are presented as inventories and shall be measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Significant judgement is applied when assessing the selling price, as market price information on similar assets are not necessarily available. Statkraft uses a team of experts with local market knowledge to assess the selling price. If no external price information is available, the asset is valued by discounting future cash flows applying the long-term price forecast for power. See note 1

OTHER AREAS

In addition, significant judgement is applied in estimating the carrying amounts of:

- Pensions — Note 17
- Deferred tax assets — Note 22

The COVID-19 has caused increased market risk, increased uncertainty to future power prices and some supply chain disruptions impacting our construction projects. Statkraft's management are closely monitoring the development of the pandemic and are continuously evaluating the consequences for the Group. The effect for Statkraft has so far been limited and it is not expected that the pandemic will have a significant effect on the group's operations in the long term.

Note 2 continued

APPLICATION OF ACCOUNTING POLICY

Due to Statkraft's business activities, management must apply judgements in determining the appropriate accounting policy in areas where the choice of policies may have a material impact on the accounting treatment in the financial statements. Such areas include;

- Classification of energy contracts — Note 10
- Classification of sales revenues — Note 12
- Classification of investments made together with third parties — Note 26

Note 3 Subsequent events

In January 2022, Statkraft closed agreements to divest three solar farms in the Netherlands and one in Spain for a total of NOK 606 million. The solar farms have a total capacity of 98 MWp.

Note 4 Segment information

GENERAL INFORMATION

Statkraft is organised in four Business Areas (BAs) and two corporate Staff Areas (SAs). The BAs are: Production and Industrial ownership (P), International power (I), European wind and solar (E) and Markets and IT (M). The SAs are: Corporate staff (S) and Chief Financial Officer (CFO).

BAs in Statkraft shall, within their respective areas of responsibility, pursue Statkraft's strategic, financial and other targets and objectives, which are reported through the segment structure. Targets and objectives are defined by key performance indicators.

The following BAs are responsible for deliveries across the segments, except for the Industrial ownership segment, within their field of expertise:

- M is responsible for market activities and optimisation of revenues for power generation facilities, as well as IT.
- P is responsible for operation and maintenance of the production facilities and the district heating business.
- E is responsible for the execution of all large construction projects, development of new business as well as procurement.

Activities in the business areas are allocated and presented in the respective segments.

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

The segment reporting is based on underlying figures. The table on the next page reconciles the Group IFRS figures with the Group underlying figures. The rationale for reporting underlying figures is described in the Alternative Performance Measures section.

See note 12 for revenues per category and geography.

Segment assets do not include deferred tax assets, prepaid income taxes, foreign exchange and interest rate derivatives, accrued interests, current interest-bearing receivables (except loans to equity accounted investments), current financial investments and cash and cash equivalents.

The reportable segments are defined as:

European flexible generation includes development, asset ownership and operations of most of the Group's hydropower business in Norway, Sweden, Germany and the United Kingdom, as well as the gas-fired and the biomass power plants in Germany and the subsea interconnector between Sweden and Germany.

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

International power includes development, asset ownership and operations of renewable assets in emerging markets. The segment operates in Albania, Brazil, Chile, India, Nepal, Peru and Turkey.

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

District heating includes development, asset ownership and operations of most district heating plants in Norway and Sweden.

Industrial ownership includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, Eviny (formerly named BKK) and Agder Energi. Skagerak Energi is included in the consolidated financial statements, while Eviny and Agder Energi are reported as equity accounted investments.

In addition:

Other activities includes costs related to governance of the Group, new business within biomass, electric vehicle charging and hydrogen, as well as venture capital investments. Unallocated assets are also reported as Other activities.

Group items includes elimination of transactions between segments.

Note 4 continued

Reconciliation of IFRS versus underlying figures

NOK million	2021 IFRS	Adjustments	2021 Underlying	2020 IFRS	Adjustments	2020 Underlying
Profit and loss						
Sales revenues	84 656		84 656	33 875		33 875
Gains/losses from market activities	-3 235	1 285	-1 950	3 958	-339	3 619
Other operating income	1 556	-822	734	685	-119	566
Gross operating revenues and other income	82 976	**463**	83 440	**38 518**	**-458**	**38 060**
Energy purchase [1)]	-39 968		-39 968	-16 244		-16 244
Transmission costs	-1 723		-1 723	-1 040		-1 040
Net operating revenues and other income	41 286	**463**	41 749	**21 234**	**-458**	**20 776**
Salaries and payroll costs	-5 286		-5 286	-4 627		-4 627
Depreciations and amortisations	-4 113		-4 113	-4 066		-4 066
Impairments/reversal of impairments	3 403	-3 403	-	-1 379	1 379	-
Regulatory fees	-1 375		-1 375	-1 264		-1 264
Other operating expenses [1)]	-4 188	5	-4 183	-4 150	-	-4 150
Operating expenses	-11 559	**-3 398**	-14 957	**-15 485**	**1 379**	**-14 106**
Operating profit/loss (EBIT)	29 727	**-2 935**	26 792	**5 749**	**922**	**6 670**

[1)] Comparable figures have been restated. See note 1.

The following adjustments are not included in the underlying figures:

- Gains/losses from market activities: unrealised value changes from embedded euro derivatives in power sales contracts.
- Other operating income/expenses: gains/losses from divestment of business activities that are not classified as DS/DBS.
- Impairments/reversal of impairments related to intangible assets and property, plant and equipment.

Note 4 continued

Accounting specification per segment

Segments NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
2021									
Gross operating revenues and other income, external	83 440	39 194	32 849	2 453	840	1 041	6 543	532	-12
Gross operating revenues and other income, internal	-	532	-466	135	1 401	4	96	1 394	-3 096
Gross operating revenues and other income underlying	83 440	39 727	32 383	2 588	2 240	1 045	6 638	1 926	-3 108
Net operating revenues and other income underlying	41 749	33 899	-2 343	1 632	1 703	716	6 053	1 677	-1 587
Operating profit/loss (EBIT) underlying	26 792	27 557	-4 348	-45	-164	208	4 337	-825	72
Unrealised value changes from embedded euro derivatives	-1 285	-1 285	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	817	-	-	-4	821	-	-	-	-
Impairments/reversal of impairments	3 403	1 020	-	-79	2 466	-4	-	-	-
Operating profit/loss (EBIT) IFRS	29 727	27 291	-4 348	-128	3 123	204	4 337	-825	72
Share of profit/loss in equity accounted investments	1 686	-	-	553	3	-	1 227	-97	-
Assets and capital employed 31.12.21									
Property, plant and equipment and intangible assets	120 633	61 416	135	24 711	11 650	3 512	17 213	1 996	-
Equity accounted investments	14 771	-	-	2 828	818	-	11 066	84	-25
Loans to equity accounted investments	1 459	-	-	1 013	391	-	55	-	-
Inventories (DS/DBS)	2 965	-	-	-	2 965	-	-	-	-
Other assets	170 176	5 236	97 594	3 364	180	348	1 461	61 793	200
Total assets	310 004	66 653	97 728	31 916	16 003	3 860	29 796	63 873	175
Capital employed	123 598	61 416	135	24 711	14 615	3 512	17 213	1 996	-
Average capital employed (rolling 12 months)	119 422	60 949	n/a	23 685	12 325	3 542	16 959	n/a	n/a
Return on average capital employed (ROACE)	22.4%	45.2%	n/a	-0.2%	-1.3%	5.9%	25.6%	n/a	n/a
Return on average equity accounted investment (ROAE)	12.1%	n/a	n/a	22.1%	0.4%	n/a	11.6%	n/a	n/a
Depreciations, amortisations and impairments	-710	-954	-32	-733	1 990	-198	-531	-253	-
Investments in new capacity	2 271	228	-	1 925	38	-	80	-	-
Maintenance investments	2 534	2 117	1	149	25	10	233	-	-
Other investments	3 028	105	22	233	1 259	180	690	539	-
Investments in PPE and intangible assets	7 833	2 450	23	2 307	1 322	190	1 003	539	-
Investments in new capacity for subsequent divestment (DS/DBS)	1 892	-	-	-	1 892	-	-	-	-
Investments in shareholdings, consolidated	2 033	-	-	-	1 762	-	75	195	-
Investments in shareholdings, equity accounted	10	-	-	-	-	-	10	-	-
Investments in shareholdings, financial non-current	99	-	-	-	-	-	8	91	-
Investments in shareholdings	2 142	-	-	-	1 762	-	93	286	-
Total investments	11 867	2 450	23	2 307	4 976	190	1 096	825	-

Note 4 continued

Accounting specification per segment

Segments

NOK million	Statkraft AS Group	European flexible generation	Market operations	Inter-national power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
2020									
Gross operating revenues and other income, external	38 060	13 983	18 491	2 878	278	684	2 087	363	-704
Gross operating revenues and other income, internal	-	359	-511	24	489	2	33	1 231	-1 627
Gross operating revenues and other income underlying	38 060	14 342	17 980	2 902	767	686	2 120	1 594	-2 331
Net operating revenues and other income underlying	20 776	11 401	4 304	2 314	659	488	1 975	1 390	-1 754
Operating profit/loss (EBIT) underlying	6 670	4 995	2 527	405	-793	17	382	-685	-178
Unrealised value changes from embedded euro derivatives	339	339	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	119	-	-	119	-	-	-	-	-
Impairments/reversal of impairments	-1 379	1 708	-	45	-3 126	-6	-	-	-
Operating profit/loss (EBIT) IFRS	5 749	7 041	2 527	569	-3 919	10	382	-685	-178
Share of profit/loss in equity accounted investments	835	16	1	-539	8	-	1 472	-123	-
Assets and capital employed 31.12.20									
Property, plant and equipment and intangible assets	116 170	61 446	156	23 387	9 168	3 559	16 752	1 704	-
Equity accounted investments	13 492	-	-	2 247	839	-	10 297	135	-26
Loans to equity accounted investments	1 442	-	-	962	439	-	41	-	-
Inventories (DS/DBS)	2 483	-	-	-	2 483	-	-	-	-
Other assets	47 669	2 520	16 193	2 039	711	223	1 279	24 606	97
Total assets	181 257	63 966	16 349	28 635	13 641	3 782	28 369	26 445	71
Capital employed	118 653	61 446	156	23 387	11 651	3 559	16 752	1 704	-
Average capital employed (rolling 12 months)	117 531	60 495	n/a	25 649	9 505	3 524	16 477	n/a	n/a
Return on average capital employed (ROACE)	5.7%	8.3%	n/a	1.6%	-8.3%	0.5%	2.3%	n/a	n/a
Return on average equity accounted investment (ROAE)	6.3%	n/a	n/a	-19.8%	0.9%	n/a	15.4%	n/a	n/a
Depreciations, amortisations and impairments	-5 445	-235	-34	-794	-3 477	-193	-503	-207	-
Investments in new capacity	4 103	185	-	1 064	2 263	203	388	-	-
Maintenance investments	2 275	1 646	-	118	3	13	494	1	-
Other investments	753	49	13	60	294	-	132	205	-
Investments in PPE and intangible assets	7 131	1 880	13	1 243	2 559	215	1 014	206	-
Investments in new capacity for subsequent divestment (DS/DBS)	413	-	-	-	413	-	-	-	-
Investments in shareholdings, consolidated	1 923	-	-	-	1 850	-	-	73	-
Investments in shareholdings, equity accounted	345	-	-	43	-	-	-	302	-
Investments in shareholdings, financial non-current	89	-	-	-	-	-	-	89	-
Investments in shareholdings	2 357	-	-	43	1 850	-	-	465	-
Total investments	9 901	1 880	13	1 286	4 822	215	1 014	671	-

Note 4 continued

Selected financial figures from "Norwegian hydropower and related business"

In the white paper Prop. 40 S (2014-2015) related to revised national budget, it was stated that Statkraft should disclose information related to the Norwegian hydropower activities ("Norwegian hydropower").

The table below includes financial figures in accordance with IFRS for the Norwegian hydropower, which have been extracted from the relevant operating segments.

"Norwegian hydropower" includes the results from all activities related to the Norwegian hydropower assets in the subsidiaries Statkraft Energi AS and Skagerak Kraft Group. Activities which are related to hydropower assets include hydropower generation and the share of contract portfolios related to hydropower generation (Nordic dynamic asset management portfolio and other risk reducing portfolios).

"Related business" refers to all activities in the investments in the associated regional companies Eviny AS (formerly named BKK AS) and Agder Energi AS.

The column Sum "Norwegian hydropower, excluding related business" represents the totals for the two subsidiaries after elimination of intercompany transactions and balances. The figures for Statkraft Energi AS are extracted from the segments European flexible generation and Market operations, while the figures for Skagerak Kraft Group are extracted from the segment Industrial ownership. The line "Net profit/loss (of which owners of the parent)" from Skagerak Kraft Group is calculated based on Statkrafts ownership interest of 66.62%.

The lines Net financial items and Tax expense show the financial items and tax related to the activities in the definition of "Norwegian hydropower".

The figures from the equity accounted investments in the associated companies Eviny AS and Agder Energi AS have been extracted from the segment Industrial ownership. See note 26.

Norwegian hydropower		"Norwegian hydropower" from:				
NOK million	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group	Sum "Norwegian hydropower, excluding related business"	Related business	Sum "Norwegian hydropower and related business"
2021						
Gross operating revenues and other income	82 976	25 373	5 267	30 658	-	30 658
Net operating revenues and other income	41 286	24 107	5 008	29 135	-	29 135
Operating profit/loss (EBIT)	29 727	19 977	4 266	24 244	-	24 244
Share of profit/loss in equity accounted investments	1 686	-	1	1	1 217 [1]	1 219
Net financial items	1 331	-330	-47	-377	-	-377
Income tax expense	-16 663	-12 842	-2 426	-15 267	-	-15 267
Net profit/loss	16 081	6 805	1 795	8 601	1 217	9 818
Net profit/loss (of which owners of the parent)	15 523	6 805	1 193	7 998	1 217	9 215
Paid dividend and group contribution to Statkraft		2 300 [2]	53 [3]	2 353	495 [3]	2 849
Assets 31.12.21						
Equity accounted investments	14 771	2	4	6	10 927 [1]	10 932
Other assets	295 233	38 571	10 173	48 745	-	48 745
Total assets	310 004	38 574	10 177	48 750	10 927	59 677
EBITDA	30 437	21 091	4 457	25 548	-	25 548
Depreciations, amortisations and impairments	-710	-1 114	-190	-1 304	-	-1 304
Maintenance and other investments	5 562	1 698	252	1 950	-	1 950
Investments in new capacity	2 271	44	80	124	-	124
New capacity for subsequent divestment (DS/DBS)	1 892	-	-	-	-	-
Investments in shareholdings	2 142	-	-	-	-	-
Total investments	11 867	1 742	332	2 074		2 074

[1] Statkraft's share.
[2] Dividend and group contribution after tax paid from Statkraft Energi AS.
[3] Dividend paid to Statkraft.

Note 4 continued

Norwegian hydropower

NOK million	Statkraft AS Group	"Norwegian hydropower" from: Statkraft Energi AS	Skagerak Kraft Group	Sum "Norwegian hydropower, excluding related business"	Related business	Sum "Norwegian hydropower and related business"
2020						
Gross operating revenues and other income	38 518	10 089	803	10 887	-	10 887
Net operating revenues and other income	21 234	9 271	709	9 979	-	9 979
Operating profit/loss (EBIT)	5 749	5 288	22	5 311	-	5 311
Share of profit/loss in equity accounted investments	835	16	-	16	1 469 [1)]	1 485
Net financial items	-1 631	-44	-59	-103	-	-103
Income tax expense	-1 421	-2 424	29	-2 395	-	-2 395
Net profit/loss	3 532	2 837	-9	2 828	1 469	4 297
Net profit/loss (of which owners of the parent)	3 319	2 837	-5	2 832	1 469	4 301
Paid dividend and group contribution to Statkraft		5 000 [2)]	185 [3)]	5 185	539 [3)]	5 724
Assets 31.12.20						
Equity accounted investments	13 492	2	2	4	10 177 [1)]	10 181
Other assets	167 765	38 024	10 016	48 039	-	48 039
Total assets	181 257	38 026	10 018	48 044	10 177	58 220
EBITDA	11 194	6 321	207	6 528	-	6 528
Depreciations, amortisations and impairments	-5 445	-1 033	-185	-1 217	-	-1 217
Maintenance and other investments	3 027	1 298	209	1 507	-	1 507
Investments in new capacity	4 103	179	63	241	-	241
New capacity for subsequent divestment (DS/DBS)	413	-	-	-	-	-
Investments in shareholdings	2 357	-	-	-	-	-
Total investments	9 901	1 477	271	1 748	-	1 748

[1)] Statkraft's share.
[2)] Dividend and group contribution after tax paid from Statkraft Energi AS.
[3)] Dividend paid to Statkraft.

Note 5 Business combinations and other transactions

SIGNIFICANT ACCOUNTING POLICIES

The acquisition method is applied in business combinations. The acquisition date is the date when the acquirer obtains control of the acquiree and transfers the consideration to the seller. In general, the acquisition date coincides with the closing date. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. If the accounting of a business combination is incomplete at the end of the reporting period, in which the transaction occurred, the Group will report preliminary values for the assets and liabilities. Preliminary values are adjusted throughout the measuring period of maximum one year in order to reflect new information obtained about circumstances that existed as of the acquisition date, which if known, would have affected the valuation on that date. Correspondingly, new assets and liabilities can be recognised. Consideration transferred to the seller may include contingent consideration. Contingent consideration is measured at fair value at the time of closing of the transaction. In subsequent periods it is accounted for in accordance with the relevant IFRS.

When less than 100% of the interest in an entity is acquired, a non-controlling interest arises. Statkraft chooses to recognise and measure non-controlling interests at the proportionate share of the fair value of net identifiable assets.

Any differences between cost and fair value for acquired assets, liabilities and contingent liabilities are recognised as goodwill or recognised in the profit and loss statement when the cost is lower. No provisions are recognised for deferred tax on goodwill.

Transaction costs are recognised in the profit and loss statement when incurred.

If business combinations are achieved in stages, the existing ownership interests are recognised at fair value at the point in time when control is obtained by Statkraft. Any changes in the carrying value of the investment are recognised in the profit and loss statement.

On acquisition of an investment in a joint venture or an associated company any difference between the cost of the shares and Statkraft's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and excess values. Goodwill may arise as the surplus of the cost of the investment over Statkraft's share of the net fair value of the identifiable assets and liabilities of the joint venture or associate. Such goodwill is recognised within the corresponding investment, presented as Equity accounted investments applying the equity method.

Acquisition of an asset or a group of assets that are not within the scope of business combinations require all individual identifiable assets acquired and liabilities assumed to be identified. The identified assets and liabilities are assigned a carrying amount based on their relative fair value at the date of acquisition. Directly attributable transaction cost is generally capitalised as part of the cost of the assets. Goodwill and deferred taxes are not recognised in an asset acquisition.

ESTIMATES AND ASSUMPTIONS

Consideration transferred in acquisitions is allocated to acquired assets and liabilities and contingent liabilities based on their estimated fair values. Statkraft uses both external advisors and internal experts to assist in the determination of the fair value of acquired assets and liabilities, depending on the size and complexity of the acquisition. This type of valuation requires management to make judgements with regards to valuation method, estimates and assumptions. Management's estimates of fair value and useful life are based on assumptions supported by the Group's experts and involve inherent uncertainty. See also note 2 for critical assumptions used in estimating fair values of relevant assets and liabilities.

BUSINESS COMBINATIONS AND ASSET ACQUISITIONS IN 2021

Electrical vehicle charging Sweden On 7 April, Statkraft closed an agreement to participate in a share issue in the Swedish electrical vehicle charging company Bee Charging Solutions (Bee) - resulting in 51% ownership in the company. The cash contribution was NOK 191 million. As part of the agreement, a subsequent transfer of Statkraft's EV Charging operations in Sweden into Bee was completed. The remaining 49% of the shares in Bee are owned by EVereg AB, which is equally owned by Öresundkraft, Jämtkraft and Tekniska Verken. Bee was later re-named Mer Sweden AB and is part of the Mer group.

The acquired company is considered to constitute a business where Statkraft obtained control over Bee and the transaction is accounted for according to IFRS 3. The company is reported under Other activities.

From the Build-Own-Operate (BOO) business model:

German and French wind On 1 October, Statkraft closed an agreement with Breeze Three GmbH to acquire SK Wind Gmbh & Co.KG and Energie Eolienne Derval SNC, consisting of 39 operating wind farms in Germany and four in France. The total consideration was NOK 1740 million, consisting of both purchase of shares and assuming debt. The total installed capacity of the German wind farms is 311 MW and 35 MW for the French wind farms. The companies have no employees.

As no substantive processes are identified and taken over, the acquisition is considered to not constitute a business and is accounted for as an asset acquisition. The majority of values acquired is allocated to Property, plant and equipment in the statement of financial position and the estimated remaining useful lives of the various assets are up to 16 years. Excess values of NOK 1325 million from the acquisition are allocated to Property, plant and equipment, both to existing operational turbines (NOK 656 million) as well as right-of use assets (NOK 538 million) and land (NOK 130 million) following opportunities to prolong the operations of the wind farms (repower). All assets are reported under the segment European wind and solar.

Other In addition, Statkraft acquired the remaining 50% of the shares in a grid service company in Ireland, leading to Statkraft owning all 100% of the shares. The transaction resulted in Statkraft recognising a non-cash gain of NOK 21 million as Interest and other financial items, following the change of control from equity accounted investment to subsidiary. The assets are reported under the segment European wind and solar.

Note 5 continued

DIVESTMENTS AND RESTRUCTURING OF BUSINESS IN 2021

From the Build-Own-Operate (BOO) business model:

Wind Roan, Norway On 30 April, Statkraft closed an agreement to divest 100% of the shares in Roan Vind Holding AS which owns 52.1% of Roan wind farm. Roan wind farm has an installed capacity of 256 MW and is part of the Fosen portfolio in Norway. Before the divestment, Roan was part of the segment European wind and solar. The shares were acquired by TrønderEnergi AS and Stadtwerke München GmbH for a cash consideration of NOK 1133 million. A gain of NOK 85 million was recognised following the divestment, presented as Other operating income. See also note 35 for information regarding the Supreme Court case related to the wind farm.

Wind Andershaw, UK On 27 September, Statkraft closed an agreement with Greencoat UK Wind Holdco Limited to divest 100% of the shares in Andershaw Wind Power Limited. Andershaw wind farm consists of 11 turbines located in Scotland in the UK with a total installed capacity of 36 MW and was part of the segment European Wind and Solar. The consideration for the shares was NOK 1045 million and led to a gain of NOK 735 million, recognised as Other operating income. Furthermore, Statkraft received NOK 385 million for a loan provided to Andershaw.

Statkraft also signed an agreement to provide asset management services and operation & maintenance services for the Andershaw wind farm subsequent of the divestment. Furthermore, Statkraft entered into a power purchase agreement to provide market access services for the wind farm until 2037. Statkraft has an option to take over ownership of the project at the end of its operating life in order to develop a repowered project at the site.

From the Develop-Sell / Develop-Build-Sell (DS/DBS) business model within the segment European wind and solar:

Solar Cadiz, Spain On 24 September, Statkraft signed agreements with The Renewables Infrastructure Group (TRIG) to divest 100% of the shares in four solar projects under construction located in Cadiz in Spain. The divestment of three of the four projects was closed in 2021 and the total consideration received was NOK 612 million, including cash and cash equivalents in the divested entities. In the statement of profit and loss NOK 338 million was recognised as Sales revenues and NOK 52 million was recognised as Other operating income following the sales. The divestment of the fourth project under construction was closed in 2022, see note 3. The total capacity from the three closed projects is 175 MWp, whereas the fourth is 58 MWp.

Statkraft has also entered into engineering, procurement and construction contracts for the four solar projects. Furthermore, Statkraft has signed agreements to provide asset management services as well as operation & maintenance services subsequent to the divestment.

Solar Netherlands On 9 December, Statkraft signed agreements with Encavis to sell 100% of the shares in five newly constructed solar farms in the Netherlands. The divestment of two of the five solar farms were closed in 2021 with a total consideration of NOK 102 million, including repayment of loan. In the statement of profit and loss a gain of NOK 22 million was recognised as Other operating income following the divestments. The divestment of the three remaining solar farms were closed in 2022, see note 3. The total capacity from the two projects closed in 2021 is 34 MWp, whereas the total capacity from the last three is 40 MWp.

Statkraft also signed agreements to provide asset management services as well as operation & maintenance services subsequent to the divestments.

Wind Windy Rig, UK On 14 December, Statkraft closed an agreement with Greencoat to sell 100% of the shares in the Windy Rig wind farm in the UK (43 MW) for NOK 629 million including loan repayment. In the statement of profit and loss a gain of NOK 30 million was recognised as Other operating income following the divestment.

Statkraft also signed agreements to provide asset management services subsequent to the divestment.

Note 5 continued

Allocation of cost price for acquisitions in 2021 [1]	German and French wind	EV charging Sweden	Other [2]	Total
Acquisition date	01.10.2021	07.04.2021		
Voting rights/shareholding acquired through the acquisition	100%	51%	100%	
Total voting rights/shareholding following acquisition	100%	51%	100%	
Measurement of non-controlling interests	n/a	Proportionate share of net identifiable assets	n/a	
Consideration				
NOK million				
Cash paid at acquisition date	1 740	-	5	**1 745**
Contingent consideration	-	-	16	**16**
Other	-	191	21	**212**
Total acquisition cost	1 740	191	42	**1 973**
Book value of net acquired assets (see table below)	413	192	115	**720**
Identification of excess value, attributable to:				
Intangible assets	-	13	-	**13**
Inventories	-	-	70	**70**
Property, plant and equipment	1 325	-	-	**1 325**
Provisions	-	-	29	**29**
Gross excess value	1 325	13	99	**1 437**
Deferred tax on excess value	n/a	-3	-19	**-22**
Net excess value	1 325	10	80	**1 415**
Fair value of net acquired assets, excluding goodwill	1 740	202	195	**2 137**
Of which:				
Controlling interests	1 740	103	195	**2 038**
Non-controlling interests	-	99	-	**99**
Total	1 740	202	195	**2 137**
Total acquisition cost	1 740	191	42	**1 973**
Fair value of net acquired assets, excluding goodwill (controlling interest)	1 740	103	195	**2 038**
Goodwill	n/a	88	-153	**-65**

[1] Cost price allocations for business combinations are based on preliminary assessments and could be subject to changes within 12 months of each transaction.

[2] Includes acquisition of the remaining 50% of the shares in a grid service company in Ireland. In addition, changes to purchase price allocations from acquisitions made in 2020, which led to negative goodwill adjustment in 2021 are also included.

Note 5 continued

NOK million	German and French wind	Ev charging Sweden	Other [1]	Total
Book value of net acquired assets in 2021				
Intangible assets	10	8	6	**24**
Property, plant and equipment	471	19	-	**490**
Non-current assets	482	27	6	**515**
Cash and cash equivalents	125	204	2	**331**
Inventories	-	7	116	**123**
Receivables	69	12	-	**81**
Current assets	194	223	118	**535**
Acquired assets	676	250	124	**1 050**
Non-current lease liabilities	98	13	-	**111**
Other non-current liabilities	130	23	7	**160**
Non-current liabilities	228	36	7	**271**
Current lease liabilities	6	2	-	**8**
Other current liabilities	29	20	-	**49**
Current liabilities	35	22	-	**57**
Net value of acquired assets	413	192	115	**720**
Total acquisition cost	1 740	191	42	**1 973**
Non-cash elements of acquisition cost [2]	-	191	37	**228**
Consideration and cost in cash and cash equivalents	1 740	-	5	**1 745**
Cash and cash equivalents in acquired companies	125	13	2	**140**
Net cash payments in connection with the acquisitions	1 615	-13	3	**1 605**
Contribution to gross operating revenues and other income since acquisition date	128	59	-	**187**
Contribution to net profit/loss since acquisition date	28	-56	22	-6

[1] Includes acquisition of the remaining 50% of the shares in a grid service company in Ireland, in addition to adjustments from acquisitions made in 2020.

[2] Statkraft obtained control of the subsidiary Bee by a cash contribution of NOK 191 million in a share issue. By consolidating Bee, the effect of the cash contribution for the shares was zero for the Group.

BUSINESS COMBINATIONS AND TRANSACTIONS IN 2020

Solarcentury On 27 November 2020, Statkraft acquired 100% of the shares in the global solar developer Solarcentury Holdings Limited and its subsidiaries. The purchase price was NOK 1390 million including cash and cash equivalents of NOK 518 million in the acquired companies. The shares were acquired from a broad group of shareholders. This included institutional shareholders (Cleantech Europe, Environmental Energies Fund, VantagePoint Venture Partners and Fourvision Fund) and several private shareholders (including current and previous employees).

Solarcentury is a global developer of solar farms and is engaged in the design, development, supply, installation, maintenance and ownership of solar energy products and systems. The headquarter is in London, UK with around 180 employees across 12 countries. Solarcentury holds a portfolio of solar projects mainly located in Europe and some in Chile, Mexico and Colombia. The total portfolio equals 6.5 GW, with 4.2 GW being in the development phase, 2 GW being future pipeline and 0.4 GW currently in construction.

The purchase price of the acquisition was allocated to assets and liabilities based on their fair values, with significant amount of goodwill recognised, mainly following Solarcentury's organisation and workforce ability to identify, develop and sell profitable solar projects.

The acquisition is considered to constitute a business.

European Wind Statkraft acquired 100% of several minor onshore wind projects located in Europe. The total purchase price for the shares was NOK 226 million. In addition, loans to former shareholders of a total of NOK 70 million were repaid in connection with the transactions. The acquisitions are considered not to constitute businesses and are accounted for as asset acquisitions.

Other In addition, Statkraft has closed minor acquisitions of solar and battery projects in Ireland and electrical vehicle charging in UK.

DIVESTMENTS AND RESTRUCTURING OF BUSINESS IN 2020

Fjordkraft On 19 May 2020, Statkraft's subsidiary Skagerak Energi AS sold its remaining 15.5 million shares in Fjordkraft Holding ASA, representing 14.86% of the share capital in the company. The selling price was NOK 77 per share. The net cash inflow from the sale was NOK 1190 million, and a gain of NOK 134 million was recognised. The total gain in 2020 related to Skagerak's shareholding in Fjordkraft was NOK 289 million, recognised as Interest and other financial items.

Himal On 11 July 2020, the Power Purchase Agreement between Himal Power Ltd (HPL) and Nepal Electricity Authority (NEA) expired. Following this expiry, HPL has transferred equal ownership rights in the Khimti hydropower plant in Nepal via a contractual arrangement jointly controlled by HPL and NEA. Subsequent to the transfer Statkraft ceased to control the Khimti hydropower plant on its own, and the investment was classified as a joint venture, recognised according to the equity method. The deconsolidation led to a gain, mainly related to recycling of accumulated currency translation effects, of NOK 119 million, which is presented as Other operating income.

Note 5 continued

Allocation of cost price for acquisitions in 2020 [1]	Solarcentury	European wind	Other [2]	Total
Acquisition date	27.11.2020	Second quarter		
Voting rights/shareholding acquired through the acquisition	100%	100%	100%	
Total voting rights/shareholding following acquisition	100%	100%	100%	
Measurement of non-controlling interests	n/a	n/a	n/a	
Consideration				
NOK million				
Cash paid at acquisition date	1 390	204	106	**1 700**
Contingent consideration	-	22	59	**81**
Other	-	-	-	**-**
Total acquisition cost	1 390	226	166	**1 782**
Book value of net acquired assets (see table below)	729	-51	131	**809**
Identification of excess value, attributable to:				
Intangible assets [3]	-	277	64	**341**
Inventory	171	-	-	**171**
Other non-current financial assets	35	-	-	**35**
Provisions	-48	-	-	**-48**
Taxes payable	-42	-	-	**-42**
Gross excess value	115	277	64	**457**
Deferred tax on excess value	-23	n/a	-7	**-30**
Net excess value	92	277	58	**427**
Fair value of net acquired assets, excluding goodwill	821	226	189	**1 236**
Of which:				
Controlling interests	821	226	189	**1 236**
Non-controlling interests	-	-	1	**1**
Total	821	226	190	**1 237**
Total acquisition cost	1 390	226	166	**1 782**
Fair value of net acquired assets, excluding goodwill (controlling interest)	821	226	189	**1 236**
Goodwill	569	n/a	-23	**546**

[1] Cost price allocations for business combinations are based on preliminary assessments and could be subject to changes within 12 months of each transaction.

[2] Includes acquisitions of solar and battery projects in Ireland and electrical vehicle charging in UK, in addition to an adjustment from an acquisition in 2019.

[3] NOK 313 million was reclassified to Inventories in the balance sheet as of 31 December 2020, see note 28.

NOK million	Solarcentury	European wind	Other [1]	Total
Book value of net acquired assets in 2020				
Intangible assets [2]	1	20	109	**130**
Property, plant and equipment	280	-	-	**280**
Deferred tax assets	28	-	-	**28**
Non-current financial assets	282	-	-	**282**
Non-current assets	591	20	109	**720**
Cash and cash equivalents	518	-	-	**518**
Inventories	305	-	-	**305**
Receivables	363	2	28	**392**
Current assets	1 185	2	28	**1 215**
Acquired assets	1 776	22	137	**1 935**
Deferred tax liability	1	-	-	**1**
Non-current bond and bank debt	219	-	-	**219**
Non-current lease liabilities	259	-	-	**259**
Other non-current liabilities	114	1	-	**114**
Non-current liabilities [3]	593	1	-	**594**
Current bond and bank debt	294	-	-	**294**
Current lease liabilities	5	-	-	**5**
Other current liabilities	155	71	6	**232**
Current liabilities [3]	454	71	6	**531**
Net value of acquired assets	729	-50	131	**809**
Total acquisition cost	1 390	226	166	**1 782**
Non-cash elements of acquisition cost	-	22	59	**81**
Consideration and cost in cash and cash equivalents	1 390	204	106	**1 700**
Cash and cash equivalents in acquired companies	518	0	-	**518**
Net cash payments in connection with the acquisitions	872	204	106	**1 182**
Contribution to gross operating revenues and other income since acquisition date	32	-	1	**33**
Contribution to net profit/loss since acquisition date	-25	-	-13	**-38**

[1] Includes acquisitions of solar and battery projects in Ireland and electrical vehicle charging in UK.

[2] NOK 129 million was reclassified to Inventories in the statement of financial position as of 31 December 2020, see note 28.

[3] The presentation of liabilities has changed in line with the changes in the statement of financial position. See also note 1.

Note 6 Management of capital structure

The target for the Group's management of its capital structure is related to long-term credit rating. Statkraft AS has a long-term credit rating of A- (stable outlook) from Standard & Poor's and BBB+ (stable outlook) from Fitch Ratings. Statkraft's target is to maintain its current ratings.

The tools for long-term management of the capital structure consist primarily of the draw-down and repayment of long-term liabilities and payments of share capital from/to the owner. In addition, the Group may also adjust the level of investments to manage its capital structure. The Group endeavours to obtain external financing from various capital markets. The Group is not subject to any external requirements with regards to the management of capital structure other than those relating to the market's expectations and the owner's dividend expectations.

There were no changes in the Group's targets and guidelines governing the management of capital structure in 2021.

Overview of capital included in the management of capital structure

NOK million	Note	2021	2020
Interest-bearing liabilities, non-current [1)]	33	**21 493**	28 297
Interest-bearing liabilities, current [1)]	33	**30 426**	6 144
Financial investments, current	10	**-661**	-606
Cash and cash equivalents, excluding restricted cash	30	**-36 819**	-11 125
Net interest-bearing liabilities		**14 439**	22 710

[1)] Comparable figures have been restated. See note 1.

Note 7 Market risk in the Group

RISK AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS GENERALLY

Statkraft is engaged in activities that entail risk in many areas and has a unified approach to the Group's market risks. The Group's risk management policy is based upon assuming taking the right risk based on the Group's ability and willingness to take risks, expertise, financial strength and development plans. The purpose of risk management is to identify threats and opportunities for the Group, and to manage the overall risk level to provide reasonable assurance that the Group's objectives will be met.

In Statkraft, market risk will primarily relate to prices of energy and commodities, interest rates and foreign currencies. The following section contains a more detailed description of the various types of market risk, and how these are managed.

MARKET RISK RELATED TO PRICES ON ENERGY AND COMMODITIES

Statkraft is exposed to significant market risk in relation to the generation and trading of power. Revenues from power generation are exposed to volume and power price risk. The Nordic power price is the dominant market exposure and the Nordic hydropower portfolio represents the largest part of Statkraft's asset base. The energy risk that Statkraft's Nordic hydropower portfolio faces therefore differs from other generation technologies because low price periods often coincide with high precipitation so that the effect of lower prices is partially offset by higher production volumes. On the other hand, high price periods often coincide with low production volumes due to limited precipitation. However, Statkraft has flexibility to manage its water resources with a focus on long-term value creation. This means that Statkraft can store water in periods when the expected value of the water is higher at some stage in the future than the value of producing power immediately. The company has an advanced energy management process that aims to maximise the value over time. Statkraft manages market risk in the energy markets by trading physical and financial instruments in multiple markets.

Statkraft is also exposed to energy and commodity price risk affecting its wind and solar assets under the DS/DBS business model (see note 1). Energy prices can affect the value of assets in development and commodity prices can affect the construction costs.

COVID-19 The pandemic has caused increased market risk, increased uncertainty to future power prices and some supply chain disruptions impacting our construction projects. Statkraft's management are closely monitoring the development of the pandemic and are continuously evaluating the consequences for the Group. The effect for Statkraft has so far been limited and it is not expected that the pandemic will have a significant effect on the group's operations or financial statements in the long term.

Climate risk Statkraft is directly exposed to climate change, as changes in precipitation will change the average output from hydropower plants, as well as the increased fluctuations. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Statkraft's revenues. More information on climate risks and how these are managed can be found in the Sustainability Report.

Risk management in energy trading in Statkraft focuses on total portfolios rather than individual contracts. Internal guidelines controlling the level of market exposure have been established for all portfolios. Responsibility for the continuous monitoring of granted mandates and frameworks is located in independent organisational units. The frameworks for trading in both financial and physical contracts are continuously monitored. The Group has trading and sales offices located in Oslo, Trondheim, Stockholm, London, Amsterdam, Düsseldorf, Istanbul, Tirana, Rio de Janeiro, San Francisco, New Delhi, Lima, Madrid, Santiago and Lyon.

A further description of the risks within the relevant line items in the profit and loss statement can be found below:

Sales revenues

Generation Statkraft has entered into bilateral physical power sales agreements with industrial customers and other customers. The most significant part is related to contracts in Norway, but there are also contracts in other countries in Europe and South America. These contracts stabilise Statkraft's revenues as they normally have fixed prices and volume, although with different durations. A substantial part of the contracted volume in Norway is settled in euro and is therefore subject to a foreign exchange risk. Some of the contracts are indexed to industry indices.

Customers This revenue category mainly consists of market access activities within the scope of IFRS 15 (see note 12). Statkraft purchases power from smaller energy generators and sells the power to power exchanges and end-customers, which includes handling volume and imbalance risk.

Gains and losses from market activities

Risk reducing activities In addition to bilateral physical contracts, Statkraft has financial risk reduction portfolios of financial contracts, normally futures, in order to hedge revenues from future generation.

Statkraft also has one Nordic and one Continental dynamic asset management portfolio, managed in Oslo and in Düsseldorf, respectively. The objective of these dynamic hedging portfolios is to reduce risk and optimise revenues. Mandates to enter into financial contracts are based on volume thresholds related to available production. The risk is quantified using simulations of various scenarios for relevant risk factors. The Nordic and Continental dynamic asset management portfolios consist of financial contracts mainly for power, CO_2, coal, and gas products. The contracts are traded on energy exchanges. In general, the time horizon for these contracts is less than five years.

Trading and origination activities In addition to risk reducing activities, Statkraft has various trading and origination portfolios that are managed independently of the Group's power generation. Statkraft has allocated risk capital to these activities. Clear guidelines have been established limiting the types of products that can be traded. The mandates are adhered to by applying specified limits for value-at-risk and profit-at-risk. Both methods calculate the maximum potential loss a portfolio can incur, with a given probability factor over a given period. The credit risk and operational risk are also quantified in relation to the allocated risk capital.

Trading activities involve buying and selling standardised and liquid products, such as power, gas, oil, CO_2 products and energy-related metals. The activities also include trading of transportation capacity across borders. The contracts in the trading portfolio have maturities ranging from zero to five years. The aim is to realise profit on changes in the market value of energy and energy-related products. The market risk in these contracts is mainly related to future commodity prices.

Note 7 continued

Origination activities include buying and selling both standard and structured products. Structured products are typically environmental certificates or power contracts with tailor made profiles entered into in different currencies. Further, Statkraft has market access activities, within the scope of IFRS 9, that enters into long term power purchase and power sales agreements with the aim to provide route to market for renewable energy producers and long-term renewable energy supply to corporate consumers. Depending of the price mechanisms in the power purchase and sales agreements Statkraft may be exposed to a price risk. The price risk is mitigated by entering into financial contracts, mainly forwards and futures, with third parties. Quoted, liquid contracts pertaining to system price, area prices and foreign currency are primarily used to reduce the risk involved in trading structured products and contracts. Most of the contracts in the portfolio have duration of up to five years, though some contracts run until 2040.

Embedded derivatives are related to long-term power sales agreements with industrial customers in Norway and other customers, where the contracts are nominated in euro and/or where the pricing is indexed to certain commodity prices. Embedded derivatives are exposed to both foreign exchange risk and commodity price risk.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Statkraft is exposed to foreign exchange and interest rate risk. Statkraft uses interest rate and foreign currency derivatives in addition to debt in foreign currency to mitigate these risks. Funding, forwards and swaps in foreign currency in combination with interest rate swaps are used to achieve the desired currency and interest structure of the Group's debt portfolio.

Statkraft's methods for managing these risks are described below:

Foreign exchange risk Statkraft incurs currency risk in the form of transaction risk, mainly in connection with sale of power, investments and divestments in foreign currencies. Currency translation risk is related to shareholdings in foreign subsidiaries, joint operations and equity accounted investments.

Statkraft's settlement currency at the Nordic power exchange Nord Pool is mainly euro and the power contracts traded in the Nordic power exchange Nasdaq are denominated in euro. In addition, most of Statkraft's bilateral power sales agreements in Norway and all power purchase and sales abroad are denominated in foreign currency. The objective of Statkraft's currency hedging is to secure the values of the future cash flows in Norwegian kroner exposed to exchange risk. Hedging of foreign currency risk is primarily done by allocating appropriate volumes of currency debt to the relevant cash flows. The foreign exchange risk is subject to continuous assessment and treated in accordance with the Group Treasury strategy.

Interest rate risk Statkraft's interest rate exposure is mainly related to the Group's debt portfolio. The Group's debt portfolio includes all external interest-bearing bonds and loans, commercial papers and external interest rate derivatives in Statkraft AS and its subsidiaries.

The management of interest rate risk is based on the balance between keeping interest cost low over time and contributing to stabilise the Group's cash flows with regards to interest rate changes. The interest rate risk is monitored by having duration as measure. Statkraft shall always keep the average duration of its debt portfolio within the range of two to five years.

Compliance with the limit for currency and interest rate risk is followed up continuously by the middle office function. Responsibility for entering into and following up the various positions has been separated and is allocated to separate organisational units.

Statkraft is also exposed to interest rate risk affecting its assets under the DS/DBS business model (see note 1). Changes in interest rates affect the discounted value of assets and investors' cost of funding.

Interest rate benchmark reform It is established a project in Statkraft that follows the development and prepares for the transition from Interbank offered rates (IBORs) to alternative risk-free reference rates (RFRs). During the year changes required to systems, processes and contracts have been identified and implemented.

The transition will take place at different points in time for different reference rates. GBP LIBOR ceased at the end of 2021 and is replaced by Sterling Overnight Index Average (SONIA). One-week and two-month settings for USD LIBOR ceased at year end 2021 and the remaining settings will end 30 June 2023. USD LIBOR will be replaced by Secured Overnight Financing Rate (SOFR). The key difference between the rates is that IBORs are forward looking rates published at the beginning of a borrowing period, while RFRs are backward looking rates published each day in the borrowing period with final settlement of the rate two to five days before the end of the relevant borrowing period.

At year end Statkraft had NOK 391 million in loans to associates and joint ventures referencing GBP LIBOR, NOK 1013 million in loans to joint ventures and NOK -165 million in interest rate swaps in joint ventures referencing USD 6M LIBOR, as well as, cash balances in GBP and USD.

Statkraft's main exposure is interest rate swaps and cross-currency interest rate swaps referencing EURIBOR and NIBOR. There is no indication that EURIBOR and NIBOR will cease in the near future.

The benchmark reform is not expected to have material effects on the market value of the affected instruments. See note 11 Hedge accounting for more information about the impact of the IBOR reform on hedge accounting.

Note 8 Analysis of market risk

GENERAL INFORMATION

Statkraft is exposed to market risk within trading and origination activities, from power prices, and from currency and interest rate positions.

Trading and origination Trading and origination activities are performed under specific mandates and are allocated risk capital. Statkraft differentiates between the risk capital that is committed short-term, typically proprietary trading where the risk is measured with a Value at Risk (VaR) approach, and the risk capital that is committed long-term, typically long-term power contracts where the risk is measured with a Profit at Risk (PaR) approach. For each activity, the mandate specifies a risk limit (VaR or PaR), which is dynamically adjusted to ensure that the losses do not exceed the allocated risk capital. At the end of 2021, the diversified allocated risk capital covering market risk for trading and origination activities in Europe was EUR 298 million for short-term commitments and EUR 147 million for long-term commitments. In 2020, the corresponding amounts were EUR 69 million and EUR 79 million, respectively. Limited risk capital is also allocated to cover trading and origination activities outside Europe.

Price risk sensitivity analysis Statkraft quantifies price risk by looking at the effect of a change in the Nordic system price on Statkraft's expected Net profit. The expected change in net profit with a change of 1 EUR/MWh is estimated at NOK 237 million in 2021 and NOK 193 million in 2020, respectively (The comparable figure has been restated). Both power prices and production volume are affected by temperature and precipitation. Furthermore, changes in power prices are driven by production, consumption and transmission conditions in the power market. These relationships are not reflected in these estimates. A major part of the production outside the Nordics is hedged against price risk.

Interest rate risk sensitivity analysis The interest rate sensitivity analysis shows how changes in interest rates affect Statkraft's Net financial items (before tax) within a 12-month period given the Group's structure at year-end. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent significant interest-bearing positions. The sensitivity has been calculated by including interest effects from cash and cash equivalents, loans to equity accounted investments, interest-bearing debt and interest rate derivatives. Since hedge accounting is applied, the effect of derivatives designed as hedging instruments is partly offset in Net financial items. With an assumption that interest rates would rise by 100 basis points, the impact on Statkraft's Net financial items would be NOK 665 million in 2021. The corresponding figure for 2020 was NOK 258 million. If interest rates fall by 100 basis points, we would have had the opposite effect of the amounts shown above.

Currency risk sensitivity analysis Statkraft is exposed to changes in the value of NOK relative to other currencies. The currency risk sensitivity has been calculated by assuming a 10% weakening of NOK relative to other currencies based on balances as of 31 December. The sensitivity analysis is run only for assets and liabilities that affect Net financial items and for the revaluation of net assets in foreign subsidiaries (currency translation effects). The calculations do not take into consideration any currency effects that affect other line items than Net financial items in the Statement of comprehensive income, such as the effect of a change in a foreign exchange rate on power prices, energy derivatives and inventories. This analysis does not consider correlation between currencies.

Specification of currency risk sensitivity [1]	2021	2021	2020	2020
NOK million	Effect on Net financial items before tax	Effect on Currency translation effects	Effect on Net financial items before tax	Effect on currency translation effects
EUR/NOK	**-2 107**	**1 830**	-3 274	1 604
GBP/NOK	**-695**	**663**	-377	582
USD/NOK	**-580**	**1 532**	-381	1 467
SEK/NOK	**-305**	**2 115**	-204	2 079
Other	**6**	**1 222**	4	1 137
Total	**-3 682**	**7 363**	-4 232	6 869

[1] The table shows the effect on Net financial items and Currency translation effects with a 10% depreciation of NOK against all other currencies. An appreciation of NOK with 10% would have had the opposite effect of the amounts shown in the table.

Specification of debt by currency [3]	2021	2021	2020	2020
NOK million	Debt by currency before the effect of derivatives [1]	Debt by currency adjusted for the effect of derivatives [2]	Debt by currency before the effect of derivatives [1]	Debt by currency adjusted for the effect of derivatives [2]
Debt in NOK [4]	**7 250**	**401**	3 231	-3 376
Debt in EUR [5]	**26 795**	**30 391**	25 443	27 117
Debt in USD	**1 894**	**4 602**	-	3 808
Debt in GBP [5]	**-**	**-**	-	547
Debt in BRL	**1 506**	**1 506**	1 043	1 043
Debt in INR	**1 130**	**1 130**	909	909
Total	**38 575**	**38 030**	30 626	30 048

[1] Includes commercial papers, bond and bank debt.
[2] Includes commercial papers, bond and bank debt, the currency effect of allocated forward exchange rate contracts and the currency effect of combined interest rate and currency swaps. Specifications of debt by currency includes effects from allocated forward exchange rate contracts and combined interest rate and currency swaps since Statkraft uses these derivatives to achieve the desired currency structure for the Group's debt portfolio.
[3] Management of foreign exchange risk and interest rate risk are presented in note 7.
[4] The negative figure in NOK reflects the effects from the use of allocated forward exchange rate contracts and combined interest rate and currency swaps.
[5] Comparable figures have been restated. NOK 1867 million of current debt has been added to debt in EUR. In addition, NOK 240 million has been moved from debt in GBP to debt in EUR.

Note 8 continued

Specification of interest by currency [3]	2021 Interest by currency before the effect of derivatives [1]	2021 Interest by currency adjusted for the effect of derivatives [2]	2020 Interest by currency before the effect of derivatives [1]	2020 Interest by currency adjusted for the effect of derivatives [2]
Nominal average interest rate NOK [4]	**4.00%**	**n/a**	4.00%	n/a
Nominal average interest rate EUR	**1.80%**	**0.70%**	1.70%	0.80%
Nominal average interest rate USD	**2.83%**	**2.40%**	n/a	2.40%
Nominal average interest rate GBP [5]	**n/a**	**1.00%**	n/a	1.40%
Nominal average interest rate BRL	**6.90%**	**6.90%**	5.20%	5.20%
Nominal average interest rate INR	**6.60%**	**6.60%**	7.90%	7.90%

[1] Includes commercial papers, bond and bank debt.
[2] Includes commercial papers, bond and bank debt, allocated forward exchange rate contracts, interest rate swaps and combined interest rate and currency swaps.
[3] Management of foreign exchange risk and interest rate risk is presented in note 7.
[4] Nominal average interest rate in NOK is not applicable to specify because the figure is negative in the table Specification of debt by currency, see above.
[5] Comparable figures have been restated. NOK 240 million has been moved from debt in GBP to debt in EUR affecting the interest in GBP before the effect of derivatives.

Note 9 Credit risk and liquidity risk

GENERAL INFORMATION ON CREDIT RISK

Credit risk is the risk that Statkraft incurs losses due to the failure of counterparties to honour their financial obligations. Statkraft is facing credit risk when entering into transactions with financial institutions, corporates and providers of clearing services. Credit risk against financial institutions arises from cash or current accounts, deposits, investment of interest-bearing securities, derivative transactions and incoming guarantees. Credit risk against providers of clearing services arises from margin requirements settled as cash payments. Statkraft also assumes credit risk when providing loans to associates and joint ventures. In addition, Statkraft assumes credit risk in connection with energy trading and physical sales contracts. Historically, Statkraft's credit losses have been limited.

Statkraft has entered into agreements under which collateral is transferred or received based on the mark-to-market value of interest rate and foreign exchange derivatives with counterparties. Collateral is transferred or received on a weekly basis. Counterparty credit risk is significantly mitigated by collateral under these agreements. Similar agreements have been established for individual counterparties for financial and physical energy contracts.

The credit risk for financial energy contracts which are settled through an energy exchange is considered to be very low. For all other bilateral energy contracts entered into, the counterparty is assigned an internal credit rating and limits are stipulated for the individual counterparty based on the internal credit rating.

Statkraft has netting agreements with several of its energy trading counterparties. In the event of default, the netting agreements give a right to a final settlement where all future contract positions are netted and settled. See note 10 for more information.

Excess liquidity is defined as Cash and cash equivalents and is managed in a conservative manner with regard to credit risk, diversification and duration. Management of excess liquidity is handled at Group level. Statkraft's excess liquidity is mainly held in NOK and invested across various short-term financial instruments such as commercial papers, time deposits and bank deposits. Credit and duration limits are stipulated for each counterparty based on credit ratings and total assets. As of 31 December 2021, approximately 23% of the Group's excess liquidity were held in time deposits, 1% in commercial papers and 76% in overnight bank deposits.

In order to reduce credit risk in connection with energy trading and physical sales contracts, bank or parent company guarantees are sometimes requested when entering into such contracts. The bank which issues the guarantee must be an internationally rated commercial bank which meets minimum rating requirements. When parent company guarantees are received, the parent company is assessed by using ordinary internal credit assessments.

The individual counterparty exposure and limit are monitored continuously and reported regularly to the CFO. An overall counterparty exposure is reported for all relevant legal entities, in addition to being consolidated at Group level and included in the Group risk management.

In accordance with the expected credit loss model, Statkraft records lifetime expected credit losses on receivables. The loss provision is based on the Group's assessment of the expected credit losses, and Statkraft does not expect to incur material losses on its receivables.

Statkraft's gross credit exposure corresponds to the recognised value of financial assets, which are found in the various notes to the statement of financial position. To the extent that relevant and significant collaterals have been provided, this is presented below.

NOK million	Note	2021	2020
Gross exposure credit risk:			
Other financial assets, non-current	27	6 488	6 338
Derivatives	10	79 736	11 816
Receivables	29	42 190	13 659
Financial investments, current		661	606
Cash and cash equivalents	30	37 162	11 155
Gross exposure credit risk		166 237	43 574
Exposure reduced by cash collateral:			
Cash collateral	33	-10 967	-1 761
Net exposure credit risk		155 270	41 813

Note 9 continued

GENERAL INFORMATION ON LIQUIDITY RISK

The Group's liquidity risk is the risk that the Group has insufficient funds to meet its payment obligations. The purpose of Statkraft's liquidity management is to always secure fulfilment of payment obligations. Statkraft has incorporated a separate target figure for short-term liquidity to ensure that Statkraft has a satisfactory level of liquidity sources, consisting of cash and cash equivalents, short-term financial investments and unused committed credit facilities.

The liquidity risk is further mitigated through liquidity forecasts and access to different borrowing sources and markets. The Group plans for an evenly distributed debt redemption profile to keep refinancing risk low.

Statkraft issues debt primarily under its EUR 6.0 billion Euro Medium Term Note Programme listed on the Irish Stock Exchange. In addition, Statkraft has a backup facility of NOK 9.2 billion supported by the Group's core banks. The backup facility is maturing in 2023.

The main cash outflows include the annual dividend payment, tax payments in addition to planned investments and margin requirements related to commodity trading and hedging and foreign exchange and interest rate hedging.

Maturity schedule, bonds, commercial papers and bank debt

NOK million	0-1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and later
Instalments on bank debt	5 455	1 788	551	479	404	591
Instalments on bonds and commercial papers	13 487	5 070	-	5 492	-	5 259
Interest payments	632	354	186	167	86	307
Total maturity schedule 2021	19 574	7 211	737	6 137	490	6 157
Total maturity schedule 2020 [1)]	4 510	9 799	5 971	362	6 059	6 171

[1)] Comparable figures have been restated. Loans with maturity in 0-1 year has been increased by NOK 1867 million in current debt.

Allocation of derivatives with negative market values

The Group has a significant number of financial derivatives, which are presented as derivatives in the statement of financial position. In the table below, derivatives with negative market value are included. The non-discounted values are allocated to the time intervals based on the contractual due dates. The contractual due dates decide the maturity date and timing of the cash flow for the derivatives.

NOK million	0-1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and later
Energy derivatives	64 398	16 519	2 325	1 337	368	888
Interest rate- and foreign currency derivatives	217	56	52	43	29	119
Total derivatives 2021	64 615	16 575	2 377	1 380	397	1 007
Total derivatives 2020	5 815	2 147	967	744	771	1 193

Note 10 Financial instruments

GENERAL INFORMATION

Financial instruments account for a significant part of Statkraft's statement of financial position and are significant for the Group's results. Most of the financial instruments can be classified into three main categories; energy trading, risk reducing and optimisation of future revenues from generation and financial activities. In addition, Statkraft has other financial instruments such as accounts receivable, accounts payable, cash, short-term financial investments and equity investments.

Financial instruments in energy trading Financial instruments are used within the trading and origination activities. The trading and origination activities are managed independently of the Group's energy generation. Their main objectives are to achieve profit from changes in the market value of energy and energy-related financial products, as well as profit from non-standard contracts. Financial instruments in energy trading mainly consist of financial and physical agreements relating to purchase and sale of power, gas, oil, coal, carbon quotas and environmental certificates.

Financial instruments in risk reducing and optimisation activities Financial instruments are also used as part of the Group's financial hedging strategy for continuous optimisation of future revenues from the expected generation from own assets. Derivatives recognised in the statement of financial position are shown as separate items and are measured at fair value with changes in value recognised in the statement of profit and loss. As the Group's future own generation of power does not qualify for recognition in the statement of financial position, the effect of changes in value on derivatives may have major effects on the profit and loss statement without necessarily reflecting the underlying business activities.

Financial instruments in financial activities Financial instruments used in financial activities primarily consist of bonds, commercial papers, loans, interest rate swaps, combined interest rate and currency swaps and forward exchange contracts. To mitigate currency and interest rate risks, Statkraft applies interest rate and foreign currency derivatives in addition to debt in foreign currency. Hedge accounting is reflected in the financial statements for selected loan arrangements where the interest rate has been changed from fixed to floating (fair value hedging). Changes in the value of financial instruments that are not a part of hedge accounting may result in volatility in the profit and loss statement without necessarily reflecting the underlying business activities.

SIGNIFICANT ACCOUNTING POLICIES

Financial instruments are recognised when Statkraft becomes a party to the contractual terms of the instrument. Financial assets and liabilities are classified based on the nature and purpose of the instruments into the categories "financial instruments at fair value through profit and loss", "financial assets at fair value through other comprehensive income" and "financial instruments at amortised cost". Initial measurement is at fair value for all categories. The content of the categories and subsequent measurement are described below.

Financial instruments measured at fair value through profit and loss

- Physical power sales contracts which are considered as readily convertible to cash and are not entered into for own use.
- Financial contracts to purchase and sell energy-related products classified as derivatives.
- Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value.
- Currency and interest rate derivatives.
- Long-term investments in shares, where Statkraft does not have control or significant influence, are measured at fair value through profit and loss, unless Statkraft applies the option to recognise changes in fair value through other comprehensive income.
- Other short-term financial assets held for trading.

Financial assets at fair value through other comprehensive income
Long-term investments in shares, were Statkraft does not have control or significant influence, are measured at fair value through other comprehensive income when this option is applied. The changes in fair value will not be recycled to profit and loss. Dividends are recognised in the profit and loss statement as part of Interest and other financial items.

Financial instruments at amortised cost
Asset debt instruments are classified in this category when the cash flows are solely payments of principal and interest and Statkraft intends to hold the asset to the maturity date. Liability debt instruments are classified in this category unless they are held for trading. The instruments, both assets and liabilities, are measured at amortised cost using the effective interest rate method, where the effective interest remains the same over the entire term of the instrument. Financial assets at amortised cost are adjusted for provision for impairment in accordance with the expected credit loss model. Credit losses are deducted from the carrying value and recognised in the profit and loss statement.

ACCOUNTING JUDGEMENTS

Statkraft has a significant volume of energy contracts. A characteristic with energy contracts is that they can be accounted for as financial instruments or as contracts with customers, depending on the terms and conditions.

"Own use" contracts Energy contracts that are entered into and continue to be held for the purpose of the receipt or delivery of the power in accordance with Statkraft's expected purchase, sale or usage requirements are accounted for as own use contracts. These contracts do not qualify for recognition in the statement of financial position in accordance with IFRS 9 but are accounted for as revenue from contracts with customers in accordance with IFRS 15 and energy purchase. "Own use" contracts will typically have a stable customer base e.g. bilateral industry contracts and are always settled by physical delivery.

Energy contracts that can be settled net and that are not within the own use exemption, shall be accounted for as derivatives (financial instruments). Management has applied their best judgement when determining the classification of energy contacts as financial instruments or own use contracts.

Note 10 continued

ESTIMATES AND ASSUMPTIONS

Fair value hierarchy Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels which are defined according to the inputs used to determine fair value:

Level 1: Fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities.

Level 2: Fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data.

Level 3: Fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

Level 3 consists of investments in energy derivatives and shares where observable data is not available or does not cover the whole contract period. Observable data (quoted futures) for energy derivatives will normally be available for two to five years ahead of time. If the duration of the contract is longer than the period where observable data exists, the entire contract is a level 3 contract. Energy contracts within the level 3 category mainly consists of physical and financial energy contracts and embedded derivatives from bilateral power sales contracts. A significant part of the embedded derivatives consists of foreign exchange derivatives. These are not affected by estimated future power prices. The discounted cash flow method is used.

Valuation of energy derivatives within level 3 is based on observable market data or estimated with reference to published quotations for the short-term where this is available. For periods where observable market data is not available, fair value is based on valuation techniques which include data that is not based on or derived from observable market data. For certain contracts, a rebate is included in fair value due to factors such as area prices, contract length, volume, quality factor or other contract specific risks. Where the calculated fair value at initial recognition differs from the transaction price, a day one gain or loss arises. Such gains and losses are deferred, not recognised, and amortised through the statement of profit and loss based on the purchased or delivered volumes over the contractual period until observable market data becomes available. Any gains and losses arising from subsequent changes in the fair value are taken directly to the profit and loss and are presented on a net basis if these are entered into for trading purposes.

Exchange traded contracts are normally discounted with a risk-free interest rate. For most bilateral contracts, a credit spread is included in the discount rate.

Valuation of investments in shares within level 3 is based on management's best knowledge of market conditions within the relevant industry. Changes in fair value of these investments are not considered to have any material effects on the Group's financial statements.

DESCRIPTION OF CONTRACTS AND ASSUMPTIONS

Energy contracts Energy exchange contracts are valued at official closing rates on the reporting date.

Cash-settled futures are normally accounted for as settled-to-market. This means that the variation margins paid or received are accounted for as recurring settlements of the derivative contract as these payments reflect the fair value of the contract. The variation margins are not viewed as separate unit of accounts in relation to the underlying derivative. Hence, the recognised value of the contracts in the Statement of financial position is zero.

For other bilateral energy contracts, the expected cash flow is stipulated based on available market closing rates at the reporting date.

Several energy contracts refer to area prices. These contracts are valued using the official closing rates on energy exchanges, where such exist. Internal models are used for area prices where official closing prices are unavailable.

Statkraft has energy contracts where the contract price is indexed against commodities such as metal, paper, gas, petroleum products and coal. These are valued using forward prices from relevant commodity exchanges and major financial institutions.

Several energy contracts have prices in different currencies. Quoted foreign exchange rates from The European Central Bank (ECB) are used in the valuation of contracts denominated in foreign currency. If there are no quotes for the entire period, then the interest parity is used to calculate exchange rates.

The market interest rate curve e.g. swap interest rate, is used as the basis for discounting derivatives. The market interest rate curve is stipulated based on the publicised swap interest rates. A credit surcharge is added to the market interest rate curve in cases where the credit risk is relevant. This applies to all external bilateral contracts classified as assets and liabilities.

Environmental certificate derivatives

- CO_2 contracts are valued based on the forward prices of European Union Allowance (EUA) quotas and Certified Emission Reduction (CER) quotas.
- Green certificate derivatives are valued at forward prices.

Currency and interest rate derivatives The fair value of interest rate swaps and combined interest rate and currency swaps is determined by discounting expected future cash flows through the use of observed market interest rates and quoted exchange rates from ECB. The valuation of forward currency exchange contracts is based on quoted exchange rates from which the forward exchange rates are extrapolated. Estimated net present value is subject to a test of reasonableness against calculations made by the counterparties.

Commercial papers and bonds held for trading are valued at listed prices.

Shares and shareholdings are valued at quoted prices when available. Other securities are valued by discounting expected future cash flows.

Note 10 continued

Fair value hierarchy

2021	Fair value measurement at period-end using:			
NOK million	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	128	16 797	10 860	**27 785**
Energy derivatives, current assets	118	49 165	1 438	**50 722**
Energy derivatives, non-current liabilities	-1 429	-10 827	-9 623	**-21 879**
Energy derivatives, current liabilities	-998	-61 961	-1 505	**-64 463**
Energy derivatives, net	-2 181	-6 825	1 170	**-7 835**
Currency and interest rate derivatives, non-current assets	-	210	-	**210**
Currency and interest rate derivatives, current assets	-	1 020	-	**1 020**
Currency and interest rate derivatives, non-current liabilities	-	-106	-	**-106**
Currency and interest rate derivatives, current liabilities	-	-184	-	**-184**
Currency and interest rate derivatives, net	-	940	-	**940**
Other financial assets at fair value through profit and loss				
Shares	-	-	832	**832**
Financial investments, current	275	386	-	**661**
Other long-term receivables	-	-	309	**309**
Total	275	386	1 142	**1 803**
Financial assets at fair value through other comprehensive income				
Shares	-	-	134	**134**

2020	Fair value measurement at period-end using:			
NOK million	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit and loss [1)]				
Energy derivatives, non-current assets	394	3 794	1 697	5 885
Energy derivatives, current assets	558	3 291	299	4 148
Energy derivatives, non-current liabilities	-190	-1 466	-5 657	-7 312
Energy derivatives, current liabilities	-652	-4 310	-477	-5 439
Energy derivatives, net	110	1 309	-4 137	-2 718
Currency and interest rate derivatives, non-current assets	-	1 522	-	1 522
Currency and interest rate derivatives, current assets	-	262	-	262
Currency and interest rate derivatives, non-current liabilities	-	-466	-	-466
Currency and interest rate derivatives, current liabilities	-	-200	-	-200
Currency and interest rate derivatives, net	-	1 117	-	1 117
Other financial assets at fair value through profit and loss				
Shares	-	-	393	393
Financial investments, current	181	424	-	606
Commercial papers and short-term bonds	-	-	335	335
Total	181	424	728	1 334
Financial assets at fair value through other comprehensive income				
Shares	-	66	94	161

Note 10 continued

Assets and liabilities measured at fair value based on Level 3

NOK million	Assets	Liabilities	Total
Opening balance 01.01.2021	2 818	-6 134	-3 316
Unrealised changes in value recognised in profit and loss	10 406	-5 389	5 017
Unrealised changes in value recognised in other comprehensive income	43	-	43
Additions or derecognitions	37	-	37
Transfers to or from Level 3	460	231	691
Currency translation effects	-190	163	-27
Closing balance 31.12.2021	13 574	-11 128	2 446
Net realised gain (+)/loss (-) recognised in profit and loss 2021			-
Opening balance 01.01.2020	2 590	-3 073	-484
Unrealised changes in value recognised in profit and loss	-108	-3 106	-3 214
Unrealised changes in value recognised in other comprehensive income	-6	-	-6
Additions or derecognitions	396	-	396
Transfers to or from Level 3	-52	5	-47
Currency translation effects	-2	40	38
Closing balance 31.12.2020	2 818	-6 134	-3 316
Net realised gain (+)/loss (-) recognised in profit and loss 2020			46

Sensitivity analysis of factors classified to Level 3

NOK million	10% reduction	10% increase
Net effect from power prices	-463	378

The effects are not symmetrical due to volume flexibility in the contracts.

Assets and liabilities recognised at amortised cost		**Amortised cost**	**Fair value [1]**	**Amortised cost**	**Fair value [1]**
NOK million	Note	2021	2021	2020	2020
Financial assets at amortised cost					
Loans to equity accounted investments, non-current	27	1 402		1 387	
Bonds and other long-term receivables	27	1 091		1 430	
Accounts receivable	29	20 569		7 344	
Cash collateral and margin calls	29	17 081		3 917	
Other receivables [2]	29	1 411		587	
Cash and cash deposits	30	36 862		11 155	
Total		78 415		25 821	
Financial liabilities at amortised cost [3]					
Bank debt (non-current)	33	-3 811	-3 850	-1 264	-1 293
Bond debt (non-current)	33	-15 821	-16 586	-25 492	-27 403
Bank debt (current)	33	-5 455	-5 455	-3 069	-3 069
Commercial papers and bond debt (current)	33	-13 487	-13 675	-800	-810
Debt to Statkraft SF	33, 34	-200		-200	
Cash collateral	33, 34	-10 967		-1 761	
Accounts payable	34	-6 916		-1 580	
Accrued interest-free liabilities	34	-13 012		-5 795	
Other	34	-2 627		-1 981	
Total		-72 297		-41 942	

[1] Fair value is not disclosed when the carrying amount is a reasonable approximation of fair value. Issued bonds and debt are classified in level 2, since the valuation is based on observable market data in the form of interest rate curves, exchange rates and credit margins.

[2] Amount differs from note 29 since prepaid expenses and indirect taxes are not included in note 10.

[3] The presentation of the figures have been restated. See note 1.

Note 10 continued

NETTING AGREEMENTS

2021

Financial assets

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral received	Net value
Energy derivatives	152 720	74 213	**78 507**	-	10 008	**68 499**
Currency and interest rate derivatives	1 229	-	**1 229**	-	957	**272**
Total derivatives (current and non-current)	153 949	74 213	**79 736**	-	10 965	**68 771**
Receivables	48 038	5 848	**42 190**	42	-	**42 148**

Financial liabilities

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral pledged	Net value
Energy derivatives	-160 555	-74 213	**-86 342**	-	-1 995	**-84 347**
Currency and interest rate derivatives	-290	-	**-290**	-	-39	**-251**
Total derivatives (current and non-current)	-160 844	-74 213	**-86 631**	-	-2 034	**-84 597**
Other current liabilities	-41 916	-5 848	**-36 068**	-42	-	**-36 026**

2020

Financial assets

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral received	Net value
Energy derivatives	20 181	10 148	10 033	-	515	9 518
Currency and interest rate derivatives	1 783	-	1 783	-	1 246	537
Total derivatives (current and non-current)	21 964	10 148	11 816	-	1 761	10 055
Receivables	19 654	5 995	13 659	26	-	13 633

Financial liabilities

NOK million	Gross amount	Offseting amount	Booked amount	Netting agreements not offset in balance sheet	Financial collateral pledged [1)]	Net value
Energy derivatives	-22 899	-10 148	-12 751	-	-186	-12 565
Currency and interest rate derivatives	-666	-	-666	-	-125	-541
Total derivatives (current and non-current)	-23 565	-10 148	-13 417	-	-311	-13 106
Other current liabilities	-16 110	-5 995	-12 120	-26	-	-12 094

[1)] Financial collateral pledged have been restated, where initial margin has been removed to reflect that the value of underlying derivative is netted against associated variation margin in the Statement of financial position.

The tables show a reconciliation of gross amounts, booked amounts and net value (net exposure) of financial instruments where there are netting agreements or similar agreements.

A financial asset and a financial liability are presented net in the statement of financial position when Statkraft has a legally enforceable right to offset the asset and the liability and intends to settle on a net basis or realise the asset and the liability simultaneously.

For energy derivatives, futures and spot transactions, Statkraft has agreements with counterparties based on various types of master agreements setting the standard terms and conditions between the two parties. In general, the master netting agreements permit netting of payments and involve offsetting cash flows between the two parties when certain conditions are met, such as same currency and maturity.

The master agreements further serve to mitigate exposure to credit loss by allowing offsetting when an agreement is terminated, provided that such offsetting is permitted within the jurisdiction of the counterparty.

Termination can occur for instance if one of the parties is bankrupt or has defaulted on the agreement. Such close-out netting does not in itself meet the criteria of offsetting in the statement of the financial position.

Currency and interest rate derivatives are booked net for each contract in the statement of financial position.

Financial collateral is typically cash collateral and margin payments to/from counterparty, usually a bank or a clearing house. Financial collateral can also be cash set a side on a restricted bank account to cover forthcoming interest payments and instalments on a loan.

In the tables, the energy, currency and interest rate derivatives are separated in assets and liabilities. Cash collaterals received or pledged are booked net per counterpart and presented as current assets/liabilities, regardless of the maturity of the corresponding derivative. The derivatives, both current and non-current, are therefore presented on the same line item in the table above.

Note 11 Hedge accounting

GENERAL INFORMATION

Statkraft is exposed to foreign exchange and interest rate risks and uses financial instruments to mitigate these risks. For information on how Statkraft manages interest rate and foreign exchange risks, see note 7. Statkraft often manages the risk on a net basis, where few of the hedging relationships fulfil the requirement for hedge accounting. The main objective of the hedge accounting strategy is to reduce the volatility in the profit and loss statement.

Fair value hedging Two loan arrangements are treated as fair value hedges. Issued bonds have been designated as hedged items in the hedging relationships, and the associated interest rate swaps have been designated as hedging instruments. The hedged items are fixed-interest rate bonds with a total nominal value of EUR 750 million. The hedging instruments are interest rate swaps with a nominal value of EUR 750 million, entered into with major banks as the counterparties. The agreements swap interest rate from fixed to floating 3-month EURIBOR. The objective of the economic hedging arrangements is to hedge the exposure to changes in the fair value of the borrowings, which are issued at a fixed rate. Only the interest rate component, determined as the interbank swap interest rate, is hedged.

The hedge ratio is 1:1 as the critical terms of the hedged items and the hedging instruments are deemed to be approximately the same. The fair value hedges are expected to be highly effective and there was no significant impact on the statement of profit and loss resulting from hedge ineffectiveness during the year. Hedge ineffectiveness may arise if the terms of the hedged item and the hedging instrument are not fully aligned.

SIGNIFICANT ACCOUNTING POLICIES

Financial instruments designated as hedging instruments Financial instruments that are designated as hedging instruments or hedged items in hedge accounting are identified based on the intention with entering into a financial instrument. In a fair value hedge the value change will meet the corresponding change in value of the hedged item and presented in the same line item in the profit and loss and statement of financial position.

The value changes from hedges of net investments in foreign operations have been recognised in other comprehensive income. Gains and losses resulting from changes in exchange rates on debt entered into to hedge net investments in a foreign entity are recognised directly in other comprehensive income and recycled to profit and loss upon disposal of the foreign entity.

The ineffectiveness from the hedges is recognised in profit and loss.

The hedging relationships are expected to remain effective at a future transition from EURIBOR to an alternative risk-free reference rate. The uncertainty related to the transition is limited, since the hedged items have fixed interest. Any accounting effects at transition are expected to be insignificant.

Hedging instruments

NOK million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument [1] Assets	Carrying amount of the hedging instrument [1] Liabilities	Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness during the period
2021					
Fair value hedges					
Interest rate risk:					
Interest rate swaps	MEUR 750	-	143	Derivatives	-150
2020					
Fair value hedges					
Interest rate risk:					
Interest rate swaps	MEUR 750	-	293	Derivatives	26

[1] Accrued interest is not a part of the carrying amount.

Hedging instruments - timing profile

NOK million	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years and later
2021						
Fair value hedges						
Interest rate risk:						
Interest rate swaps	-	MEUR 500	-	MEUR 250	-	-
2020						
Fair value hedges						
Interest rate risk:						
Interest rate swaps	-	-	MEUR 500	-	MEUR 250	-

Note 11 continued

Hedged items

NOK million	Nominal amount of the hedged item	Carrying amount of the hedged item[1]		Accumulated amount of fair value hedge adjustment on the hedged item, included in the carrying amount of the hedged item[1]		Line item in the statement of financial position in which the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness for the period
		Assets	Liabilities	Assets	Liabilities		
2021							
Fair value hedges							
Interest rate risk:							
Fixed rate borrowing	MEUR 750	-	-7 619	-	-143	Bond and bank debt	148
2020							
Fair value hedges							
Interest rate risk:							
Fixed rate borrowing	MEUR 750	-	-8 119	-	-291	Bond and bank debt	-24

[1] Accrued interest is not a part of the carrying amount.

Hedging effectiveness

NOK million	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Line item in profit and loss (that includes hedge ineffectiveness)
2021			
Fair value hedges			
Interest rate risk:			
Fixed rate borrowing	-	-2	Interest and other financial items
2020			
Fair value hedges			
Interest rate risk:			
Fixed rate borrowing	-	1	Interest and other financial items

Hedging reserves

NOK million	Foreign exchange risk
2021	
Net investment hedge reserve	
Balance as of 01.01	-321
Hedging gain or loss	-
Balance as of 31.12	-321
2020	
Net investment hedge reserve	
Balance as of 01.01	-321
Hedging gain or loss	-
Balance as of 31.12	-321

Note 12 Sales revenues and energy purchase

GENERAL INFORMATION

The Group's sales revenues and energy purchase are divided into the following four categories:

Generation includes sales revenues and energy purchase related to Statkraft's physical power generating assets. The category includes spot sales, long-term contracts, concessionary sales contracts and certain environmental certificates.

District heating includes sales revenues and energy purchase related to district heating activities in Norway and Sweden.

Customers includes sales revenues and energy purchase related to market access and end-user activities which are in accordance with IFRS 15 and is mainly related to activities in Germany, UK and Norway.

Other mainly consists of:

- Revenues related to DS/DBS business model in Europe. See note 1.
- A subsea interconnector between Sweden and Germany.
- Rental of power plants in Norway.
- Grid activities in Norway and Peru.
- EV charging activities in Europe.

The revenues from District heating activities have been reclassified from the Generation category and are presented as a separate category in the following tables. In addition, some costs related to EV charging businesses have been reclassified from the financial statement line item Other operating expenses to Energy purchase and sub-category Other. Comparable figures have been restated. See note 1.

SIGNIFICANT ACCOUNTING POLICIES

The main principle under IFRS 15 is to recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Generation and District heating

The revenues from Generation and District heating bear the characteristic of delivering power or district heating at a certain price. The performance obligation is to deliver a series of distinct goods (power or district heating) and the transaction price is the consideration Statkraft expects to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Statkraft applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer.

In arrangements where Statkraft sells power on an exchange (e.g. Nord Pool), the exchange is determined to be the customer. This is the enforceable contracts Statkraft has with the exchanges.

In certain jurisdictions, Statkraft is required by law to cede a share of the power generation to counties and municipalities where the power is generated. Statkraft has concluded that income from delivery of concessionary power does not arise from a contract with a customer under IFRS 15. However, Statkraft applies the principles and policies in IFRS 15 by analogy and presents income from sale of concessionary power as revenues.

Government grants are conditional to own generation of power from certain technologies. The right to receive the grants are obtained at the time of generation, and at the point of generation there is a reasonable assurance that Statkraft complies with the conditions related to the government grants and that the grants will be received. The grants are closely connected to the generation and the income is therefore presented as sales revenues and revenue category generation. The recognised amount from government grants was NOK 322 million for 2021 (NOK 368 million in 2020).

For power sales contracts where Statkraft receives a fixed prepayment and where the delivery profile is not agreed, revenues are recognised on a straight-line basis over the contract period (years). Within the respective years, the revenues are recognised based on the expected production profile for the relevant power plants. See note 33.

Customers

This category includes sales revenues and energy purchase from market access activities which are in accordance with IFRS 15 (own use exemption). Other market access activities which are in accordance with IFRS 9 are presented net in the line item "Gains and losses from market activities" in the statement of profit and loss.

When other parties are involved in providing goods or services to Statkraft's customers, Statkraft has to determine whether its performance obligation is to provide the good or service itself (i.e. Statkraft is a principal) or to arrange for those goods or services to be provided by another party (i.e. Statkraft is an agent). In assessing whether Statkraft is agent or principal, Statkraft considers its contractual rights to direct the use of the electricity, balancing risk, discretion prices of the deliveries and whether Statkraft acts as the primary obligor of the deliveries. If Statkraft is a principal, the remuneration received from the customer is presented gross as sales revenues. The corresponding energy purchase is presented gross on a separate line item in the profit and loss statement. If Statkraft is an agent, the compensation for the service delivered is presented net as sales revenues.

Statkraft sells power to end-users (power consumers) in the UK. The contracts are considered as "own use" contracts and within scope of IFRS 15. Statkraft applies the same principles for end-user deliveries as for generation described above.

Note 12 continued

Other

Revenues from grid activities have the same characteristics as those described under Generation. Statkraft applies a practical expedient under IFRS 15 whereby the revenues from transportation of power is recognised at the amount to which the entity has a right to invoice.

The Group receives monetary contributions from customers in different jurisdictions in aid of construction of infrastructure connecting the customers to the grid for electricity or to district heating. Contributions to infrastructure assets represent payments which are to be evaluated together with pricing of future deliveries by Statkraft to the customer (one performance obligation) and revenue is therefore recognised over time. Statkraft has considered that it is appropriate to recognise these revenues over the expected useful life of the infrastructure assets.

Revenues related to DS/DBS business model in Europe (see note1):

Engineering, procurement and construction (EPC) For some projects, Statkraft will construct a power plant subsequent of divesting it to a third party. An EPC contract contains a single performance obligation satisfied over time and the revenues will be recognised by measuring the progress towards completion. The revenues and costs from the EPC contracts are presented gross. These revenues are presented as Sales revenues.

Asset management, operation and maintenance For some of the divested power plants, Statkraft will deliver asset management, operation and maintenance services to the asset owner. Revenues are generally recognised over time but will depend on the facts and circumstances of the contract. Revenues from these services are presented as Sales revenues.

Power generation before divestment If the construction of a power plant in the DS/DBS business model is completed before divestment, the power plants will generate power and these revenues are presented as Sales revenues.

Note 12 Continued

Specification per revenue category

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
2021									
Generation - sales revenues	43 412	34 113	13	3 058	1 357	-	5 029	-	-158
Generation - energy purchase	-3 335	-2 912	-1	-568	-1	-	-	-	146
Generation - net	40 076	31 201	12	2 490	1 357	-	5 029	-	-12
District heating - sales revenues	1 154	-	-	-	-	1 031	128	-	-5
District heating - energy purchase	-380	-	-	-	-	-330	-56	-	6
District heating - net	774	-	-	-	-	701	73	-	-
Customers - sales revenues	34 062	-	35 227	-	1	-	167	-	-1 332
Customers - energy purchase	-33 536	-1	-34 702	-	-	-	-163	-	1 331
Customers - net	527	-1	525	-	1	-	4	-	-1
Other - sales revenues	6 028	3 274	38	264	921	2	1 184	351	-8
Other - energy purchase	-2 717	-1 832	-23	-205	-435	-	-	-249	26
Other - net	3 311	1 442	16	60	485	2	1 184	102	19
Sales revenues - total	84 656	37 387	35 278	3 322	2 279	1 033	6 509	351	-1 503
Energy purchase - total	-39 968	-4 744	-34 726	-773	-436	-330	-219	-250	1 509
Sales revenues adjusted for energy purchase	44 688	32 642	553	2 550	1 843	704	6 290	101	6
2020									
Generation - sales revenues [1]	**16 367**	12 508	27	2 582	607	-	735	-	-92
Generation - energy purchase [1]	**-1 759**	-1 554	-6	-251	-	-	-	-	52
Generation - net	**14 607**	10 954	21	2 331	607	-	735	-	-41
District heating - sales revenues [1]	**773**	-	-	-	-	681	92	-	-
District heating - energy purchase [1]	**-237**	-	-	-	-	-199	-38	-	-
District heating - net	**536**	-	-	-	-	482	54	-	-
Customers - sales revenues	**13 579**	-	13 985	46	-	-	4	-1	-455
Customers - energy purchase	**-13 175**	-	-13 632	-	-	-	-	-	457
Customers - net	**404**	-	353	46	-	-	4	-1	3
Other - sales revenues	**3 156**	1 543	117	258	39	-	1 164	194	-159
Other - energy purchase [1]	**-1 073**	-636	-37	-216	-31	-	-	-204	51
Other - net	**2 083**	907	80	42	8	-	1 164	-9	-108
Sales revenues - total	**33 875**	14 051	14 130	2 886	646	681	1 995	193	-706
Energy purchase - total	**-16 244**	-2 190	-13 675	-468	-31	-199	-38	-204	560
Sales revenues adjusted for energy purchase	**17 631**	11 862	454	2 418	615	482	1 957	-11	-146

1) Comparable figures have been restated. See note 1.

Specification per geographical area

External sales revenues are allocated based on the geographical origin of generating assets or activities.

Geographical areas

NOK million	Statkraft AS Group	Norway	Germany	Sweden	UK	Albania	Brazil	Peru	Other
2021									
Sales revenues external	84 656	42 483	22 211	6 357	7 207	766	757	1 201	3 674
Generation	43 412	32 658	4 160	3 451	196	766	757	927	498
District heating	1 154	1 004	-	150	-	-	-	-	-
Customers	34 062	6 910	17 956	-	6 913	-	-	-	2 284
Other	6 028	1 911	95	2 757	98	-	-	275	892
2020									
Sales revenues external	**33 875**	14 520	10 099	2 304	3 325	101	817	1 093	1 616
Generation	**16 367**	9 397	2 760	1 365	211	101	817	856	860
District heating	**773**	648	-	125	-	-	-	-	-
Customers	**13 579**	2 654	7 099	-	3 115	-	-	-	712
Other	**3 156**	1 822	239	814	-	-	-	237	44

Note 12 Continued

Further specification of sales revenues for revenue category **Generation:**

Generation - sales revenues

NOK million	2021	2020
Spot sales	37 681	7 988
Long-term contracts	4 990	7 609
Concessionary power	418	402
Environmental certificates	322	368
Generation - sales revenues	**43 412**	**16 367**

The **District heating** category includes district heating deliveries and waste handling in Norway and Sweden.

The **Customers** category mainly relates to market access activities in Europe. Statkraft offers market access services to small producers of renewable energy. These services include wind forecasting, nomination, balancing, settlement and necessary IT systems in order to market the power. The main objective is to achieve low imbalance costs. The market access business is a low margin activity combined with large scale, where the power is sold through the power exchanges. The most significant revenues are in Germany, UK and Norway, see specification per geographical area on previous page. In addition there are revenues from end-user activities in UK, which are related to the supply of zero carbon, 100% renewable electricity to British businesses, along with optimisation of flexible assets (such as batteries, fridges or air conditioning) owned by the customers.

Further specification of sales revenues for revenue category **Customers:**

Customers - sales revenues

NOK million	2021	2020
Market access	29 733	10 874
End-user	4 330	2 705
Customers - sales revenues	**34 062**	**13 579**

Further specification of sales revenues for revenue category **Other:**

Other - sales revenues

NOK million	2021	2020
Distribution grid	1 449	1 422
Subsea cable	2 689	997
Revenues related to DS/DBS business model in Europe	904	29
Rental of power plants [1)]	598	303
EV charging	313	115
Miscellaneous	75	290
Other - sales revenues	**6 028**	**3 156**

[1)] Revenues from power plants that are leased to third parties are presented as sales revenues, while expenses related to the operation of the power plants are recognised under operating expenses.

Note 13 Gains/losses from market activities

GENERAL INFORMATION

Risk reducing activities consist of financial power contracts that mitigate price risk related to power generation in the segments European flexible generation and International power. The activities also include the dynamic asset management portfolios in the segment Market operations.

Trading and origination activities

Trading activities include buying and selling standardised and liquid products, such as power, oil and gas contracts.

Origination activities include buying and selling both standardised and structured energy-related products and services. It also includes market access activities which are in accordance with IFRS 9.

Embedded derivatives are related to long-term power sales agreements with industrial customers in Norway, where the contracts are nominated in euro and/or where the pricing is linked to certain commodity prices.

For more information on the categories above, see note 7.

SIGNIFICANT ACCOUNTING POLICIES

Derivatives Risk reducing derivatives and most of the contracts within trading and origination are recognised at fair value through profit and loss (see note 10). The gains and losses consist of both realised and unrealised items and are presented net.

Embedded derivatives The foreign exchange exposure Statkraft takes on by nominating power sale contracts with Norwegian industrial customers in euro is considered to be an embedded derivative. In addition, some of these contracts are linked to the development of commodity prices. These derivatives are separated from its host contract and recognised at fair value in the statement of financial position. See note 10.

Gains/losses from market activities

NOK million	2021	2020
Risk reducing activities [1]	-7 529	2 057
Trading and origination activities	2 013	3 010
Embedded derivatives in energy contracts	2 280	-1 109
Total	-3 235	3 958

[1] Includes dynamic asset management portfolios of NOK -5429 million in the segment Market operations.

Note 14 Other operating income

GENERAL INFORMATION

Other operating income includes gains from disposals of property, plant and equipment and insurance settlements. It also includes gains from divestment of shares, including sale of shares within the Development-Sell (DS)/Development-Build-Sell (DBS) business model.

SIGNIFICANT ACCOUNTING POLICIES

Divestments of SPVs related to the DS/DBS model are treated as loss of control in a subsidiary in accordance with IFRS 10 Consolidated Financial Statements (see note 1). A gain or loss is recognised in the profit and loss statement as either Other operating income or Other operating expenses (see note 19).

Other operating income

NOK million	Note	2021	2020
Gains from divestments of business activities	5	822	119
Gains from sale of shares in SPVs related to DS/DBS model	5	110	-
Miscellaneous other operating income [1]		624	566
Total		1 556	685

[1] Includes recognition related to extended concessions in Brazil.

Note 15 Impairments/reversal of impairments

SIGNIFICANT ACCOUNTING POLICIES

Property, plant, equipment and intangible assets are reviewed for impairment at the end of every quarter. When there are indicators that future earnings cannot justify the carrying value, the recoverable amount is calculated to consider whether an allowance for impairment must be made. The recoverable amount is the higher of the asset's fair value less costs of disposal (FVLCOD) and its value in use (VIU). Intangible assets with indefinite useful life are not amortised but are considered for impairment once every year and when there are circumstances or indicators implying that an impairment test should be performed. Previously impaired non-financial assets, except goodwill, are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of assessing impairments, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units (CGUs)). CGUs in Statkraft are identified as follows:

Hydropower Power plants sharing the same water flow and/or being subject to the same infrastructure limitations are managed together to optimise power generation.

Wind farms The individual wind farm.

Gas-fired power plants A gas-fired power plant normally constitutes a CGU unless two or more plants are controlled and optimised together so that revenues are not independent of each other.

District heating Each plant together with associated infrastructure including distribution networks.

Biomass power plants The individual biomass power plant.

Goodwill Segment is the lowest CGU level used when testing goodwill for impairment.

Equity accounted investments are tested for impairment when there are indicators of possible impairment. An impairment loss is recognised if the recoverable amount, estimated as the higher of fair value less cost to sell or value in use, is below the carrying value and a reversal of impairment is recognised in the opposite case. Impairments in equity accounted investments are presented as a part of share of profit/loss in equity accounted investments in the profit and loss statement.

ACCOUNTING JUDGEMENTS

Indicator assessment In accordance with the ordinary reporting procedures, impairment of the carrying value of an asset is reviewed on a quarterly basis. Indicators that might give rise to an impairment loss are analysed and discussed by the segments and the Group's specialists. If indicators are identified, calculations will be made and if the carrying value is higher than the recoverable amount, an impairment loss is recognised in the financial statement. Analogue procedures are performed regarding reversal of earlier impairment. The Audit committee is informed of any impairment issues on a quarterly basis.

Special attention is given to assets where one or more of the following situations are present:

- The difference between carrying value and recoverable amount is marginal.
- Regulatory environment is unclear, or project execution is uncertain.
- Structural changes in market conditions that lead to changes in the expected long-term power prices.
- Impairment loss has been assessed in earlier periods.

ESTIMATES AND ASSUMPTIONS

Value in use is calculated as future expected cash flows discounted by using a required rate of return equal to the market's required rate of return for corresponding assets in the same industry. The operating expenses are derived from the current year's expenses and next year's budget. Restructuring activities that the Group has not yet committed to or significant future investments that will enhance the asset's performance in the CGU being tested, are not included. Expected maintenance investments are included for commissioned power plants. Provision for decommissioning is not usually included in the value in use calculation.

When determining the value in use for property, plant and equipment under construction, remaining investments approved by Statkraft's management are included.

Assumptions applied when assessing value in use The recoverable amount is sensitive to the long-term price forecast for power, expected production volumes and the discount rate.

Power prices:

- For the short-term period, typically the first 3-5 years, observable market prices are applied as a basis for estimating future revenues.
- For the long-term period, typically 6-10 years subsequent of the balance sheet date, estimated revenues are based on Statkraft's long-term price forecast for power, as described in note 2.
- For the period between short-term and long-term period the prices are interpolated.

Production volumes The production volume used in the discounted cash flow analyses is the long-term expected production volume for any given site, taking into account all expected technical, hydrological and wake losses. The volume estimate is a combination of information from turbine suppliers, third-party consultants and Statkraft's internal estimates.

Note 15 continued

Discount rate The discount rate applied when calculating value in use is based on a discount rate after tax and with differentiation between generation technologies and countries in Europe. Estimated future cash flows are discounted using a nominal post-tax discount rate which is based on Statkraft's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use will not significantly affect the amount of impairment/reversal of impairment compared with applying a pre-tax discount rate.

Assumptions applied when assessing fair value less cost to sell A fair value less cost to sell approach is applied for assets operating in a market where observable transactions for comparable assets exist. This is applied for certain onshore wind assets in Europe, where the fair value of the CGUs is derived from comparable onshore wind transactions. The valuation model applied is based on observable market prices.

Impairments/reversal of impairments recognised in the profit and loss statement

NOK million	2021	2020
Impairment of property, plant, equipment and intangible assets	83	3 203
Reversal of impairments on property, plant and equipment and intangible assets	-3 486	-1 824
Total impairments/reversal of impairments in consolidated business	-3 403	1 379
Equity accounted investments	-393	627
Total impairments/reversal of impairments	-3 796	2 006

IMPAIRMENTS/REVERSAL OF IMPAIRMENTS IN 2021

Intangible assets, property, plant and equipment:

Gas-fired power in Germany A net impairment reversal of NOK 1020 million related to gas-fired power plants in Germany was recognised in the statement of profit and loss under the segment European flexible generation. The reversal is explained by improved outlook for future gas to power margin (spark spread).

Wind power in Norway A net impairment reversal of NOK 1187 million related to wind assets in Norway was recognised in the statement of profit and loss under the segment European wind and Solar. The reversal is explained by expected higher future power prices in Norway.

Wind power in Sweden A net impairment reversal of NOK 1279 million related to wind assets in Sweden was recognised in the statement of profit and loss under the segment European wind and Solar. The reversal is explained by expected higher future power prices for price area SE2.

Hydropower in Brazil An impairment of NOK 48 million related to hydropower plants in Brazil was recognised in the statement of profit and loss under the segment International power.

Equity accounted investments:

Hydropower in Asia A net impairment reversal of NOK 617 million related to two hydropower plants was recognised in the statement of profit and loss. The reversal is due to expected higher power prices in future years. The reversal is presented as share of profit/loss in equity accounted investments under the segment International power.

Furthermore, an impairment of NOK 224 million was recognised in the statement of profit and loss. The impairment was a result of an uncertain outcome of negotiations related to future revenues and operations of a hydropower plant. The impairment is presented as share of profit/loss in equity accounted investments under the segment International power.

Estimated recoverable amounts are particularly sensitive to changes in cost of capital and future power prices or other relevant prices, such as spark spread for gas-fired power plants. See below.

NOK million					
Segment	**European wind and solar**		**European flexible generation**		**Total consolidated business**
Geography	Sweden	Norway	Germany	Other [1]	
Technology	Wind	Wind	Gas-fired	Other [1]	
Recoverable amount relevant assets/CGUs	2 828	5 051	6 243		
Recoverable amount applied	VIU	VIU	VIU		
Impairments/reversal of impairments (-)	-1 279	-1 187	-1 020	83	**-3 403**
Discount rate after tax %	5.7	5.7	6.1		
Discount rate before tax %	7.2	7.3	8.8		
Sensitivity analysis:					
Power prices / spark spread +10%	479	801	839		
Power prices / spark spread -10%	-479	-804	-859		
Discount rate -1%-point	300	617	330		
Discount rate +1%-point	-263	-529	-320		

[1] Mainly related to hydropower in Brazil and techinical goodwill from previous acquisitions in Brazil and Sweden.

Note 15 continued

IMPAIRMENTS/REVERSAL OF IMPAIRMENTS IN 2020

Intangible assets, property, plant and equipment:

Wind power in the Nordics Expected lower power prices in the coming years in the Nordic area are considered to lead to reduced revenues for wind assets in Norway and Sweden. As a result, impairments amounting to NOK 1279 million and NOK 1847 million, respectively, have been recognised.

Gas-fired power plants in Germany Improved outlook for future gas to power margin (spark spread) has led to a reversal of previous impairment of gas-fired power plants of NOK 1559 million.

Hydropower in Peru A reversal of previous impairment of NOK 116 million was recognised related to a hydropower asset, mainly as a result of increased long-term price expectations.

Biomass power in Germany A reversal of previous impairment of NOK 110 million was recognised related to biomass assets, mainly as a result of expected improved market conditions.

Hydropower in Germany A reversal of previous impairment of NOK 39 million was recognised related to a pumped-storage asset, mainly as a result of expected improved market conditions.

Equity accounted investments:

Hydropower in Chile An impairment of NOK 627 million presented as share of profit/loss in equity accounted investments was recognised in two joint ventures, mainly as a result of an expected reduction in future generation.

Estimated recoverable amounts are particularly sensitive to changes in cost of capital and future power prices or other relevant prices, such as spark spread for gas-fired power plants, see below.

NOK million

Segment	**European wind and solar**		**European flexible generation**			**International power**		**Total consolidated business**
Geography	Sweden	Norway	Germany	Germany	Germany	Peru	Other [1]	
Technology	Wind	Wind	Gas-fired	Hydro	Biomass	Hydro	Other [1]	
Recoverable amount relevant assets/CGUs	1 731	2 941	3 748			6 460		
Recoverable amount applied	VIU	VIU	VIU	VIU	VIU	VIU		
Impairments/reversal of impairments (-)	1 847	1 279	-1 559	-39	-110	-116	77	**1 379**
Discount rate after tax %	5.9	5.9	5.9					
Discount rate before tax %	7.6	7.6	8.4					
Sensitivity analysis:								
Power prices / spark spread +10%	299	525	592					
Power prices / spark spread -10%	-300	-525	-603					
Discount rate -1%-point	177	143	335					
Discount rate +1%-point	-154	-121	-300					

[1] Mainly related to a tunnel collapse in Brazil, in addition to technical goodwill from previous acquisitions in Brazil and Sweden.

Note 16 Salaries and number of full-time equivalents

NOK million	2021	2020
Salaries	3 339	3 000
Employers' national insurance contribution	584	512
Pension costs [1]	443	400
Other benefits	920	715
Total	5 286	4 627

[1] Pension costs are described in further detail in note 17.

	2021	2020
Average number of full-time equivalents Group	4 230	3 764
Number of full-time equivalents as of 31.12.	4 385	4 074

Note 17 Pensions

GENERAL INFORMATION

Statkraft's pension benefit schemes have been established in accordance with local statutes and cover both defined contribution schemes and defined benefit schemes.

Defined contribution schemes A defined contribution scheme is a retirement benefit scheme where the Group pays fixed contributions to a separate entity without incurring further obligations once the payment has been made. The main contribution scheme in the Group is described in more detail below.

Defined contribution scheme in Norway Statkraft's pension scheme for new employees in Norway is a defined contribution scheme. The contributions are 6% of the pensionable salary up to 7.1 of the National Insurance Scheme's basic amount (G), and 18% of the pensionable salary between 7.1G and 12G. In addition to retirement pensions, the contribution schemes also entail risk coverage and private early retirement pension (AFP).

Defined benefit schemes Defined benefit schemes are post-employment benefit plans other than defined contribution plans. These plans create obligations to provide agreed benefits to current and past employees and effectively places actuarial risk on the Group. The main defined benefit schemes in the Group are closed and are described in more detail below.

Funded defined benefit scheme in the National Pension Fund (SPK) and Skagerak Energi Pension Fund (SEPK) in Norway The schemes cover retirement, disability and survivor pensions. The schemes also offer early retirement from the age of 62 under the Norwegian early retirement pension scheme. Employees in the schemes participate in public service occupational pension schemes in accordance with the Norwegian Public Service Pension Fund Act, the Norwegian Public Pension Service Pension Fund Transfer Agreement and the regulatory framework governing public service pensions.

The retirement benefit for employees born before 1963 is set as a percentage of the employee's salary. At maximum accrual, the retirement schemes provide pension benefits amounting to 66% of pensionable salary, up to 12G. The scheme benefits are coordinated with the benefits provided by the Norwegian National Insurance Scheme. From 1 January 2020 employees born in 1963 or later earn retirement benefits as a supplement to pensions in the National Insurance System.

Companies in Norway with schemes in the SPK pay an annual premium and are responsible for the financing of the scheme. Pension benefits from the SPK are guaranteed by the Norwegian state. The SPK scheme is not asset-based, but management of the pension fund assets is simulated as though the assets were invested in government bonds with 1, 3, 5 or 10-year duration, in addition to a small share in the Government Pension Fund Global. The pension benefit scheme in SPK was closed for new employees 1 January 2014.

Companies in Norway with schemes in the SEPK pay an annual premium and are responsible for financing the scheme. Pension assets are placed in a diversified portfolio of Norwegian and foreign interest-bearing securities, Norwegian and foreign shares, secured loans to members, hedge funds and properties through external asset managers. The pension benefit scheme in SEPK was closed for new employees 1 January 2016.

Unfunded defined benefit schemes in Norway Some Group companies in Norway have entered into an additional pension agreement that provides all employees whose pensionable incomes exceed 12G with a retirement and disability pension equivalent to 66% of that portion of their pensionable income exceeding 12G. This agreement was closed for new employees 30 April 2012.

SIGNIFICANT ACCOUNTING POLICIES

The liability recognised in the balance sheet which relates to the defined benefit scheme is the present value of the future retirement benefits that are reduced by the fair value of the plan assets. Net pension fund assets for overfunded schemes are classified as non-current assets and recognised in the balance sheet at fair value. Net retirement benefit liabilities for underfunded schemes and non-funded schemes that are covered by operations are classified as non-current liabilities.

The pension costs for the period are included under salaries and other payroll costs. The pension costs related to defined benefit schemes comprise the total of the retirement benefits accrued during the period, the interest on the estimated liability and the projected yield on pension fund assets. Gains and losses attributable to changes in actuarial assumptions or base data are recognised in other comprehensive income.

ESTIMATES AND ASSUMPTIONS

The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. Present value of accrued pension entitlements for defined benefit schemes and present value of accrued pension entitlements for the year are calculated using the accrued benefits method. Net pension liabilities in the balance sheet are adjusted for expected future salary increases until retirement age. Calculations are based on staff numbers and salary data at the end of the year.

The discount rate The discount rate is based on high-quality corporate bonds (covered bonds - OMF). Statkraft is of the opinion that the market for covered bonds represents a deep and liquid market with relevant durations that qualify as a reference interest rate in accordance with IAS 19.

Actuarial gains/losses Actuarial losses recognised in other comprehensive income in 2021 are mainly due to increase in the assumption for salary adjustment and increase in the assumption for adjustment of the National Insurance Scheme's basic amount (G).

The following assumptions are used [1]	31.12.2021	31.12.2020
Discount rate and expected return	1.90%	1.70%
Salary adjustment	2.75%	2.25%
Adjustment of current pensions in public schemes	1.75%	1.25%
Adjustment of the National Insurance Scheme's basic amount (G)	2.50%	2.00%
Demographic factors for mortality and disability	K2013/IR73	K2013/IR73

[1] The assumptions apply for Norwegian entities. Defined benefit schemes outside of Norway are not material for the Group.

Note 17 continued

Members of defined benefit schemes	2021	2020
Employees	1 345	1 420
Pensioners and people with deferred entitlements	2 861	2 837

Breakdown of net defined benefit pension liability

NOK million	2021	2020
Present value of accrued pension entitlements for funded defined benefit schemes	8 715	7 914
Fair value of pension assets	7 224	6 677
Net pension liability for funded defined benefit schemes	1 491	1 237
Present value of accrued pension entitlements for unfunded defined benefit schemes	1 003	913
Employers' national insurance contribution	448	369
Net pension liabilities in the balance sheet	2 942	2 519
Of which net pension assets - see note 27	950	838
Of which net pension liabilities	3 892	3 357

Movement in defined benefit pension liability

NOK million	2021	2020
Defined gross benefit pension liabilities 01.01	8 827	7 744
Net change in liabilities due to additions/disposals	-	-13
Present value of accrued pension entitlements for the year	208	208
Interest expenses	128	157
Scheme changes	-	-2
Actuarial gains/losses	815	904
Paid benefits	-229	-209
Currency translation effects	-31	40
Gross defined benefit pension liabilities 31.12	9 718	8 827

Movement in the fair value of pension assets for defined benefit pension schemes

NOK million	2021	2020
Fair value of pension assets 01.01	6 677	6 232
Expected return on pension assets	101	127
Actuarial gains/losses	377	246
Total contributions	262	210
Paid benefits	-176	-160
Currency translation effects	-17	21
Fair value of pension assets 31.12	7 224	6 677

Pension assets comprise	2021	2020
Equity instruments	2 035	1 755
Interest-bearing instruments	4 558	4 354
Other	631	568
Fair value of pension assets 31.12	7 224	6 677

Actuarial gains and losses recognised in other comprehensive income

NOK million	2021	2020
Accumulated actuarial gains and losses recognised in other comprehensive income before tax 31.12	3 730	3 207

Pension cost recognised in the income statement
Defined benefit schemes

NOK million	2021	2020
Present value of accrued pension entitlements for the year	208	208
Interest expenses	128	157
Expected return on pension assets	-101	-127
Scheme changes	-	-2
Employee contributions	-17	-17
Employers' national insurance contribution	37	37
Net pension cost defined benefit schemes	255	255

Defined contribution schemes

Employer payments	188	145
Total pension cost - see note 16	443	400

	Discount rate		Salary adjustment		Adjustment of G	
Sensitivity analysis upon changes in assumptions	1 %	-1 %	1 %	-1 %	1 %	-1 %
Increase (+)/decrease (-) in net pension cost defined benefit schemes for the period	-19%	18%	10%	-11%	18%	-16%
Increase (+)/decrease (-) in gross defined pension liability as of 31.12.	-16%	20%	2%	-3%	17%	-14%

Note 18 Regulatory fees

GENERAL INFORMATION

Regulatory fees are operating expenses which are paid to Governments. Property tax is mainly related to hydropower plants in Norway. Owners of large hydropower plants in Norway are also required to pay licence fees to the state and to the municipalities. Other regulatory fees include withholding taxes on services, stamp taxes and import taxes.

NOK million	2021	2020
Property tax	955	881
Licence fees [1]	380	382
Other regulatory fees [2]	41	-
Total	1 375	1 264

[1] Owners of large hydropower plants in Norway are required to pay licence fees to the state and the municipalities.

[2] Comparable figures have not been restated.

Note 19 Other operating expenses

GENERAL INFORMATION

The major part of other operating expenses is related to operation of power plants. Purchase of third-party services consists of costs related to buildings, plants, transportation, mechanical and other construction work. Compensation payments consist of concession costs, grants to construction and periodic compensations. The rest are IT expenses, external consultants and general administrative expenses.

NOK million	2021	2020
Purchase of third-party services	2 506	2 554
Materials	498	516
Power plants operated by third parties [1]	242	221
Compensation payments	149	149
IT licenses and equipment	468	392
Miscellaneous [2]	324	319
Total	4 188	**4 150**

[1] See also note 12 and section which specifies 'Other - sales revenues'.

[2] Miscellaneous includes marketing, travel expenses, insurance, rental costs, losses on divestments and losses on sale of property, plant and equipment.

Note 20 Financial items

NOK million	2021	2020
Net currency effects (A) [1]	**1 089**	**-1 520**
Interest income	289	197
Interest expenses		
Interest expenses external debt [2]	-439	-446
Other interest expenses	-164	-76
Interest expenses from lease liabilities	-56	-56
Capitalised borrowing costs	136	113
Total	-523	-465
Other financial items		
Unrealised gains/losses on interest rate derivatives and securities [3]	655	-658
Gains/losses from divestments of equity accounted investments	21	-
Other	-200	815
Total	476	157
Interests and other financial items (B)	**242**	**-111**
Net financial items (A+B)	**1 331**	**-1 631**

[1] See note 21 for specification of realised and unrealised.
[2] Includes NOK 204 million and NOK 207 million from interest derivatives for 2021 and 2020, respectively.
[3] Fair value changes on investments made by Statkraft Ventures GmbH of NOK 347 million in 2021 and NOK -29 million in 2020.

Note 21 Unrealised effects recognised in the statement of profit and loss

GENERAL INFORMATION

The table below discloses the effects recognised in the statement of profit and loss from unrealised value changes of:

- **Gains/losses from market activities** includes inventories and financial instruments measured at fair value.
- **Net currency effects** includes currency gains and losses on financial instruments measured at amortised cost and fair value.
- **Interest and other financial items** includes financial instruments measured at fair value.

	2021			2020		
NOK million	Unrealised	Realised	Total	Unrealised	Realised	Total
Gains/losses from market activities	2 362	-5 597	-3 235	-1 431	5 389	3 958
Unrealised effects included in Operating profit/loss (EBIT) [1]	**2 362**			**-1 431**		
Net currency effects [2]	770	319	1 089	-1 018	-502	-1 520
Interest and other financial items	655	-412	242	-658	547	-111
Unrealised effects included in Net financial items	1 424			-1 676		
Total unrealised effects	**3 786**			**-3 108**		

[1] All other financial statement line items included in Operating profit/loss (EBIT) have no unrealised effects.

[2] Currency gains for 2021 from internal loans were NOK 27 million, of which NOK 406 million was realised. The corresponding currency losses for 2020 were NOK -353 million and NOK -332 million, respectively.

Note 22 Income taxes

GENERAL INFORMATION

Group companies that are engaged in hydropower generation in Norway are subject to certain surtaxes. The Group's tax expense therefore includes, in addition to ordinary income tax, natural resource tax and resource rent tax.

Income tax is calculated in accordance with ordinary tax rules and by applying the adopted tax rate. The tax expense in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward.

Natural resource tax (NRT) is a profit-independent tax that is calculated on the basis of the individual power plant's average output over the past seven years. The tax rate is NOK 13/MWh. Income tax can be offset against the natural resource tax paid.

Resource rent tax (RRT) is a profit-dependent tax levied on the net resource rent revenue generated by each power plant. Resource rent revenue is calculated on the basis of the individual power plant's production hour by hour, multiplied by the spot price for the corresponding hour. The actual contract price is applied for deliveries of concessionary power and power subject to physical contracts with a term exceeding seven years. Income from green certificates is included in gross resource rent revenue. Actual operating expenses, depreciation and a tax-free allowance are deductible. The tax-free allowance is set each year on the basis of the taxable value of the power plant's operating assets, multiplied by a normative interest rate. Negative resource rent revenues per power plant from the 2006 fiscal year or earlier years can only be carried forward with interest offset against future positive resource rent revenues from the same power plant. From 2007 onwards negative resource rent revenues per power plant can be pooled with positive resource rent revenues for other power plants.

From 2021 onwards all new investments related to hydropower production can be deducted immediately for resource rent tax purposes. In addition, the tax rate has increased to 47.4% and a calculated ordinary income tax is introduced as a new deduction. The marginal effective resource rent tax rate is unchanged at 37%.

SIGNIFICANT ACCOUNTING POLICIES

Deferred tax liabilities and deferred tax assets are recognised net provided that these are expected to reverse in the same period. The same applies to deferred tax liabilities and deferred tax assets connected with resource rent tax. Deferred tax positions connected with income tax payable cannot be offset against tax positions connected with resource rent tax. Any natural resource tax that exceeds income tax can be carried forward with interest to subsequent years and is recognised as a receivable. The tax-free allowance deductible for resource rent tax is treated as a permanent difference in the year it is calculated for, and therefore does not affect the calculation of deferred tax connected with resource rent.

Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income.

ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognised to the extent that it is probable that they will be utilised. In making such a determination, all available positive and negative evidence are considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The key assumptions for projected future taxable income are future expectations related to price, production and deductible expenses.

Deferred taxes initially not recognised are related to tax effect of temporary differences originating from acquisitions not being assessed as business combinations.

Uncertain tax positions are further described in note 35.

Note 22 continued

2021: TAX EXPENSE AND CURRENT TAX

NOK million

Nominal tax rates in the statement of comprehensive income	Norway
Income tax rate	22%
Resource rent tax rate	37%

Nominal tax rates in the statement of financial position	Norway
Income tax rate	22%
Resource rent tax rate	37-47.4%

The tax expense in the income statement	Norway	Sweden	Europe Rest	World Rest	Group
Income tax payable (including natural resource tax payable)	5 550	509	209	96	**6 364**
Resource rent tax payable	7 749	-	-	-	**7 749**
Withholding tax payable	7	-	91	-	**98**
Previous years payable tax expense	8	3	24	24	**59**
Change in deferred tax net of group contributions	2 587	466	-774	112	**2 392**
Tax expense in the income statement	15 901	978	-449	232	**16 663**

Reconciliation of effective tax rate	Norway	Sweden	Europe Rest	World Rest	Group
Profit before tax	27 843	4 361	-447	987	**32 744**
Tax expense at a nominal Norwegian rate	6 126	959	-98	217	**7 204**
Effect on taxes of					
Resource rent tax	10 074	-	-	-	**10 074**
Foreign tax rate differences	-	-61	-40	27	**-75**
Change in tax rates	-	-	46	-	**46**
Share of profit/loss in equity accounted investments	-248	-	-1	-122	**-371**
Tax-free income	-14	-0	-271	-1	**-285**
Changes relating to previous years	-79	30	20	70	**41**
Change in unrecognised deferred tax assets [1)]	-1	-	-176	-35	**-212**
Other permanent differences [2)]	44	50	71	76	**241**
Tax expense	15 901	978	-449	232	**16 663**
Effective tax rate	57.1%	22.4%	100.4%	23.5%	**50.9%**

Taxes payable in the balance sheet	Norway	Sweden	Europe Rest	World Rest	Group
Income tax payable	4 847	428	98	59	**5 432**
Natural resource tax payable	636	-	-	-	**636**
Resource rent tax payable	7 749	-	-	-	**7 749**
Previous years taxes payable	364	64	278	3	**708**
Taxes payable in the balance sheet	13 596	492	376	62	**14 527**

Tax included in non-current assets and receivables	Norway	Sweden	Europe Rest	World Rest	Group
Tax included in other non-current financial assets - see note 27	2 079				**2 079**
Tax included in receivables - see note 29	-	1	91	93	**185**
Tax included in non-current assets and receivables	2 079	1	91	93	**2 264**

Note 22 continued

2020: TAX EXPENSE AND CURRENT TAX

NOK million

Nominal tax rates in the statement of comprehensive income	Norway
Income tax rate	22%
Resource rent tax rate	37%

Nominal tax rates in the statement of financial position	Norway
Income tax rate	22%
Resource rent tax rate	37%

The tax expense in the income statement	Norway	Sweden	Europe Rest	World Rest	**Group**
Income tax payable (including natural resource tax payable)	671	72	288	111	**1 142**
Resource rent tax payable	1 282	-	-	-	**1 282**
Withholding tax payable	13	-	11	-	**24**
Previous years payable tax expense	65	-17	-14	-23	**12**
Change in deferred tax net of group contributions	-421	-329	-299	10	**-1039**
Tax expense in the income statement	1 610	-273	-14	98	**1 421**

Reconciliation of effective tax rate	Norway	Sweden	Europe Rest	World Rest	**Group**
Profit before tax	3 329	-1 607	3 424	-193	**4 953**
Tax expense at a nominal Norwegian rate	732	-353	753	-42	**1 090**
Effect on taxes of					
Resource rent tax	1 188	-	-	-	**1 188**
Foreign tax rate differences	-	11	221	-46	**186**
Change in tax rates	-	-	-	-	**-**
Share of profit/loss in equity accounted investments	-300	-	-2	119	**-184**
Tax-free income	-77	-	-75	-15	**-167**
Changes relating to previous years	64	-	-2	-29	**33**
Change in unrecognised deferred tax assets	1	-	-950	-9	**-958**
Other permanent differences	1	69	40	121	**232**
Tax expense	1 610	-273	-14	98	**1 421**
Effective tax rate	48.4%	17.0%	-0.4%	-50.8%	**28.7%**

Taxes payable in the balance sheet	Norway	Sweden	Europe Rest	World Rest	**Group**
Income tax payable	172	73	45	6	**296**
Natural resource tax payable	626	-	-	-	**626**
Resource rent tax payable	1 282	-	-	-	**1 282**
Previous years taxes payable	301	4	903	-	**1 208**
Taxes payable in the balance sheet	2 381	77	948	6	**3 412**

Tax included in non-current assets and receivables	Norway	Sweden	Europe Rest	World Rest	**Group**
Tax included in other non-current financial assets - see note 27	2 079	-	-	-	**2 079**
Tax included in receivables - see note 29	121	1	31	62	**216**
Tax included in non-current assets and receivables	2 201	1	31	62	**2 295**

Note 22 continued

2021: DEFERRED TAX
NOK million

Norway	01.01.2021	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2021
Property, plant and equipment outside RRT regime	294	402	-	-117	580
Property, plant and equipment within RRT regime	8 218	865	-	-	9 083
Tax loss carryforwards outside RRT regime	-10	-2	-	11	-0
Tax loss carryforwards within RRT regime	-1 744	788	-	-	-956
Pensions	-917	30	-219	-	-1 106
Derivatives	188	767	-	-	956
Other items	-126	-263	-	6	-383
Sum	5 905	2 587	-219	-99	8 174

Sweden	01.01.2021	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2021
Property, plant and equipment outside RRT regime	1 491	152	-79	-	1 565
Property, plant and equipment within RRT regime	-	-	-	-	-
Tax loss carryforwards outside RRT regime	-	-9	0	-	-9
Tax loss carryforwards within RRT regime	-	-	-	-	-
Pensions	-	-	-	-	-
Derivatives	-	-	-	-	-
Other items	-45	323	-1	2	280
Sum	1 447	466	-80	2	1 836

Europe Rest	01.01.2021	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2021
Property, plant and equipment outside RRT regime	203	-188	3	-106	-87
Property, plant and equipment within RRT regime	-	-	-	-	-
Tax loss carryforwards outside RRT regime	-365	-505	33	2	-835
Tax loss carryforwards within RRT regime	-	-	-	-	-
Pensions	-	1	7	-	8
Derivatives	-0	-93	1	-	-92
Other items	15	11	1	28	55
Sum	-147	-774	45	-76	-951

World rest	01.01.2021	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2021
Property, plant and equipment outside RRT regime	2 104	262	64	-	2 430
Property, plant and equipment within RRT regime	-	-	-	-	-
Tax loss carryforwards outside RRT regime	-301	-129	-5	-5	-439
Tax loss carryforwards within RRT regime	-	-	-	-	-
Pensions	-	-	-	-	-
Derivatives	-150	-9	5	-	-153
Other items	80	-12	10	1	79
Sum	1 735	112	75	-4	1 917

Group	01.01.2021	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2021
Property, plant and equipment outside RRT regime	4 093	628	-11	-223	4 488
Property, plant and equipment within RRT regime	8 218	865	-	-	9 084
Tax loss carryforwards outside RRT regime	-675	-644	29	8	-1 284
Tax loss carryforwards within RRT regime	-1 744	788	-	-	-956
Pensions	-917	31	-213	-	-1 099
Derivatives	39	665	7	-	711
Other items	-75	60	10	37	31
Sum	8 939	2 392	-179	-177	10 975
Of which deferred tax assets	1 658				1 748
Of which deferred tax liabilities	10 596				12 723

Note 22 continued

2020: DEFERRED TAX
NOK million

Norway	01.01.2020	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2020
Property, plant and equipment outside RRT regime	418	-123	-	-	**294**
Property, plant and equipment within RRT regime	8 016	203	-	-	**8 218**
Tax loss carryforwards outside RRT regime	21	-29	-	-2	**-10**
Tax loss carryforwards within RRT regime	-1 904	161	-	-	**-1 744**
Pensions	-648	-9	-259	-	**-917**
Derivatives	873	-685	-	-	**188**
Other items	-194	62	-	7	**-126**
Sum	6 580	-421	-259	5	**5 905**

Sweden	01.01.2020	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2020
Property, plant and equipment outside RRT regime	1 649	-344	186	-	**1 491**
Property, plant and equipment within RRT regime	-	-	-	-	**-**
Tax loss carryforwards outside RRT regime	-16	17	-2	-	**-**
Tax loss carryforwards within RRT regime	-	-	-	-	**-**
Pensions	-	-	-	-	**-**
Derivatives	-	-	-	-	**-**
Other items	-38	-2	-4	-	**-45**
Sum	1 595	-329	181	-	**1 447**

Europe Rest	01.01.2020	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2020
Property, plant and equipment outside RRT regime	166	25	12	-	**203**
Property, plant and equipment within RRT regime	-	-	-	-	**-**
Tax loss carryforwards outside RRT regime	-62	-311	14	-6	**-365**
Tax loss carryforwards within RRT regime	-	-	-	-	**-**
Pensions	2	1	-3	-	**-**
Derivatives	3	-4	-	-	**-0**
Other items	21	-10	1	3	**15**
Sum	131	-299	24	-3	**-147**

World rest	01.01.2020	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2020
Property, plant and equipment outside RRT regime	2 262	14	-172	-	**2 104**
Property, plant and equipment within RRT regime	-	-	-	-	**-**
Tax loss carryforwards outside RRT regime	-172	-136	8	-	**-301**
Tax loss carryforwards within RRT regime	-	-	-	-	**-**
Pensions	-	-	-	-	**-**
Derivatives	-38	-124	13	-	**-150**
Other items	-179	256	3	-	**80**
Sum	1 872	10	-148	-	**1 735**

Group	01.01.2020	Profit and loss	Other comprehensive income	Additions/ disposals	31.12.2020
Property, plant and equipment outside RRT regime	4 494	-428	26	-	**4 093**
Property, plant and equipment within RRT regime	8 016	203	-	-	**8 218**
Tax loss carryforwards outside RRT regime	-228	-460	21	-8	**-675**
Tax loss carryforwards within RRT regime	-1 904	161	-	-	**-1 744**
Pensions	-645	-8	-262	-	**-917**
Derivatives	838	-813	13	-	**39**
Other items	-391	306	0	10	**-75**
Sum	10 178	-1 039	-203	2	**8 939**
Of which deferred tax assets	614				**1 658**
Of which deferred tax liabilities	10 792				**10 596**

Note 22 continued

DEFERRED TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

NOK million

2021	Norway	Sweden	Europe Rest	World Rest	Group
Remeasurement of net pension liabilities	-219	-	7	-	-213
Changes in fair value of financial instruments	-	-	-	15	15
Currency translation effects	-	-80	39	60	19
Sum	-219	-80	45	75	-179

2020	Norway	Sweden	Europe Rest	World Rest	Group
Remeasurement of net pension liabilities	-259	-	-3	-	**-262**
Changes in fair value of financial instruments	-	-	-	-2	**-2**
Currency translation effects	-	181	27	-146	**62**
Sum	-259	181	24	-148	**-203**

DEFERRED TAX ASSETS NOT RECOGNISED

NOK million	Norway	Sweden	Europe Rest	World Rest	Group
2021	336	-	1 378	557	2 271
2020	585	-	1 292	589	**2 466**

DEFERRED TAX INITIALLY NOT RECOGNISED

NOK million	Norway	Sweden	Europe Rest	World Rest	Group
2021 [3]	1 167	2 005	-584	75	2 664
2020	1 188	2 324	48	78	**3 638**

UNCERTAIN TAX POSITIONS

NOK million

2021	Norway	Sweden	Europe Rest	World Rest	Group
Included in taxes payable [4]	214	-	302	-	516
Included in accumulated taxes paid [4]	2 203	-	594	-	2 797
Not included in taxes payable [4]	596	-	51	237	884

2020	Norway	Sweden	Europe Rest	World Rest	Group
Included in taxes payable [4]	216	-	604	-	**820**
Included in accumulated taxes paid [4]	2 203	-	327	-	**2 530**
Not included in taxes payable [4]	428	-	51	246	**725**

1) The change in unrecognised deferred tax assets is mainly related to Albania and Germany.
2) Other permanent differences are mainly related to non-deductible expenses and withholding tax.
3) Deferred tax initially not recognised in Europe is mainly related to deferred tax assets in Germany.
4) See note 35 for further details.

Note 23 Intangible assets

SIGNIFICANT ACCOUNTING POLICIES

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets, including goodwill, are recognised in the balance sheet when it is probable that the asset will generate future economic benefits and the costs can be measured reliably. Goodwill and intangible assets with an indefinite useful life are not amortised and are tested annually for impairment.

Research expenditures are expensed as incurred. Development costs are capitalised to the extent that a future economic benefit can be identified from the development of an identifiable intangible asset.

NOK million	Goodwill	Other [1]	Total
2021			
Balance as of 01.01	1 993	2 120	**4 113**
Additions	4	293	**298**
Additions from acquisition of companies [2]	-72	37	**-35**
Reclassifications	-	29	**29**
Transfer between asset classes	5	-5	**-**
Amortisations	-3	-231	**-234**
Impairments	-34	-27	**-61**
Reversal of impairments	5	21	**26**
Derecognition from divestments	-32	-	**-32**
Disposals	-5	-39	**-44**
Currency translation effects	1	50	**51**
Balance as of 31.12	1 863	2 249	**4 112**
Cost 31.12	2 939	3 653	**6 592**
Accumulated amortisations and impairments as of 31.12	-1 077	-1 403	**-2 480**
Balance as of 31.12	1 863	2 249	**4 112**

[1] Mainly related to power sales agreements from acquisitions in the segment International power. In addition to rights in connection with leasehold improvements for power plants in Norway.

[2] Includes changes in purchase price allocations for acquisitions from 2020.

NOK million	Goodwill	Other [1]	Total
2020			
Balance as of 01.01	1 561	3 072	4 633
Additions	6	284	290
Additions from acquisition of companies [2]	548	470	1 018
Reclassifications [3]	-	-1 290	-1 290
Transfer between asset classes	-	-	-
Amortisations	-	-168	-168
Impairments	-32	-	-32
Reversal of impairments	-	46	46
Derecognition from divestments	-	-	-
Disposals	-	-	0
Currency translation effects	-90	-294	-384
Balance as of 31.12	1 993	2 120	4 113
Cost 31.12	3 026	3 275	6 301
Accumulated amortisations and impairments as of 31.12	-1 033	-1 154	-2 187
Balance as of 31.12	1 993	2 120	4 113

[1] Mainly related to power sales agreements from acquisitions in the segment International power. In addition to rights in connection with leasehold improvements for power plants in Norway.

[2] Mainly related to the acquisition of Solarcentury. See note 5.

[3] Mainly due to NOK 1058 million which is reclassified to inventories. See note 28.

Expected useful life	10–22 years

RESEARCH AND DEVELOPMENT

The Group's research and development activities are focused on investigating potential new energy sources and developing existing plants and technologies. Research activities relating to new energy sources include general research projects. These projects are intended to provide further knowledge on technologies or other areas that could provide a basis for future activities/projects.

In order to gain new knowledge and develop new methods within the fields of energy optimisation and preservation, the Group also performs research and development activities in connection with existing plants/energy sources. Research and development activities carried out in 2021 and 2020 are expensed with NOK 56 million and NOK 54 million, respectively. Capitalised development costs in 2021 and 2020 were NOK 13 million and NOK 2 million respectively.

Note 24 Property, plant and equipment

GENERAL INFORMATION

Property, plant and equipment comprise mainly power and heat producing facilities, buildings and machinery, waterfall rights, right-of-use assets, district heating network and buildings and machinery as well as landfill sites and treatment areas used in waste treatment operations.

SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment are reported as assets in the balance sheet if it is likely that there will be future financial benefit for the company and the cost of the asset can be calculated in a reliable manner. Property, plant and equipment are recognised at cost, including borrowing cost, less accumulated depreciation and impairment.

The cost includes directly attributable expenditure incurred in bringing the assets into the location and condition to be capable of operating in the manner intended by management, such as employee benefits, site preparation, delivery and handling, installation and assembly cost, landside protection, land registration and legal and consulting fees.

Statkraft may receive revenue from sale of output generated in the period where an equipment, facility or plant is tested whether it is functioning as intended. Revenue earned from the sale of output manufactured in these periods is accounted for as revenue according to IFRS 15, as the output is seen as a result of Statkraft's ordinary activities. The cost related to the sale of output in the testing period is capitalised as a part of property, plant and equipment, as it is directly attributable to the construction of the asset. Capitalisation ceases after the testing is completed, as the asset is then ready for its intended use.

Borrowing costs directly attributable to the acquisition, construction or production of the relevant assets are added to the cost of those assets, until the asset is ready for its intended use or sale.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent expenditures related to ordinary repair and maintenances are recognised in the statement of profit and loss when incurred. Expenditures that involve replacing parts of the assets or expansions are capitalised as part of the carrying amount of the asset.

The estimated decommissioning obligation, estimated as present value for estimated costs for dismantling and removing the plant and restoring the site where the plant is located, is included in the carrying value of the relevant assets. A provision is recognised at the time when an obligation to dismantle, remove and restore the item incurs. Decommissioning cost is estimated and recognised as part of the cost at initial recognition, assuming such costs can be recovered over the asset's life, even if the payments will incur at the end of the item's life. The equivalent estimated decommissioning obligation is presented as Other non-current liabilities.

Depreciation commences when the asset is available for its intended use and is calculated on a straight-line basis over the asset's expected useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, which means that the components' estimated useful life provides the basis for the straight-line depreciation. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), and the date that the asset is derecognised. Expected useful life, depreciation methods and residual values are assessed annually. Estimated useful life is further disclosed below in this note.

Waterfall rights that are considered to have perpetual life and with no obligation of reversion to the authorities, are presented as property, plant and equipment and are not depreciated.

Acquired assets on the acquisition of a new subsidiary are stated at their fair values at the date of acquisition.

ESTIMATES AND ASSUMPTIONS

Property, plant and equipment are tested for impairment in accordance with the accounting policies described in Note 15 to the consolidated accounts, Impairment losses/reversal of impairment losses.

Property, plant and equipment are depreciated over its expected useful life. Expected useful life is estimated based on the Group's technical expertise and is adjusted in the event of any changes to the expectations. Useful life is normally adapted to the licence period related to the relevant asset. Residual values are estimated and included in the carrying value when applicable and depreciated over the asset's useful life.

Estimates of decommissioning obligations, which are included as part of the plant's carrying amount, are subject to annual review. The decommissioning obligation is Statkraft's best estimate of the present value of the cost of dismantling and removing an item of property, plant and equipment as well as restoring the site at the date when the operation ceases.

Note 24 continued

NOK million	Regulation plants	Turbines, generators etc.	Waterfall rights	Properties, mountain halls, buildings, roads, bridges and quay facilities	Plants under construction	Other	Sum	Right-of-use assets	Total
2021									
Balance as of 01.01	31 496	28 821	23 483	9 614	5 366	11 440	**110 220**	1 838	**112 057**
Additions	166	546	13	85	4 850	655	**6 316**	1 083	**7 399**
Remeasurements and other changes (IFRS 16)	-	-	-	-	-	-	**-**	-154	**-154**
Additions from acquisition of companies	-	981	-	142	-	50	**1 174**	641	**1 815**
Capitalised borrowing costs [1]	-	-	-	-	137	-	**137**	-	**137**
Reclassifications [2]	1	-3	-	-0	-16	-10	**-29**	-	**-29**
Transfer between asset classes	753	728	-1	408	-2 612	725	**-**	-	**-**
Depreciations	-821	-1 686	-0	-331	-0	-784	**-3 623**	-256	**-3 879**
Impairments	-25	-10	34	-20	-	-0	**-21**	-	**-21**
Reversal of impairments	57	3 209	-	194	-	-	**3 460**	-	**3 460**
Derecognition from divestments	-	-1 627	-	-153	0	-0	**-1 780**	-347	**-2 128**
Disposals	0	-97	-	-2	-37	-11	**-147**	-107	**-254**
Currency translation effects	-514	-638	-442	-206	28	-70	**-1 841**	-41	**-1 882**
Balance as of 31.12	31 112	30 224	23 087	9 731	7 715	11 994	**113 865**	2 657	**116 521**
Carrying value 31.12 of assets with infinite useful life	n/a	n/a	23 087	158	n/a	5	**23 249**	n/a	**23 249**
Cost 31.12	48 620	62 543	23 550	22 055	7 677	24 404	**188 849**	3 396	**192 245**
Accumulated depreciations and impairments as of 31.12	-17 508	-32 318	-463	-12 324	39	-12 410	**-74 985**	-739	**-75 724**
Balance as of 31.12	31 112	30 224	23 087	9 731	7 715	11 994	**113 865**	2 657	**116 521**

[1] The average interest rate applied during the year was 1.08%.

NOK million	Regulation plants	Turbines, generators etc.	Waterfall rights	Properties, mountain halls, buildings, roads, bridges and quay facilities	Plants under construction	Other	Sum	Right-of-use assets	Total
2020									
Balance as of 01.01	28 281	27 797	22 780	8 922	8 336	12 056	**108 172**	1 680	**109 852**
Additions	328	1 921		274	4 116	425	**7 064**	78	**7 142**
Remeasurements and other changes (IFRS 16)	-	-	-	-	-	-	**-**	44	**44**
Additions from acquisition of companies	-	3	-	-	-	4	**7**	276	**283**
Capitalised borrowing costs [1]	-	-	-	-	113	-	**113**	-	**113**
Reclassifications [2]	4	100	-	-14	-608	-148	**-666**	-	**-666**
Transfer between asset classes	3 776	2 435	-12	769	-6 793	-175	**-**	-	**-**
Depreciations	-820	-1 670	-	-430	-	-739	**-3 659**	-240	**-3 899**
Impairments	-60	-3 112	-	-	-	-2	**-3 174**	-	**-3 174**
Reversal of impairments	130	1 351	-	263	36	1	**1 781**	-	**1 781**
Derecognition from divestments	-	-71	-	-143	-20	-1	**-235**	-	**-235**
Disposals	-12	-104	-	-13	-	-44	**-173**	-	**-173**
Currency translation effects	-131	171	715	-14	186	63	**990**	-	**990**
Balance as of 31.12	31 496	28 821	23 483	9 614	5 366	11 440	**110 220**	1 838	**112 057**
Carrying value 31.12 of assets with infinite useful life	n/a	n/a	23 483	101	n/a	n/a	**23 584**	n/a	**23 584**
Cost 31.12	48 424	60 087	23 984	22 396	5 462	23 170	**183 523**	2 280	**185 803**
Accumulated depreciations and impairments as of 31.12	-16 928	-31 266	-501	-12 782	-96	-11 730	**-73 303**	-442	**-73 745**
Balance as of 31.12	31 496	28 821	23 483	9 614	5 366	11 440	**110 220**	1 838	**112 057**

[1] The average interest rate applied during the year was 1.04%.

[2] Mainly due to NOK 897 million which is reclassified to inventories. See note 28.

Note 24 continued

INVESTMENTS IN 2021

The additions in 2021 of NOK 7399 million in property, plant and equipment (excluding capitalised borrowing costs of NOK 137 million) and of NOK 298 million in intangible assets, consisted of investments in new generating capacity, maintenance investments and other investments. Maintenance and other investments amounted to NOK 5562 million (NOK 3027 million). The investments were primarily related to hydropower plants in Norway. Investments in new capacity amounted to NOK 2271 million (NOK 4516 million). The largest projects were hydropower plants in Chile and India as well as onshore wind farms in Brazil and Chile.

ASSETS PLEDGED AS SECURITY TO COUNTERPARTIES

Statkraft has pledged property, plant and equipment as security to counterparties. For more information, see note 36.

INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT PER COUNTRY

			2021			2020
NOK million	Intangibles	PP&E	Total	Intangibles	PP&E	Total
Norway	1 350	65 336	**66 686**	1 245	62 683	63 928
Sweden	162	20 062	**20 224**	70	20 348	20 418
Germany	203	5 803	**6 006**	192	5 054	5 246
UK	488	1 395	**1 883**	716	1 736	2 452
Albania	-	5 727	**5 727**	1	5 961	5 962
Peru	108	9 117	**9 225**	104	8 951	9 055
Brazil	1 082	3 062	**4 144**	1 144	2 599	3 743
Chile	472	3 233	**3 705**	483	2 110	2 593
Other	246	2 787	**3 033**	158	2 615	2 773
Total	4 112	116 521	**120 632**	4 113	112 057	116 170

EXPECTED USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

A more detailed specification of the expected useful life of the various assets is provided below.

Depreciation of right-of-use assets follows contractual agreements. See note 25.

	Depreciation period (years)		Depreciation period (years)
Regulation plants		Properties, mountain halls, buildings, roads, bridges etc.	
- riprap dams, concrete dams	75	- land	perpetual
- other dams	30	- underground facilities	90
- tunnel systems	90	- roads, bridges and quays	75
		- control equipment	20
Turbines, generators etc.		- operating centre	20
- pipe trenches	75	- communication equipment	10
- generators (turbine, valve)	40		
- other mechanical installations	15	Other	
- transformer/generator	40	- transformer (grid)	25-50
- wind turbines	20-35	- switchgear, high voltage (grid)	35-40
- gas and steam generators	20-28	- buildings	25-50
- gas power plant transformers	20-28	- other fixed installations	10-20
		- miscellaneous fixtures	5
Waterfall rights	perpetual	- office and computer equipment	3
		- furnishings and equipment	5
		- vehicles	8
		- construction equipment	12
		- small watercraft	10
		- water cooling systems	20-25

Note 25 Leases

GENERAL INFORMATION

The contracts that have largely affected the recognition of the lease debt and right-of-use asset are contracts for renting of office premises and contracts for lease of land. In addition, contracts for lease of cars and equipment are identified.

SIGNIFICANT ACCOUNTING POLICIES

The definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period in exchange for consideration. At the commencement date of a lease, Statkraft as the lessee recognises a liability at the present value of future lease payments with a corresponding asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

Depreciation of right-of-use assets and interest on lease liabilities are recognised separately in the statement of profit or loss. The total amount of cash paid is separated into a principal portion and an interest portion in the statement of cash flow (both presented within financing activities).

The following practical expedients and recognition exemptions to leases are applied:

- Recognition exemption for short-term leases (defined as 12 months or less) and for low value assets (defined as less than NOK 50 thousand). These expenses are presented within Other operating expenses.
- Excluded any initial direct costs from the measurement of the right-of-use asset.
- Relied on previous assessment of whether a lease is onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and not performed an impairment review. For such leases, the right-of-use assets have been adjusted by the amount of such provisions recognised in the statement of financial position.
- Intangible assets have also been chosen to be excluded from IFRS 16, hence leased concessions or payments for power production licenses, for instance, are not treated within IFRS 16.

Measurement

A lease liability is remeasured upon the occurrence of certain events e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments. Generally, the amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

Right-of-use assets are not presented separately in the statement of financial position but are disclosed separately in the notes (see note 24).

ESTIMATES AND ASSUMPTIONS

The incremental borrowing rates are calculated as a sum of currency dependant market rates and entity specific credit spreads for each relevant year on an asset-by-asset basis. The incremental borrowing rate applied as discount rate is an average of these yearly borrowing rates for each individual leased asset, depending on the length of each contract.

Statkraft evaluates whether the Group is reasonably certain to exercise an option to renew a lease, not terminate a lease or to purchase the underlying asset. All relevant factors that can create an economic incentive for Statkraft to exercise options e.g. contract-, asset-, entity- and market-based factors are evaluated. Contracts to rent office premises are in most occasions not considered to be customised to Statkraft's use and options to renew leases are normally not included in the estimated lease liability, as it is not considered reasonably certain that the option will be exercised.

Note 25 continued

STATKRAFT AS A LESSEE

Right-of-use assets

NOK million	Office buildings	Land and other property	Vehicles, equipment and other	Total
2021				
Balance as of 01.01	1 059	586	193	**1 838**
Additions	253	808	22	**1 083**
Additions from acquisition of companies	14	627	-	**641**
Depreciations	-190	-24	-42	**-256**
Derecognition from divestments	-	-346	-1	**-347**
Disposals	-	-2	-105	**-107**
Remeasurements and other changes	-10	-189	3	**-196**
Balance as of 31.12	1 126	1 460	70	**2 657**

Right-of-use assets

NOK million	Office buildings	Land and other property	Vehicles, equipment and other	**Total**
2020				
Balance as of 01.01	1 187	308	185	**1 680**
Additions	24	2	51	**78**
Additions from acquisition of companies	-	272	4	**276**
Depreciations	-170	-20	-50	**-240**
Remeasurements and other changes	18	24	2	**44**
Balance as of 31.12	1 059	586	193	**1 838**

Amounts recognised in the profit and loss statement

NOK million	2021	2020
Income from sub-leasing right-of-use assets [1]	**22**	27
Variable lease payments not included in the measurement of lease liabilities [2]	**-4**	-6
Expenses relating to short-term leases, leases of low-value assets and other [2]	**-52**	-55
Depreciations from right-of-use assets [3]	**-256**	-240
Interest expenses from lease liabilities [4]	**-56**	-56
Total	**-346**	-330

[1] Presented as Other operating income.
[2] Presented as Other operating expenses.
[3] Presented as Depreciations and amortisations.
[4] Presented as Interest and other financial items.

Amounts recognised in the statement of cash flow

NOK million	2021	2020
Principal portion of lease payments on lease liabilities [1]	**-261**	-219
Interest portion of lease payments on lease liabilities [1]	**-56**	-56
Total payments on lease liabilities	**-317**	-275

[1] Presented as cash flow from financing activities.

Note 25 continued

Lease liabilities

NOK million	2021	2020
Lease liabilities, current	303	269
Lease liabilities, non-current	1 861	1 541
Total lease liabilities	2 164	1 810

Short- and long-term lease liability include leasing agreements entered into within the DS/DBS model with NOK 18 million and NOK 271 million, respectively. At the time of disposal of related solar and wind farms RoU asset and lease liabilities will be derecognised and reported as part of gain or loss. See also note 1.

Maturity schedule lease liabilities - contractual undiscounted cash flows

NOK million	2021	2020
0-1 year	321	285
1-5 years	1 091	948
5 years and later	1 227	1 213
Total undiscounted lease liabilities as of 31.12	2 639	2 446

Future cash flows not reflected in the measurement of lease liabilities

Extension options:

Several leases of office buildings contain extension options that can be exercised by Statkraft, where the lease of the head-quarter in Oslo is the most significant one. This lease agreement expires in 2028, with options to prolong for ten plus ten years, and the annual lease payment is NOK 113 million. The buildings included in this lease agreement are considered to be standardised office buildings, not particularly customised to Statkraft or Statkraft's business. With several years left of this contract, it is not considered reasonably certain that these extensions option will be exercised, and thus no period after 2028 has been included in the measurement of the lease liability. Similar assessment is applied to other leases as well.

Termination options:

Some early phase development projects within wind and solar, particularly in South America include land lease agreements already from early development stages. To provide operational flexibility in case projects are not deemed viable, these agreements can have termination options where Statkraft can terminate the lease agreement at any point or at several stages during the lease period, often up to 40 years. As these projects are in the development phase and no investment decision to construct the power plant has been made, it is normally not considered reasonably certain that these termination options will not be exercised. Thus, normally only the non-cancellable period or the period until investment decision is planned is included in the measurement of the lease liability.

STATKRAFT AS A LESSOR

Operating lease

Statkraft has sub-leases office buildings which are classified as operating leases. Statkraft leases out power plants to third parties, also classified as operating leases. The revenues from rental of power plants are based on a fixed and a variable part, and the income are presented as sales revenues (see note 12).

Maturity schedule lease payments - contractual undiscounted cash flows

NOK million	2021	2020
0-1 year	18	15
1-5 years	28	26
5 years and later	22	21
Total undiscounted lease payments as of 31.12	68	62

Note 26 Associates and joint arrangements

SIGNIFICANT ACCOUNTING POLICIES

The gain/loss from a transaction where the investment changes from being classified as a joint operation to be classified as a joint venture or associated company is recognised in the Group's consolidated financial statements only to the extent of other parties' interest in the joint operation. Hence, the carrying value of Statkraft's remaining ownership is recognised at continuity. In addition, changed contractual rights and obligations relating to the underlying asset or debt and changes in the shareholders agreement might lead to a change in the accounting method.

ACCOUNTING JUDGEMENTS

The degree of control over the investee is one of the key elements in the assessment to whether the investment should be accounted for as subsidiary, joint operation, joint venture or associate. The assessment of control is judgmental and entails that all facts and circumstances are evaluated.

The decisions about relevant activities that significantly affect the return of the investments are the elements that require the highest degree of judgement. In order to conclude on the degree of control, Statkraft has systematically defined the relevant activities and value drivers for each of its main type of technologies, in addition to an individual assessment per investment to reflect other facts and circumstances.

Judgement is required in assessing whether a joint arrangement is a joint operation or a joint venture. Matters to be addressed include facts and circumstances and evaluation of rights and obligations arising from the arrangement, agreements between shareholders and agreements between shareholders and the investee. Entities established to produce power and where the owners are committed to purchase all the power produced, as well as being responsible for settling of short-term and long-term financing of the company, are normally classified as joint operations. When Statkraft has rights to the net assets of the arrangement, the arrangement is a joint venture.

Co-owned power plants in which Statkraft has joint control are recognised as joint operation.

Based on size and complexity, the following associated companies and joint ventures are considered material:

2021

NOK million	Eviny AS [2]	Agder Energi AS	Hidroelectrica La Higuera S.A.	Wind UK Invest Ltd.	Hidroelectrica La Confluencia S.A.	Other	Total
Opening balance as of 01.01	6 041	4 145	700	840	479	1 287	**13 492**
Additions	-	-	-	-	-	10	**10**
Share of profit/loss	387	907	46	5	46	-15	**1 376**
Depreciations of excess values	-12	-65	-	-3	-	-3	**-83**
Impairments/reversal of impairments [1]	-	-	-	-	-	393	**393**
Capital increases	-	-	-	-	-	47	**47**
Capital decreases	-	-	-	-	-	-4	**-4**
Dividends	-348	-148	-	-32	-	-43	**-571**
Items recorded in other comprehensive income	3	16	27	-11	17	-22	**30**
Currency translation effects	-2	3	24	19	18	19	**81**
Closing balance as of 31.12.	6 069	4 858	797	818	560	1 669	**14 771**
Excess values as of 31.12.	1 759	1 606	-	40	-	522	**3 926**
Of which unamortised waterfall rights	1 553	314	-	-	-	-	**1 867**

[1] See note 15 for more information.
[2] During 2021 BKK AS changed its name to Eviny AS.

2020

NOK million	BKK AS	Agder Energi AS	Hidroelectrica La Higuera S.A.	Wind UK Invest Ltd.	Hidroelectrica La Confluencia S.A.	Other	Total
Opening balance as of 01.01.	5 691	3 577	1 080	871	727	971	**12 917**
Additions [1]	-	-	-	-	-	235	**235**
Divestments	-	-	-	-	-	-9	**-9**
Share of profit/loss	687	858	68	11	-43	-35	**1 546**
Depreciations of excess values	-12	-65	-	-2	-	-4	**-83**
Impairments/reversal of impairments [2]	-	-	-431	-	-197	-	**-627**
Capital increases	-	-	-	-	-	374	**374**
Capital decreases	-	-	-	-	-	-163	**-163**
Dividends	-261	-278	-	-40	-	-18	**-597**
Items recorded in other comprehensive income	-64	50	-11	-4	-	1	**-28**
Currency translation effects	-	3	-6	4	-8	-65	**-72**
Closing balance as of 31.12.	6 041	4 145	700	840	479	1 287	**13 492**
Excess values as of 31.12.	1 770	1 671	-	41	-	35	**3 517**
Of which unamortised waterfall rights	1 553	314	-	-	-	-	**1 867**

[1] See note 5 for more information.
[2] See note 15 for more information.

Note 26 continued

DESCRIPTION OF THE ACTIVITIES IN SIGNIFICANT ASSOCIATES AND JOINT VENTURES

Eviny AS (formerly named BKK AS) has operations mainly in Western Norway, with its core activities being generation, sale and transmission of electric power. Eviny also develops, builds, owns and operates infrastructure for electrification, and offer customers fibre internet access and district heating.

Agder Energi AS has operations mainly in Southern Norway, with its core activities being generation, trading and transmission of electric power, as well as other energy-related services.

Hidroelectrica La Higuera S.A. has operations in Chile and contains the La Higuera hydropower plant.

Wind UK Invest Ltd. (WUKI) owns the onshore wind farms Alltwalis, Baillie and Berry Burn in the UK.

Hidroelectrica La Confluencia S.A. has operations in Chile and contains the La Confluencia hydropower plant.

See note 36 for information regarding bank guarantees and parent company guarantees related to associates and joint arrangements.

FINANCIAL INFORMATION FOR SIGNIFICANT ASSOCIATED COMPANIES

The following table presents summarised financial information for significant associated companies. The figures apply to 100% of the companies' operations in accordance with IFRS 12.

2021

NOK million	Eviny AS [1]	Agder Energi AS [1]	Hidroelectrica La Higuera S.A. [1]	Wind UK Invest Ltd. [1]	Hidroelectrica La Confluencia S.A [1]
Non-current assets	25 441	21 188	4 307	2 763	4 618
Current assets	6 469	11 299	290	535	288
Non-current liabilities	14 323	13 410	2 913	1 445	3 967
Current liabilities	6 757	11 790	262	299	366
Gross operating revenues and other income	7 300	19 789	641	533	507
Net profit/loss	949	1 994	132	10	89
Total comprehensive income	959	2 012	183	17	121

[1] Figures are preliminary and unaudited.

2020

NOK million	BKK AS [1]	Agder Energi AS [1]	Hidroelectrica La Higuera S.A. [1]	Wind UK Invest Ltd. [1]	Hidroelectrica La Confluencia S.A [1]
Non-current assets	24 380	20 494	4 324	2 884	4 598
Current assets	3 276	3 870	231	217	204
Non-current liabilities	13 353	13 958	3 160	1 349	4 082
Current liabilities	3 618	4 924	200	175	283
Gross operating revenues and other income	4 571	9 461	688	378	417
Net profit/loss	1 582	1 887	69	21	-46
Total comprehensive income	1 441	2 007	29	12	-46

[1] Figures as shown in Statkraft's annual report 2020.

JOINT VENTURES, JOINT OPERATIONS AND ASSOCIATES

Shares in companies classified as joint ventures and associates are recognised using the equity method in the consolidated financial statements. Statkraft recognises its share of assets, liabilities, revenues and expenses of companies classified as joint operations on a line-by-line basis in the group financial statements.

Name	Segment [1]	Country	Registered office	Ownership	Voting share
JOINT VENTURES					
Vattenkraftens Miljöfond Sverige AB	EF	Sweden	Stockholm	9.06%	9.06%
Hidroelectrica La Confluencia S.A.	IP	Chile	Santiago	50.00%	50.00%
Hidroelectrica La Higuera S.A.	IP	Chile	Santiago	50.00%	50.00%
Allain Duhangan Hydro Power Ltd.	IP	India	New Delhi	43.12%	43.12%
Dugar Hydro Power Ltd	IP	India	New Delhi	50.00%	50.00%
Malana Power Company Ltd.	IP	India	New Delhi	49.00%	49.00%
Khimti HPP [1]	IP	Nepal	Kathmandu	50.00%	50.00%
Wind UK Invest Ltd.	EWS	United Kingdom	London	51.00%	51.00%
KraftCERT AS	OA	Norway	Bærum	33.33%	33.33%
Silva Green Fuel AS	OA	Norway	Oslo	51.00%	51.00%
Silva Green Fuel DA	OA	Norway	Oslo	51.00%	51.00%

[1]The company has not yet been legally established. See note 5 for further information.

Note 26 continued

Name	Segment [1]	Country	Registered office	Ownership	Voting share
JOINT OPERATIONS					
Kraftwerksgesellschaft Herdecke, GmbH & Co. KG	EF	Germany	Hagen	50.00%	50.00%
Solbergfoss [2]	EF	Norway	Askim	33.33%	33.33%
Sima	EF	Norway	Eidfjord	65.00%	65.00%
Svartisen	EF	Norway	Meløy	70.00%	70.00%
Grytten	EF	Norway	Rauma	88.00%	88.00%
Kraftverkene i Orkla	EF	Norway	Rennebu	48.60%	48.60%
Sira-Kvina Kraftselskap DA	EF	Norway	Sirdal	46.70%	46.70%
Ulla-Førre	EF	Norway	Suldal	73.48%	73.48%
Svorka	EF	Norway	Surnadal	50.00%	50.00%
Kobbelv	EF	Norway	Sørfold	82.50%	82.50%
Stegaros	EF	Norway	Tinn	50.00%	50.00%
Aktieselskabet Tyssefaldene [3]	EF	Norway	Tyssedal	60.17%	60.17%
Vikfalli	EF	Norway	Vik	88.00%	88.00%
Gäddede	EF	Sweden	Stockholm	70.00%	70.00%
Harrsele AB	EF	Sweden	Stockholm	50.57%	50.57%
Volgsjöfors	EF	Sweden	Stockholm	73.10%	73.10%
Kabel- und Trassengemeinschaft WindStrom GmbH & Co. KG Windpark Hakenstedt I KG & Co. OHG	EWS	Germany	Edemissen	71.40%	71.40%
Umspannberg Druxberge GmbH & Co. KG	EWS	Germany	Edemissen	20.00%	20.00%
UW Druxberge GmbH	EWS	Germany	Edemissen	20.00%	20.00%
WindStrom G. & Co. Windfeld Bepp. Bruch Infr. KG	EWS	Germany	Edemissen	45.40%	45.40%
Netzanschluss Wilstemarsch GmbH	EWS	Germany	Enge Sande	29.00%	29.00%
ANB Treuenbrietzen GmbH & Co. KG	EWS	Germany	Kallinchen	31.50%	31.50%
Umspannwerk Hellberge GmbH & Co. KG	EWS	Germany	Kallinchen	52.80%	52.80%
ANB Hellberge GmbH & Co. KG	EWS	Germany	Zossen	58.30%	58.30%
Fosen Vind DA	EWS	Norway	Oslo	52.10%	52.10%
Hegra DA	OA	Norway	Oslo	33.33%	33.33%
ASSOCIATES					
Røldal-Suldal Kraft AS [4]	EF	Norway	Suldal	4.79%	4.79%
Aursjøvegen AS	EF	Norway	Sunndalsøra	17.00%	17.00%
Passos Maia Energética S.A.	IP	Brazil	Caçador City	50.00%	50.00%
Eviny AS (formerly named BKK AS)	IO	Norway	Bergen	43.44%	43.44%
Nape Kraftverk AS	IO	Norway	Grimstad	49.00%	49.00%
Agder Energi AS	IO	Norway	Kristiansand	45.50%	45.50%
Air Liquide Skagerak AS	IO	Norway	Porsgrunn	49.00%	49.00%
Laugstol AS	IO	Norway	Porsgrunn	33.40%	33.40%

[1] EF: European flexible generation, IP: International power, EWS: European wind and solar, IO: Industrial ownership, OA: Other activities.
[2] Statkraft owns 33.33% of Solbergfoss, but controls 35.6% of the generation.
[3] Statkraft owns 60.17% of Aktieselskabet Tyssefaldene, but controls 71.4% of the generation from the Tysso II hydropower plant.
[4] Statkraft owns 8.74% of the shares in Røldal-Suldal Kraft AS, which in turn owns 54.79% of the Røldal-Suldal hydropower plants. Statkraft's indirect shareholding in the power plants is thus 4.79%.

None of the companies have observable market values in the form of listed market prices or similar.

Note 27 Other non-current financial assets

SIGNIFICANT ACCOUNTING POLICIES

Loans to equity accounted investments are measured at amortised cost (see note 10) when the loans are interest-bearing, have a defined repayment plan and Statkraft intends to collect the contractual cash flows. There are two exceptions related to joint ventures in Chile, which are defined as long-term interests according to IAS 28 Investments in Associates and Joint Ventures. The loans are interest-free and measured at the net present value of future cash flows discounted with a prevailing market rate. At initial recognition these loans have a recognised value lower than its nominal value, and the difference is recognised as an increase in the equity accounted investment (see note 26). Subsequently, a non-cash interest income is recognised in the Profit and loss statement which increases the carrying value of the loan correspondingly. The equivalent non-cash interest expense in the equity accounted investment is recognised as a part of the Share of profit/loss in equity accounted investments in the Profit and loss statement.

All loans are subject to potential impairment losses in accordance with IFRS 9 Financial Instruments.

NOK million	2021	2020
Loans to equity accounted investments	1 402	1 387
Bonds and other long-term receivables [1)]	1 091	1 430
Net pension assets	950	838
Uncertain income tax deposit [1)]	2 079	2 079
Other shares and securities	966	603
Total	6 488	6 338

[1)] See note 35.

Note 28 Inventories

GENERAL INFORMATION

Statkraft's inventories consist of:

- environmental certificates
- wind- and solar projects that Statkraft intends to develop and divest to third parties either before, at the time of or shortly after construction (DS/DBS)
- inventories which are directly related to the tangible assets, whereof spare parts are the most significant group.

Environmental certificates:

Statkraft's environmental certificates consist of green certificates in the Nordics, Renewable Obligation Certificates (ROCs) in the UK, European Union Allowances (EUAs) and carbon allowances in the US. A significant part of the environmental certificates are ROCs which are purchased from origination and market access activities and in addition from own generating assets that are eligible for receiving these government grants.

Wind and solar projects:

Inventories in Statkraft comprise costs of solar and wind power development or construction projects that Statkraft intends to divest to third parties. In some cases, an agreement has been entered with third parties to divest the projects when the project reaches agreed conditions. In other cases, no agreements with third parties are entered prior to construction being finalised, however the intention is always to divest the project and a selling process will be ongoing.

Statkraft has defined three categories of inventory within the DS/DBS model:

- **Development projects**: include early-stage wind- and solar projects which have not yet reached the construction phase.
- **Construction projects**: If management has decided to start construction of a wind farm or a solar farm based on the developed project, the development project will be transferred to Construction projects.
- **In operation**: After the construction is completed and the project has reached commercial operation date, the wind- or solar farm is either sold to a customer or the project will be moved to the category In operation while a process to sell the completed project will be ongoing.

Statkraft currently has 13 ongoing construction projects, as well as two projects where construction is completed. For eight of these projects, a put/call option agreement (PCOA) or other types of sales agreement have been signed. These agreements will be closed when the projects reach the agreed conditions.

In 2021 Statkraft also divested the Cadiz, Windy Rig and Apeldoorn projects in Spain, Scotland and the Netherlands respectively, which had been classified as inventories.

SIGNIFICANT ACCOUNTING POLICIES

Statkraft holds environmental certificates both for own use and for trading.

Environmental certificates held for trading

Purchased environmental certificates held for trading are acquired with the purpose of taking advantage of short-term fluctuations in the market. The certificates are classified as inventories when they are received and are measured at fair value less costs to sell. Changes in fair value of inventories related to trading activities are presented as Gains/losses from market activities in the statement of profit and loss. Environmental certificates held for trading consist mainly of ROCs received through power purchase agreements with wind power producers in UK. Other certificates included are Nordic el-certs and California Carbon Allowances.

Environmental certificates held for own use

Gas-fired power plants must purchase EUAs to settle its emission liabilities. The certificates are classified as inventories when they are received and are subsequently measured at the lower of cost or net realisable value.

Environmental certificates granted from own asset production

Certain environmental certificates, such as Nordic el-certs, Guarantees of Origin or EUAs, are granted for free from generating renewable energy or heating production. These certificates are recognised with a cost price of zero.

Wind and solar projects measured at the lower of cost price and net realisable value

The costs relating to early-stage development opportunities are recognised in the profit or loss until such point as the management is confident that the economics of the underlying project are viable, and the project expenditure is approved by the appropriate management level on the basis of its recoverability . Statkraft considers a project commercially viable if it is expected to be realised with a required positive margin once it is either fully developed or fully constructed.

Initially, inventory is recognised at cost. The costs attributed to inventories comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wind and solar projects are measured at the lower of cost and net realisable value. Net realisable value is calculated as the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. For projects where contracts with customers are not entered (merchant), the most reliable source is observable prices obtained in the market in transactions including similar assets. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. If the carrying value of the projects is not recoverable the projects are written down below cost to net realisable value. See also note 1.

Spare parts and other inventories

Spare parts and other inventories are directly related to the tangible assets and are recognised at the lowest of cost price and net realisable amount.

Note 28 continued

	2021		2020	
NOK million	Recognised value	Cost price	Recognised value	Cost price
Inventories measured at fair value less costs to sell				
Environmental certificates	3 372	3 214	3 138	3 001
Total	3 372	3 214	3 138	3 001
Inventories measured at the lower of cost price and net realisable value				
Environmental certificates	20		480	
Spare parts	153		155	
Other	105		107	
Total	277		742	
Wind and solar projects measured at the lower of cost price and net realisable value				
Development projects [1]	1 006		1 344	
Construction projects [2]	1 807		1 139	
Projects in operation [2]	152		-	
Total	2 965		2 483	
Total	6 614		**6 363**	

[1] For the year 2020, it included NOK 1058 million which were reclassified from intangible assets. See also note 23.

[2] PCOA or other sales agreement has been signed for NOK 1.8 billion of the total recognised value within construction projects and projects in operation.

For the year 2020, construction projects included NOK 897 million which were reclassified from property, plant and equipment. See also note 24.

Note 29 Receivables

GENERAL INFORMATION

The Group's receivables are divided into four categories:

Accounts receivable mainly related to trading activities and Nordic hydropower generation.

Income tax prepayments and receivables related to resource rent taxes, natural resource rent taxes and ordinary income taxes.

Cash collateral and margin calls related to market settlements for derivatives connected with financial and trading activities.

Other receivables includes interest-bearing loans to equity accounted investments.

See note 9 for more information.

SIGNIFICANT ACCOUNTING POLICIES

Receivables are held until maturity and therefore are carried at amortised cost. Statkraft records lifetime expected credit losses on receivables, which is the expected credit loss that result from all possible default events over the expected life of a financial instrument.

NOK million	2021	2020
Accounts receivable	**20 569**	7 344
Income tax prepayments and receivables	**185**	216
Cash collateral and margin calls	**17 081**	3 917
Other receivables	**4 355**	2 182
Total	**42 190**	13 659

Maturity analysis of receivables

		Receivables overdue by			
2021		Less than	More than	Receivables overdue	
NOK million	Not yet due	90 days	90 days	and impaired	**Total**
Accounts receivable	18 283	2 197	257	-167	**20 569**
Recognised as loss for the year					**6**

		Receivables overdue by			
2020		Less than	More than	Receivables overdue	
NOK million	Not yet due	90 days	90 days	and impaired	Total
Accounts receivable	6 988	348	53	-44	7 344
Recognised as loss for the year					27

Note 30 Cash and cash equivalents

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents includes commercial papers and other interest-bearing securities which normally are due within a period of three months. The item also includes restricted cash. Classification of cash deposit to cover margin calls related to trading activities depends on the characteristics of the exchange clearing service. If the service provider is neither a financial institution, nor part of Statkraft's daily cash management and holds no bank accounts in the name of Statkraft, the cash deposit is classified as other receivables.

Market settlements for derivatives connected with financial activities (cash collateral) are recognised in the statement of financial position as either receivables or liabilities. Bank deposits, cash and similar from joint operations are also presented under this line item.

NOK million	2021	2020
Cash and cash deposits [1)]	**36 862**	11 155
Commercial papers and other interest-bearing securities	**300**	-
Total	**37 162**	11 155

[1)] Includes NOK 281 million and NOK 194 million respectively in 2021 and 2020 from companies reported as joint operations.

Book value of cash and cash equivalents pledged as security to counterparties (restricted cash)

NOK million	2021	2020
Deposit account related to power sales on energy exchanges	**340**	22
Other restricted cash	**3**	9
Total	**342**	31

Note 31 Other non-current liabilities

SIGNIFICANT ACCOUNTING POLICIES

Provisions are only recognised when there is an existing obligation as a result of a past event, and when it is more than 50% probable that an obligation has arisen. It must also be possible to reliably measure the provision. Provisions are recognised with an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. If the probability is lower than 50%, the conditions will be stated in note 36, if material.

Free power and annual compensations to landowners Statkraft compensates landowners for the use of land and waterfalls. In addition, Statkraft compensates for damage caused to forests, land etc. The present value of liabilities related to annual compensation and free power are initially recognised as Other non-current liabilities and as a part of the acquisition costs of the related property, plant and equipment. Annual payments are recognised as Other operating expenses.

Concessionary power Each year, concessionary power sales are made to local authorities at statutory prices stipulated by the Norwegian Parliament. The supply of concessionary power is recognised as revenues on an ongoing basis in accordance with the established concessionary price. In the case of certain concessionary power contracts, agreements have been made regarding financial settlement in which Statkraft is invoiced for the difference between the spot price and the concessionary price. Such concessionary contracts are not included in the financial statements. The capitalised value of future concessionary power obligations is estimated and disclosed in note 36.

Deferred day one gains If a level 3 financial instrument creates a day one gain, the gain is deferred and recognised as Other non-current liabilities. See note 10.

Decommissioning Provisions related to decommissioning typically arise when Statkraft has the right to time-limited concessions. See note 24.

NOK million	2021	2020
Decommissioning [1]	969	838
Provisions [2]	1 077	1 240
Other [3]	1 238	1 130
Total	3 283	3 207

[1] Mainly related to gas-fired power plants and wind farms.

[2] Mainly related to annual compensations and free power to landowners.

[3] Includes monetary contributions from customers related to infrastructure assets.

Reconciliation of provisions during the period

NOK million	2021	2020
Carrying value 01.01.	1 240	1 130
Additions	34	33
Additions due to company acquisitions	1	144
Derecognition from divestments	-13	-
Provisions used/reversed	-124	-61
Reclassifications	-57	58
Other movements	-	-16
Currency translation effects	-5	-48
Carrying value 31 Dec 2021	1 077	1 240

Note 32 Contract liabilities

GENERAL INFORMATION

Statkraft has long-term power sales agreements for which prepayments have been received.

SIGNIFICANT ACCOUNTING POLICIES

The prepayments imply that Statkraft has effectively received financing from the customer. In determining the transaction price, the promised amount of consideration is adjusted for the effects of the time value of money applying Statkraft borrowing rate plus a credit premium as the prevailing interest rate. The financing component is recognised as interest expenses.

NOK million	2021	2020
Contract liabilities, non-current [1]	4 052	4 367
Contract liabilities, current [1]	316	316
Total	4 367	4 683

[1] Statkraft has entered into two long-term power sales agreements with a duration of 15 years.

Note 33 Interest-bearing liabilities

NOK million	2021	2020
Interest-bearing liabilities, current [1]		
Bank debt	5 455	3 069
Commercial papers and bond debt	13 487	800
Lease liabilities	303	269
Debt to Statkraft SF	200	200
Cash collateral	10 967	1 761
Other short-term debt	14	45
Total	30 426	6 144
Interest-bearing liabilities, non-current [1]		
Bank debt	3 811	1 264
Bond debt	15 821	25 492
Lease liabilities	1 861	1 541
Total	21 493	28 297
Total interest-bearing liabilities	51 919	34 441

[1] Comparable figures have been restated. See note 1.

NOK million	2021	2020
Cash flows from interest-bearing liabilities and derivatives allocated to the debt portfolio		
Interest-bearing liabilities and derivatives allocated to the debt portfolio as of 01.01. [1]	33 381	31 602
Items with cash effect		
New debt	14 935	4 092
Repayment of debt	-5 842	-4 759
Cash collateral	9 387	397
Total items with cash effect [3]	18 480	-270
Items with no cash effect		
Additions from lease liabilities	1 075	116
Additions from lease liabilities related to acquisition of companies	119	231
Disposals from lease liabilities	-115	-
Disposals from lease liabilities related to divestments	-340	-
Remeasurements of lease liabilities	-96	-
Additions from acquisition of companies	-	535
Derecognition from divestments	-202	-
Changes in foreign exchange rates	-1 292	773
Changes in fair value	76	293
Other	-3	101
Total items with no cash effect [3]	-778	2 049
Interest-bearing liabilities and derivatives allocated to the debt portfolio 31.12 [2]	51 083	33 381

[1] In 2021, the derivatives included in the opening balance amounted to NOK -1060 million. In 2020 the corresponding amount was NOK -1304 million.
[2] In 2021, the derivatives included in the closing balance amounted to NOK -836 million. In 2020 the corresponding amount was NOK -1060 million.
[3] Comparable figures have been restated. See note 1.

Note 34 Other current liabilities

Other current liabilities

NOK million	2021	2020
Accounts payable[1)]	6 916	1 580
Indirect taxes payable	2 345	803
Debt to Statkraft SF	200	200
Accrued interest-free liabilities[1)]	13 012	5 795
Accrued interest related to long-term debt	277	255
Cash collateral	10 967	1 761
Other interest-free liabilities	2 351	1 726
Total	**36 068**	**12 120**
Of which interest-bearing liabilities	11 181	2 005

[1)] The main part of these liabilities is related to trading activities in energy-related products where costs have been incurred, but not yet invoiced.

Note 35 Disputes, contingencies and uncertain tax positions

DISPUTES AND CONTINGENCIES

The Group is involved in a number of legal proceedings in various forms. Whilst acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any adverse material effect, individually or collectively on the Group's financial position. For legal disputes, in which the Group assesses it to be probable that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate. For significant cases with uncertainty, see details below.

Brazil
On 13 July 2015, Statkraft acquired a controlling interest in the Brazilian company Desenvix Energias Renováveis S.A., which subsequently changed name to Statkraft Energias Renováveis (SKER). Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation, the company has contacted Brazilian authorities. On 15 October 2021, SKER executed a Leniency Agreement with the federal authorities for one of the cases reported and has paid NOK 28 million in fines and redress of improper advantages obtained by Desenvix prior to Statkraft's acquisition of the controlling interest. It is not possible at this stage to predict the outcome for the other cases reported.

The Brazilian Federal Prosecutor has been investigating potential crimes committed by representatives of the four main pension funds in Brazil and representatives of companies in which the pension funds invested, as well as any other individual who may have been involved in the alleged scheme, related to historical investments made by the pension funds, including FUNCEF, which invested in Desenvix (now SKER) in 2009 and 2010, and now owns 18.7% of SKER. The Prosecutor has concluded the investigation in relation to FUNCEF and filed the criminal lawsuit against the individuals, including the shareholders of Jackson and former officers of FUNCEF. In August 2017, the Federal Judge in charge of the criminal investigation issued a resolution stating that no information had been found relating SKER with the alleged illicit activities and therefore decided to release guarantees and other precautionary measures imposed on SKER. Additionally, a civil lawsuit has been filed against the pension funds and companies and individuals related to the pension fund's investments, including SKER. It is at this stage not possible to predict if the outcome of the case could have potential negative effects on SKER.

Reporting to authorities
An investigation has been carried out following reported concerns that corruption may have taken place related to two development projects in Greece prior to Statkraft's acquisition in 2020. Direct evidence of corruption has not been found, but Statkraft has reported facts and circumstances to relevant authorities and exited the relevant projects. Any financial exposure for Statkraft is not expected to be material.

Supreme Court ruling of reindeer herding court case at Fosen wind farms

On 11 October, the Norwegian Supreme Court ruled that the concessions and expropriation permits of 2013 for the Storheia and Roan wind farms at Fosen in Norway violate the Sami reindeer herders right to cultural practice under Article 27 of the UN International Covenant on Civil and Political Rights and are therefore invalid.

Statkraft owns 52.1% of Storheia through Fosen Vind DA, whereas Roan was divested in 2021. Statkraft must on certain conditions indemnify the buyers of Statkraft's 52.1% shareholding in Roan Vind for potential losses following the Supreme Court ruling.

Fosen Vind and Roan Vind have initiated dialogues with the Ministry of Petroleum and Energy and with the Sami groups following the decision. The Ministry has confirmed that no immediate measures will be taken in relation to the concession and has initiated a process to clarify whether mitigating measures can be found to safeguard the Sami groups' rights under ICCPR art. 27, with necessary changes to be made in the concessions to achieve this. The Ministry has requested that the concessionaires, in dialogue with the Sami groups, prepare a proposal for an updated impact assessment program to be carried out, including updating of the knowledge basis, impact on the reindeer herding and potential mitigating measures to be assessed further. The proposal was submitted to the Ministry on 31 January 2022.

The outcome and the financial impact of the Supreme Court ruling is highly uncertain at this stage. Several potential scenarios for the impact of the ruling have been estimated and probabilities are assessed for each scenario. Statkraft has used this to calculate a weighted best estimate. The carrying value of Storheia is NOK 1498 million.

UNCERTAIN TAX POSITIONS

The Group is subject to income taxes in several jurisdictions. There is uncertainty related to the final tax liability for many transactions and calculations.
A dispute or examination of a particular tax treatment by taxation authorities may affect the accounting for current or deferred taxes. When assessing the recognition of uncertain tax assets or liabilities, it is considered if the asset or liability is probable. If the final outcome of the tax disputes deviates from the amounts recognised in the statement of financial position, the deviations will impact the income tax expense in the profit and loss statement for the applicable period. The main uncertain tax positions in the Group are described in more detail below. See also note 22.

Uncertain tax positions in Norway
On 3 and 12 March 2020, Statkraft AS received decisions of tax reassessments from the Norwegian tax authorities. The decisions regarded the income tax returns for the fiscal years 2010-2016 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. On 24 April 2017, the major business activities in STC were transferred to Statkraft AS. All business activities in STC have been closed down.

The main issue relates to STC's capital structure and its compliance with the arm's length principle. Statkraft strongly disagrees that there is a legal basis for any reassessment and has made no provisions related to this case in the consolidated financial statements. In the financial statements for the parent company, prepared under N-GAAP, the impact from the decision has been expensed. On 8 April 2020, Statkraft appealed the decisions to the Tax Appeals Board.

Statkraft has paid NOK 2335 million to the Norwegian tax authorities in the second quarter of 2020 related to this case associated with the period of 2010-2016. Of this, NOK 2079 million is presented as an uncertain income tax deposit and NOK 256 million is presented as uncertain interests deposit. Both items are part of the line item "Other non-current assets" in the statement of financial position.

Note 35 continued

Uncertain tax positions in Germany

Statkraft has significant business activities in Germany, and the taxable treatment for some transactions and acquisitions are uncertain. This includes trading contracts. Statkraft is of the opinion that certain unrealised losses on trading contracts are tax deductible while the German tax authorities are of the opinion that the same losses are only deductible at the time of realisation of the relevant contracts. The timing of deductions in combination with the minimum taxation regulations in Germany has significant effects on accumulated payable tax expense. Statkraft is in the process of challenging the tax treatment in the German tax court.

As of 31 December 2021, Statkraft has expensed NOK 854 million as taxes payable due to this tax treatment for the period of 2012-2021 (NOK 889 million as of 31 December 2020). Of this NOK 594 million has been paid to German tax authorities (NOK 327 million as of 31 December 2020).

Uncertain tax positions in Nepal

On 4 January 2021, The Department of Revenue Investigation (DRI) of Nepal opened an investigation against a Statkraft subsidiary in Nepal, Himal Power Ltd (HPL). DRI is investigating if HPL has a capital gains tax liability related to share transfers in the period of 2006-2017 which it may then pursue by criminal proceedings.

Statkraft is of the opinion that the relevant transactions are not subject to capital gains tax, and hence that no criminal offences have been committed. Statkraft has made no provisions related to these cases and it is at this stage not possible to quantify a potential exposure for the financial statements.

Note 36 Pledges, guarantees and obligations

PLEDGES

Under certain circumstances local authorities and publicly owned energy companies are entitled to a share of the output from power plants belonging to Statkraft in return for paying a share of the construction costs. To finance the acquisition of such rights, the local authorities/companies have been granted permission to pledge the power plant as security. The mortgage debt raised by the local authorities under this scheme totals NOK 255 million (NOK 255 million). In addition, other subsidiaries have a total of NOK 337 million (NOK 852 million) in pledged debt. The pledged assets consist mainly of cash collateral in restricted accounts and future revenues from long-term power sales agreements.

As of 31 December 2021, the carrying value of the pledged assets in the Statkraft Group totalled NOK 895 million (NOK 1168 million).

GUARANTEES AND BONDS

The Statkraft Group has the following off-balance-sheet guarantees:

NOK million	2021	2020
Parent company guarantees on behalf of subsidiaries [1]	30 307	19 435
Parent company guarantees on behalf of associates and joint arrangements	40	198
Other [2]	2 081	1 969
Total guarantees in Statkraft AS	32 429	21 603
Guarantees issued by subsidiaries [2]	5 355	1 948
Guarantees issued by associates and joint arrangements	-	-
Total guarantees in subsidiaries, associates and joint arrangements	5 355	1 948
Total guarantees	37 784	23 550

[1] The guarantees for 2021 are mainly related to energy trading of NOK 21 297 million and liabilities to suppliers of NOK 1687 million.

[2] Figures for 2021 include NOK 2076 million in grid bonds and NOK 263 million in performance bonds related to the development and construction of wind farms and solar farms. Such bonds can be called if Statkraft does not develop and construct the respective wind farms and solar farms according to the terms.

CONTRACT OBLIGATIONS

Statkraft Group has the following significant off-balance-sheet obligations at 31 December 2021:

- Statkraft is obliged to pay licence fees related to hydropower plants, mainly in Norway. The present value of the Group's future licence fee obligations, not recognised in the statement of financial position, is estimated to NOK 14 172 million. The estimated amount is based on a regulated discount rate of 2.7%, annual compensation and funds etc. In 2020, the corresponding amount was NOK 15 178 million with a discount rate of 2.5%.
- Contractual obligations of NOK 4967 million related to construction of wind farms, solar farms and hydropower plants.
- A power purchase agreement with an estimated 16-year horizon. The purchase obligation is NOK 1401 million.
- Obligation regarding service agreements related to gas-fired power plants of NOK 578 million.

CONCESSIONARY POWER CONTRACTS

The Group recognises concessionary power as normal buying and selling in accordance with stipulated concessionary power prices upon delivery, regardless of whether the settlement takes place upon physical delivery or financial settlement. Concessionary power contracts are normally regarded as indefinite. The parties can however agree on financial settlement for a period of time.

At the end of 2021, the contracts with financial settlement had a total volume of around 11.9 GWh and an average price from the Ministry of Petroleum and Energy of 11.6 øre/kWh. For the remaining contracts with financial settlement, the estimated fair value at 31 December 2021 was NOK -82 million.

Note 37 Fees paid to external auditors

Deloitte AS is the Statkraft Group's auditor and audits all subsidiaries subject to audit requirements.

The total fees (excluding VAT) paid for auditing and other services were as follows:

NOK thousand	2021	2020
Statutory auditing	27 082	22 601
Other attestation services	1 055	1 256
Tax consultancy services	432	1 234
Other services [1]	477	526
Total	29 046	25 617

[1] The main items in fees for other services in 2021 and 2020 relates to attestation of the sustainability report.

Note 38 Benefits paid to executive management and the Board of Directors

Statkraft is organised into business units and support functions. The managers of these units report to the Group management, which comprises the executive vice presidents (EVPs) and the President and CEO.

Salary and other benefits – executive management

2021

NOK	Salary	Bonus [1]	Benefits in kind	Salaries and other benefits
Christian Rynning-Tønnesen, President and CEO	5 827 803	802 000	219 833	6 849 636
Anne Harris, Executive Vice President and CFO	3 315 231	573 000	227 645	4 115 876
Hallvard Granheim, Executive Vice President	4 238 838	589 000	218 997	5 046 835
Birgitte Ringstad Vartdal, Executive Vice President	3 848 931	702 000	227 898	4 778 829
Hilde Bakken, Executive Vice President	3 453 998	518 000	223 212	4 195 210
Jürgen Tzschoppe, Executive Vice President	3 876 048	586 000	143 697	4 605 745
Henrik Sætness, Executive Vice President	3 042 481	413 000	221 625	3 677 106

[1] Bonus earned in 2021, but disbursed in 2022.

2020

NOK	Salary	Bonus [1]	Benefits in kind	Salaries and other benefits
Christian Rynning-Tønnesen, President and CEO	5 637 204	1 158 000	214 191	7 009 395
Anne Harris, Executive Vice President and CFO	3 043 142	555 000	222 533	3 820 675
Hallvard Granheim, Executive Vice President	3 892 849	779 000	213 227	4 885 076
Steinar Bysveen, Executive Vice President [2]	2 493 226	-	151 186	2 644 412
Birgitte Ringstad Vartdal, Executive Vice President [3]	2 740 636	473 000	179 410	3 393 046
Hilde Bakken, Executive Vice President	3 206 565	569 000	217 467	3 993 032
Jürgen Tzschoppe, Executive Vice President	3 796 877	584 000	143 467	4 524 344
Jon Vatnaland, Executive Vice President [4]	2 369 958	-	159 281	2 529 239
Henrik Sætness, Executive Vice President [5]	2 197 562	323 000	180 322	2 700 884

[1] Bonus earned in 2020, but disbursed in 2021.

[2] Steinar Bysveen resigned from his position as Executive Vice President on 31 March 2020.

[3] Birgitte Ringstad Vartdal was appointed Executive Vice President on 1 April 2020.

[4] Jon Vatnaland resigned from his position as Executive Vice President on 18 August 2020.

[5] Henrik Nissen Sætness was appointed Executive Vice President on 1 October 2020.

The Group management has not received any compensation or financial benefits from other companies in the same Group other than those shown above. No additional compensation for special services beyond normal managerial functions has been provided, nor have any loans or surety been granted.
For 2021, total salaries and other benefits paid to the executive management amounted to NOK 33 269 237. The corresponding amount in 2020 was NOK 35 500 103.

Pension costs – executive management

NOK	2021	2020
Christian Rynning-Tønnesen, President and CEO	2 695 286	2 277 707
Anne Harris, Executive Vice President and CFO	152 938	147 296
Hallvard Granheim, Executive Vice President	301 955	281 589
Steinar Bysveen, Executive Vice President [1]	-	287 819
Birgitte Ringstad Vartdal, Executive Vice President [2]	152 938	110 472
Hilde Bakken, Executive Vice President	1 598 772	1 358 624
Jürgen Tzschoppe, Executive Vice President	152 938	147 296
Jon Vatnaland, Executive Vice President [3]	-	627 367
Henrik Sætness, Executive Vice President [4]	1 309 272	320 683

[1] Steinar Bysveen resigned from his position as Executive Vice President on 31 March 2020

[2] Birgitte Ringstad Vartdal was appointed Executive Vice President on 1 April 2020.

[3] Jon Vatnaland resigned from his position as Executive Vice President on 18 August 2020

[4] Henrik Sætness was appointed Executive Vice President on 1 October 2020.

The year's accounting cost for the pension scheme reflects the period during which the individual has been an executive employee. For 2021, the total pension costs for executive management were NOK 6 364 099. In 2020 the corresponding amount was NOK 5 558 853.

Note 38 continued

Remuneration to the Board, Audit Committee and Compensation Committee as well as participation in Board meetings

2021

NOK	Board remuneration	Audit Committee	Compensation Committee	Participation in board meetings
Thorhild Widvey, chair	556 500	-	57 750	13
Peter Mellbye, deputy chair	393 000	-	35 500	13
Marit Salte, director	323 000	116 500	-	13
Mikael Lundin, director	323 000	78 000	-	13
Ingelise Arntsen, director	323 000	107 500	-	12
Bengt Ekenstierna, director	323 000	-	-	13
Vilde Eriksen Bjerknes, employee-elected director	323 000	-	-	13
Thorbjørn Holøs, employee-elected director	323 000	78 000	-	13
Asbjørn Sevlejordet, employee-elected director	323 000	-	35 500	13

2020

NOK	Board remuneration	Audit Committee	Compensation Committee	Participation in board meetings
Thorhild Widvey, chair	539 000	-	56 000	9
Peter Mellbye, deputy chair	381 000	-	34 500	8
Marit Salte, director [1)]	159 000	-	-	5
Hilde Drønen, director [2)]	154 000	51 500	-	4
Mikael Lundin, director	313 000	75 750	-	9
Ingelise Arntsen, director	313 000	90 250	-	9
Bengt Ekenstierna, director	313 000	-	-	9
Vilde Eriksen Bjerknes, employee-elected director	313 000	-	-	9
Thorbjørn Holøs, employee-elected director	313 000	75 750	-	8
Asbjørn Sevlejordet, employee-elected director	313 000	-	34 500	9

[1)] Was appointed board member in July 2020.
[2)] Left the Board in July 2020.

The Board has no remuneration agreements other than the directors' fee and remuneration for participation in committee work, nor have any loans or surety been granted to directors of the Board. Total remuneration paid to the Board, Audit Committee and Compensation Committee in 2021 was NOK 3 210 500, NOK 380 000 and NOK 128 750 respectively. The respective amounts in 2020 were NOK 3 111 000, NOK 293 250 and NOK 125 000.

THE BOARD'S STATEMENT REGARDING SALARIES AND OTHER REMUNERATIONS TO SENIOR EXECUTIVES – 2021

The board of Statkraft will contribute to a moderate, but competitive development of executive pay in Statkraft. The principles and guidelines for executive salary and other remunerations are formed accordingly. A separate remuneration report together with guidelines, according to the Norwegian public limited liability companies act §§ 6-16a and 6-16b, will be established during first half 2022 and presented for approval on the 2022 annual general meeting.

Statkraft AS and fully owned subsidiaries follows the Ministry of Trade, Industry and Fisheries's guidance for salary and other benefits to corporate management in state owned companies.

Statkraft's policy is to offer competitive terms, but not take a leading position. Upon deciding salaries and other remunerations in Statkraft, an external position assessment system delivered by Korn Ferry Hay Group that ranks positions according to a recognized and widely used methodology is utilised. This company conducts an annual survey, evaluating how similarly ranked positions in the Norwegian labour market are compensated. The survey contains compensation data from a wide range of Norwegian companies representing the Norwegian total market and is not limited to single sectors.

This information, together with the general salary development in Statkraft, forms the basis for determining compensation.

Organisation
The board of Statkraft has established a separate Compensation Committee. The mandate of the committee is as follows:

- Once a year prepare the board's treatment of items relating to the CEO's salary and conditions of employment.
- Prepare the Board's statement on executive pay and other compensation paid to senior executives.
- Prepare the Board's treatment of all the fundamental issues relating to salary, bonus systems, pension and employment agreements and similar for the executive management in Statkraft.
- Deal with specific issues related to compensation for employees in the Statkraft Group to the extent that the Committee deems that these concern matters of particular importance for the Group's reputation, competitiveness and attractiveness as an employer.
- The CEO shall consult the Compensation Committee regarding the salaries for the corporate executives and head of Corporate Audit before they are decided upon.

Report on executive remuneration policy
The CEO and corporate executives receive both a fixed salary and a variable payment.

Fixed salary
The fixed salary is determined based on an assessment of the specific position and the market – as well as an assessment against Statkraft's policy of offering competitive terms, but not take a leading position. Statkraft apply the Korn Ferry Hay Group methodology for position and market evaluations. When deciding the annual salary regulation, the average salary increases of other employees are also considered.

Note 38 continued

Variable salary
Base salary is the primary compensation element in Statkraft. In addition, the company has a variable remuneration scheme for the senior executives based on key performance indicators and individual goals. The purpose is to drive operational performance and manage risks to achieve the objectives in the strategy.

Statkraft has established a performance management process to ensure clear relationship between the Group's overall Strategic platform and defined targets. Performance is reported and followed up through key performance indicators (KPIs) in the Group scorecard. The key performance indicators are based on the most relevant value drivers and strategic ambitions for the group. The targets are set to ensure value creation.

The variable remuneration scheme for Statkraft's senior executives is developed to support the performance management process, establishing a clear link between value-creating activities and individual variable remuneration.

Below is a description of relevant categories of KPIs included in the variable remuneration scheme for the CEO and corporate management. The measurement is weighted on the individual's area of responsibility:

i) People and environment
Within this category Statkraft monitors that required legal, environmental, social and ethical standards in the industry are followed. A main focus is on health, safety and security risks for employees and reduction of negative environmental impact. Common health and safety targets are included for all members of executive management. The category further focus on people and organisation, covering aspects as capacity building and a high performing organisation to enable good operations and future growth.

ii) Financial indicators
Statkraft's financial performance from market activities is measured through profitability KPIs, where Statkraft's added value from energy management and other market activities are measured against the market. The main focus is to enhance value creation for Statkraft, measured by different KPIs with stretch targets.

iii) Operational indicators
There are several KPIs to follow up operational performance. Statkraft measures the market adjusted availability of the power plants, i.e. the availability in times where Statkraft benefits from available plants. Moreover Statkraft follows up costs by measuring the development of the cost base. Also for these indicators, the main focus is on enhanced value creation for Statkraft; measured by different KPIs with stretch targets

For the CEO and corporate management, the variable remuneration has a maximum potential of 25 per cent of gross base salary. Calculation of variable remuneration is based on level of goal achievement ranging from 0 to 100% for specific, defined sub targets.

Sub targets are defined at three levels:

- Expected level; results in range with goal achievements on this level reflect expected delivery and is not rewarded with variable pay.
- Stretch goals; defined results above expected delivery level that represent 50% goal achievement.
- Outstanding; defined results high above expected delivery level that represent 100% goal achievement.

For the CEO and corporate management, targets are defined for strategic objectives as well as financial and operational performance. The CEO's variable pay has a combined weighting of approximately 70% of these targets and 30% weighting of individual targets on strategic leadership and organisational development. Assessment of variable remuneration level for the executive vice presidents is conducted by the CEO in consultation with the compensation committee of the Statkraft board. The assessment of variable remuneration level for the CEO is conducted by the compensation committee and decided by the board.

For 2021 the main targets and related KPI's were as described below. All targets were supported by comprehensive plans and measures. The targets are independent of the power price level.

Note 38 continued

Strategic targets	Weight	Evaluation
Safety • Targets and measures comprise safety, the duty to prevent incidents and being a workplace with no injuries. • In the case of fatalities or severe permanent disabilities an achievement score of 0% is concluded for the target in full. Full bonus is achieved on TRI-rate below a predefined threshold.	10%	TRI-rate for 2021 was 3.6. Development of the TRI-rate is positive and a represent an improvement compared to the 2020 level. The Board of Directors evaluates the target achievement at 90% for 2021
Total cost of operations all technologies • Targets and measures comprise cost effective operations of all plants. • Target achievement is measured towards predefined cost values per kWh.	12%	Total cost of operations all technologies was somewhat below target level for 2021. The Board of Directors evaluates the target achievement at 40% for 2021
Market adjusted availability all technologies • Target to optimise the availability of the plants measured towards when it is most profitable to produce. • Target achievement is measured towards predefined availability thresholds.	12%	Market adjusted availability all technologies was 91.1% for 2021. Result is below threshold and lower than previous years. Reduced availability was mainly related to large refurbishment projects in Norway and replacement of components on wind farms. The Board of Directors evaluates the target achievement at 0% for 2021
Market operations • Added value from energy management and other market activities compared to the market. • Target achievement is measured towards predefined profitability thresholds.	14%	Market operations delivered a negative result for 2021. The trading and origination business contributed with positive results. A negative overall result for market operations is related to losses from the dynamic asset management portfolios. The Board of Directors evaluates the target achievement at 0% for 2021
Hydropower • Added value from the Norwegian hydropower portfolio. • Target achievement is measured as the added value in percent created relative to competitors in Norway, hence the achievement is independent of the price level itself.	7%	Added value from the Norwegian hydropower portfolio in terms of percent created relative to competitors in Norway was for 2021 on a very good level. The Board of Directors evaluates the target achievement at 100% for 2021
Growth • Targets and measures comprise growth in International power and European wind and solar power. • Target achievement is measured towards strategic growth targets and related targets in MW for projects that has passed investment or acquisition decision. • Full bonus is achieved on principal investment decision above a predefined level.	10%	Principal investment decision meeting portfolio target level was achieved. The Board of Directors evaluates the target achievement at 100% for 2021
Structural development • Targets and measures comprise growth opportunities for the Group.	15%	A range of growth opportunities was discussed and evaluated in 2021. The Board of Directors evaluates the target achievement at 40% for 2021
People and Organisation • Targets and measures comprise capacity building and a high performing organisation to enable good operations and future growth. • Target achievement is related to measurable criteria's as diversity and inclusion as well as the annual employee satisfaction survey, in combination with a discretionary evaluation.	15%	The annual employee satisfaction survey response rate was at 90%. Results reveal a highly motivated workforce and an average score above the Mercer Sirota Global Top Quartile (25% best companies globally) within eight categories. Other surveys conducted state 75% of employees find Statkraft leaders as role models on inclusion. 2021 further included a successful integration of Solarcentury. The Board of Directors evaluates the target achievement at 90% for 2021
External reputation • Targets and measures to strengthen the external reputation of the company. • Target achievement is subject to a discretionary evaluation and the board emphasize the CEO's engagement to strengthen company external reputation.	5%	Statkraft successfully conducted the "Framtiden bestemmer" campaign. The CEO has further contributed in positioning Statkraft through his overall active engagement. The Board of Directors evaluates the target achievement at 90% for 2021
Total target weight and achievement 2021	100%	Total, weighted target achievement: 55% for 2021

Note 38 continued

The Board of Directors performance and assessment of the CEO - 2021

The Board of Directors have in their 2021 performance assessment of the CEO seen target achievements distributed above, at and below predefined target thresholds. The TRI-rate on safety is marginally above threshold for full bonus achievement, however also representing a positive development compared to 2020. Added value from Norwegian hydropower, in terms of percent created value relative to competitors in Norway was at a very good level and the result on growth within wind and solar delivered well above target. The Board of Directors experience an organisation of highly motivated and engaged employees, and a positive development within diversity and inclusion. Further, a successful integration was achieved post the acquisition of Solarcentury, and the group has solid growth within both development and realisation of new projects. From the segment Market operations the trading and origination business contributed with a positive result, though Market operations experienced a negative overall result mainly related to losses from the dynamic asset management portfolios. Market adjusted availability for 2021 was at a lower level than previous years, mainly related to large refurbishment projects in Norway and replacement of components on wind power plants.

Main targets and related KPI's for the CEO for 2022 are decided by the Board of Directors as described below. All targets are independent of the power price level.

Targets for the CEO's variable pay - 2022	
Strategic targets	**Weight**
Safety	
• Targets and measures comprise safety, the duty to prevent incidents and being a workplace with no injuries. • In the case of fatalities or severe permanent disabilities an achievement score of 0% is concluded for the target in full. Full bonus is achieved on TRI-rate below a predefined threshold, and high engagement score among leaders and employees within the safety area.	15%
Total cost of operations all technologies	
• Targets and measures comprise cost effective operations of all plants. • Target achievement is measured towards predefined cost values per kWh.	11%
Market adjusted availability all technologies	
• Target to optimise the availability of the plants measured towards when it is most profitable to produce. • Target achievement is measured towards predefined availability thresholds.	11%
Market operations, including DAMP	
• Added value from energy management and other market activities compared to the market. • Target achievement is measured towards predefined profitability criteria's.	12%
Hydropower	
• Added value from the Norwegian hydro power portfolio. • Target achievement is measured as the added value in percent created relative to competitors in Norway, hence the achievement is independent of the price level itself.	11%
Growth	
• Targets and measures comprise growth in International power and European wind and solar power. • Target achievement is measured towards strategic growth targets and related targets in MW for projects that has passed investment or acquisition decision. • Full bonus is achieved on investment decision above a predefined level.	10%
Structural development	
• Targets and measures comprise growth opportunities for the Group.	15%
People and Organisation	
• Targets and measures comprise capacity building and a high performing organisation to enable good operations and future growth. • Target achievement is related to measurable criteria's as diversity and inclusion as well as the annual employee satisfaction survey, in combination with a discretionary evaluation.	10%
External reputation	
• Targets and measures to strengthen the external reputation of the company. • Target achievement is subject to a discretionary evaluation and the board emphasize the CEO's engagement to strengthen company external reputation.	5%

Note 38 continued

Other variable elements
Other variable elements include arrangements with a company car, newspapers, phone and coverage of broadband communication in accordance with established standards.

Pension plans
For wholly owned Norwegian subsidiaries, Statkraft has established a defined contribution plan in Gjensidige Pensjonsforsikring AS and has a closed defined benefit plan in the Government Pension Fund (SPK).

The CEO, Christian Rynning-Tønnesen, has a retirement age of 67 years, and will receive a pension of 66% of his annual salary, provided that he has been part of SPK during the entire 30-year vesting period. The other corporate executives have a retirement age of 65 years at the earliest.

Statkraft established a pension scheme funded out of current income for income above 12G in 2003. The scheme included all employees with an annual salary above 12G, including the CEO and corporate executives. This scheme was closed to new employees in 2012. There is not established any new retirement pension scheme for annual salary over 12G, but an additional salary system has been established that can be used for supplementary private pension savings. Additional salary is set at 18% of ordinary salary above 12G. Group disability coverage relating to salaries above 12G has also been established.

Employees with a salary above 12G and date of hire prior to April 30 2012 kept their pension agreements in the closed pension scheme. This practice was also applied for internal promotions to corporate management. Statkraft changed this practice in 2017 so that internal promotions to corporate management from 2018 onwards demand an exit from the 12G pension arrangement. Members of the closed scheme for income above 12G included in 2021 the CEO and one member of corporate management.

Position change agreements
The CEO has an agreement regarding change of position after the age of 62. This is an agreement where, at any time after the employee has reached 62 years of age, the executive or the company has a mutual right to request to resign, or be requested to resign, from his executive position without further justification. If any of the parties exercise this right, the executive should be offered another position with a salary of 75% of the executive's pay – and working hours of up to 50% until the agreed-upon retirement age. The policy regarding executive remuneration has been amended and the arrangement is closed to new employees.

Severance arrangements
The mutual period of notice for the CEO is 6 months. For corporate executives, there is a mutual notice period of 3 months. After more than 2 years of employment, the employer's period of notice is 6 months.

For the CEO, and one member of corporate management, agreements have been signed guaranteeing a special severance pay from the employer if notice is given by the employer with a shorter deadline than mentioned above. The agreement waives the employee's rights in the Work Environment Act (Arbeidsmiljøloven) for protection against dismissal. If the employer uses this right of termination, the employee is entitled to a severance payment of up to 12 months' salary in excess of agreed notice period. The amount shall be paid monthly.

Severance pay shall be reduced according to established rules if the employee receives other income within the payment period. These agreements are entered into in accordance with the guidelines for the employment conditions of managers in state owned enterprises and companies of 28 June 2004. The policy regarding executive remuneration has been changed, and the arrangement is closed to new employees.

Terms for the CEO
Fixed salary paid to the CEO for 2022 is NOK 5 836 000, with other terms as set out in this statement.

Note 39 Related parties

GENERAL INFORMATION

All subsidiaries, associates and joint arrangements stated in note 26 and note 40 are related parties of Statkraft. Intercompany balances and transactions between consolidated companies are eliminated in Statkraft's consolidated financial statements and are not presented in this note.

The individuals stated in note 38 are members of the executive management or the Board of Directors and are also related parties of Statkraft.

The table below shows transactions with related parties classified as associates or joint ventures.

NOK million	2021	2020
Revenues	235	196
Expenses	150	151
Receivables at the end of the period	1 503	1 486
Liabilities at the end of the period	19	11

Significant transactions with the owner and companies controlled by the owner

The shares in Statkraft AS are all owned by Statkraft SF, which is a company wholly owned by the Norwegian State.

NOK million	2021	2020
Gross operating revenues and other income includes:		
Concessionary sales at statutory prices	418	402
Net operating revenues and other income includes:		
Energy purchases from Equinor	611	349
Transmission costs to Statnett	1 241	1 107
Operating expenses includes:		
Regulatory fees to Norwegian authorities	1 236	1 145
Financial expenses includes:		
Interest expenses to Statkraft SF	2	2
Income tax expenses includes:		
Payable income tax expense to Norwegian authorities	13 315	2 031
Proposed dividend to Statkraft SF	10 214	3 673

Transmission costs to Statnett are mainly grid tariff. The prices in this market are stipulated by the Norwegian Water Resources and Energy Directorate. Other transactions with related parties are conducted at commercial terms and conditions.

Except for interest-bearing debt and other current liabilities covered in notes 33 and 34, there are no other significant items between Statkraft AS and Statkraft SF in the statement of financial position.

Statkraft also has transactions and balances with other enterprises controlled by the Norwegian state, but their size, neither individually nor combined, have significance for Statkraft's financial statements.

Note 40 Consolidated companies

Name	Segment [1]	Country	Registered office	Parent company	Shareholding and voting share [2]
Statkraft France SAS	EF	France	Lyon	Statkraft Asset Holding AS	100.00%
Knapsack Power GmbH & Co KG	EF	Germany	Düsseldorf	Statkraft Holding Knapsack GmbH	100.00%
Knapsack Power Verwaltungs GmbH	EF	Germany	Düsseldorf	Knapsack Power GmbH & Co KG	100.00%
Statkraft Holding Herdecke GmbH	EF	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Holding Knapsack GmbH	EF	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Energi AS*	EF	Norway	Oslo	Statkraft AS	100.00%
Baltic Cable AB	EF	Sweden	Malmö	Statkraft Asset Holding AS	100.00%
Gidekraft AB	EF	Sweden	Stockholm	Statkraft Sverige AB	90.10%
Statkraft Sverige AB	EF	Sweden	Stockholm	Statkraft Asset Holding AS	100.00%
Rheidol 2008 Trustees Ltd.	EF	United Kingdom	London	Statkraft Energy Ltd.	100.00%
Statkraft Energy Ltd.	EF	United Kingdom	London	Statkraft UK Ltd.	100.00%
Statkraft Energia do Brasil Ltda.*	MO	Brazil	Florianopolis	Statkraft Investimentos Ltda.	100.00%
Statkraft (China) Energy Ltd.	MO	China	Beijing	Statkraft Markets B.V.	100.00%
Knapsack Power Admin GmbH	MO	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Germany GmbH	MO	Germany	Düsseldorf	Statkraft AS	100.00%
Statkraft Markets GmbH*	MO	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Solar Deutschland GmbH	MO	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Trading GmbH*	MO	Germany	Düsseldorf	Statkraft Markets GmbH	100.00%
Statkraft Markets Pvt. Ltd.	MO	India	New Delhi	Statkraft Holding Singapore Pte. Ltd.	100.00%
Statkraft US Holding AS*	MO	Norway	Oslo	Statkraft Asset Holding AS	100.00%
Statkraft Financial Energy AB	MO	Sweden	Stockholm	Statkraft AS	100.00%
Statkraft Markets B.V.	MO	The Netherlands	Amsterdam	Statkraft Asset Holding AS	100.00%
Statkraft Elektrik Enerjisi Toptan Satis Ltd. Sti.	MO	Turkey	Istanbul	Statkraft AS	100.00%
Bryt Energy Ltd.	MO	United Kingdom	Birmingham	Statkraft Pure Energy	100.00%
Bryt Energy Storage	MO	United Kingdom	Birmingham	Statkraft Pure Energy	100.00%
Statkraft Pure Energy Ltd.	MO	United Kingdom	Birmingham	Statkraft UK Ltd.	100.00%
Statkraft US LLC	MO	USA	San Francisco	Statkraft US Holding AS	100.00%
Devoll Hydropower Sh.A.	IP	Albania	Tirana	Statkraft Markets B.V.	100.00%
Statkraft Renewables Albania Sh.p.k.	IP	Albania	Tirana	Statkraft Markets B.V.	100.00%
Energen Energias Renováveis S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Esmeralda S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Macaúbas Energética S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Moinho S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Novo Horizonte Energética S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo I S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo II S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo III S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo IV S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo V S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo VI S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo VII S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo VIII S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo IX S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo X S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XI S.A.	IP	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XII S.A.	IP	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XIII S.A.	IP	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Oslo XIV S.A.	IP	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Santa Fé Energia S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Santa Laura S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Santa Rosa S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Seabra Energética S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Serra da Mangabeira S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Statkraft Comercialização de Energia S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Statkraft Energias Renováveis S.A.	IP	Brazil	Florianopolis	Statkraft Investimentos Ltda.	81.31%
Statkraft Investimentos Ltda.	IP	Brazil	Florianopolis	Statkraft Brasil AS	100.00%
Ventos de Santa Eugênia Energias Renováveis S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Ventos de São Vitorino S.A.	IP	Brazil	Florianopolis	Statkraft Energias Renováveis S.A.	100.00%
Morro Do Cruzeiro I S.A.	IP	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Morro Do Cruzeiro II S.A.	IP	Brazil	Florianópolis	Statkraft Energias Renováveis S.A.	100.00%
Chacabuco 18 Solar SpA	IP	Chile	Santiago	Solarcentury Projects SpA	100.00%
Empresa Eléctrica Pilmaiquén S.A.	IP	Chile	Santiago	Statkraft Chile Inversiones Eléctricas Ltda.	99.62%
Empresa Eléctrica Rucatayo S.A.	IP	Chile	Santiago	Empresa Eléctrica Pilmaiquén S.A.	100.00%
Parina Solar SpA	IP	Chile	Santiago	Solarcentury Projects SpA	100.00%
Pauna Solar SpA	IP	Chile	Santiago	Solarcentury Projects SpA	100.00%
Solarcentury Chile SpA	IP	Chile	Santiago	Solar Century Holdings Ltd.	100.00%
Solarcentury Projects SpA	IP	Chile	Santiago	SCH Projects Ltd.	100.00%
Statkraft Chile Inversiones Eléctricas Ltda.	IP	Chile	Santiago	Statkraft Holding Chile Pte. Ltd.	100.00%
Statkraft Chile Tinguiririca SCC	IP	Chile	Santiago	Statkraft Chile Inversiones Electricas Ltda.	100.00%
Statkraft Eólico S.A.	IP	Chile	Santiago	Statkraft Holding Chile Pte. Ltd.	100.00%
Tamarugo Solar SpA	IP	Chile	Santiago	Solarcentury Projects SpA	100.00%
Transrucatayo S.A.	IP	Chile	Santiago	Empresa Eléctrica Rucatayo S.A.	100.00%

Note 40 continued

Name	Segment [1]	Country	Registered office	Parent company	Shareholding and voting share [2]
Transrucatayo S.A.	IP	Chile	Santiago	Empresa Eléctrica Rucatayo S.A.	100.00%
Nellai Renewables Pvt. Ltd.	IP	India	New Delhi	Statkraft IH Holding AS	74.00%
Statkraft India Pvt. Ltd.	IP	India	New Delhi	Statkraft Holding Singapore Pte. Ltd.	100.00%
Tidong Power Generation Pvt. Ltd.	IP	India	Shimla	Statkraft IH Holding AS	100.00%
Himal Power Ltd.	IP	Nepal	Kathmandu	Statkraft Holding Singapore Pte. Ltd.	57.07%
Statkraft Brasil AS	IP	Norway	Oslo	Statkraft IH Invest AS	100.00%
Statkraft IH Holding AS	IP	Norway	Oslo	Statkraft IH Invest AS	100.00%
Statkraft IH Invest AS	IP	Norway	Oslo	Statkraft AS	100.00%
Inversiones Shaqsa S.A.C.	IP	Peru	Lima	Statkraft Peru S.A.	100.00%
Statkraft Peru Holding S.A.C.	IP	Peru	Lima	Statkraft Holding Peru Pte. Ltd.	100.00%
Statkraft Peru S.A.	IP	Peru	Lima	Statkraft Peru Holding S.AC.	100.00%
Statkraft Holding Chile Pte. Ltd.	IP	The Netherlands	Amsterdam	Statkraft Holding Singapore Pte. Ltd.	100.00%
Statkraft Holding Peru Pte. Ltd.	IP	The Netherlands	Amsterdam	Statkraft Holding Singapore Pte. Ltd.	100.00%
Statkraft Holding Singapore Pte. Ltd.	IP	The Netherlands	Amsterdam	Statkraft IH Holding AS	100.00%
Çakıt Enerji A.S.	IP	Turkey	Istanbul	Statkraft Enerij A.S.	100.00%
Kargi Kizirlmak Enerji A.S.	IP	Turkey	Istanbul	Statkraft Enerij A.S.	100.00%
Statkraft Enerji A.S.	IP	Turkey	Istanbul	Statkraft AS	100.00%
Energía de Guanacache S.A.	EWS	Argentina	Buenos Aires	Solar Century Argentina Holdco 2	98.00%
Inlight Energy S.A.	EWS	Argentina	Buenos Aires	Solar Century Argentina Holdco 1	98.00%
Pocito Solar Park S.A	EWS	Argentina	Buenos Aires	Solar Century Argentina Holdco 3	98.00%
Solargentum Solar Park S.A.	EWS	Argentina	Buenos Aires	Solar Century Argentina Holdco 4	98.00%
Fotovoltaico Dulima S.A.S	EWS	Colombia	Ibagué	Solarcentury Projects Latin America, S.A.	100.00%
Fotovoltaico Flandes S.A.S.	EWS	Colombia	Ibagué	Solarcentury Projects Latin America, S.A.	100.00%
Fotovoltaico Yuma S.A.S	EWS	Colombia	Ibagué	Solarcentury Projects Latin America, S.A.	100.00%
Solar century Alpha d.o.o.	EWS	Croatia	Zagreb	SCH Projects Ltd.	100.00%
Statkraft OIE d.o.o.	EWS	Croatia	Zagreb	SCH Projects Ltd.	100.00%
Pacifico Solar S.A. de C.V.	EWS	El Salvador	Colonia Escalon	Solarcentury Projects Latin America, S.A.	99.95%
Energie Eolienne Derval SNC	EWS	France	Lyon	SK Wind Gmbh & Co.KG	100.00%
Helioceres IV SAS	EWS	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 2 SAS	EWS	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 3 SAS	EWS	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 4 SAS	EWS	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
SC Centrale 5 SAS	EWS	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
Solarcentury France SAS	EWS	France	Lyon	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Renouvelables SAS	EWS	France	Lyon	Statkraft Asset Holding AS	100.00%
SK Wind GmbH & Co.KG	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 1 GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 1 Verwaltungs GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 2 GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Erneuerbare 2 Verwaltungs GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Holding Wind & Solar Deutschland	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Alte Schlag GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Alte Schlag Ver. GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Oedelsheim GmbH & Co. KG	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Oedelsheim Ver. GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Titz GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Titz Verwaltungs GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinse GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinse Verwaltungs GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinser Rücken GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Statkraft Windpark Zinser Rücken Ver. GmbH	EWS	Germany	Düsseldorf	Statkraft Germany GmbH	100.00%
Solarcentury Deutschland GmBH	EWS	Germany	Frankfurt am Main	Solar Century Holdings Ltd.	100.00%
SolarCentury Services Greece Single Member S.A.	EWS	Greece	Athens	Solar Century Holdings Ltd.	100.00%
SolarProject SC I Private Company	EWS	Greece	Athens	Solar Century Holdings Ltd.	85.00%
SolarProject SC II Private Company	EWS	Greece	Athens	Solar Century Holdings Ltd.	85.00%
SolarProject SC III Private Company	EWS	Greece	Athens	Solar Century Holdings Ltd.	85.00%
SolarProject Staat Vast III Single Member Private Company	EWS	Greece	Athens	Solar Century Holdings Ltd.	100.00%
Ballymacarney Renewable Energy Ltd	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Ballyvatta Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Behy Renewables Energy Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Boolyvannanan Renewable Energy Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Bore Array Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Cloghan Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Cloncant Renewable Energy Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Clonfad Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Coole Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Cregg Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Dernacart Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Dungeeha Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
East Laois Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Featherbed Lane Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Fossy Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Glencloosagh Energy Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Gorman Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Greenwire Transmission Pentir Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Greenwire Transmission South Wales Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Harristown Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Jupiter Energy Supply Company Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Kilcush Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Killeena Stability Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Kilpaddoge Green Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%

Note 40 continued

Name	Segment [1]	Country	Registered office	Parent company	Shareholding and voting share [2]
Kilsallaghan Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Mayne Stability Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Meath Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Moanvane Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Monaraha Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
North Irish Sea Array Windfarm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
North Kildare Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
North Meath Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Pinewood Wind Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Rathleague Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
South Meath Solar Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Sronagh Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Statkraft Asset Management Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Statkraft Development Projects Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Statkraft Ireland Ltd.	EWS	Ireland	Cork	Statkraft Asset Holding AS	100.00%
Statkraft Ireland Projects Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Taghadoe Energy Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Tomsallagh Solar Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Ummeras Wind Farm Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
WXD Energy Ltd.	EWS	Ireland	Cork	Statkraft Ireland Ltd.	100.00%
Winter Winds Ltd.	EWS	Ireland	Limerick	Statkraft Ireland Ltd.	100.00%
Cisterna di Latina Fotov.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Cupello Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Gobetto Solare S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Latina B Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Latina C Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Latina D Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Latina Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Melfi Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Montenero Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Pontinia A Fotovoalt. S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Pontinia B Fotovoalt. S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
Sessa Aurunca Fotovoltaico S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L	100.00%
SKI 01 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 02 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 03 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 04 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 05 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 06 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 07 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 08 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 09 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 10 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 11 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 12 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 13 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 14 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 15 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
SKI 16 S.R.L.	EWS	Italy	Milan	Statkraft Italia S.R.L.	100.00%
Solar Century FVGC 1 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 2 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 3 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 4 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 5 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 6 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 7 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 8 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 9 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 10 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Solar Century FVGC 11 S.R.L.	EWS	Italy	Milan	Solarcentury Project Holding Italia S.R.L.	100.00%
Statkraft Italia S.R.L.	EWS	Italy	Milan	Statkraft European Wind and Solar Holding AS	100.00%
Solarcentury Mexico	EWS	Mexico	Mexico City	Solar Century Holdings Ltd.	100.00%
Statkraft Vind Utvikling DA	EWS	Norway	Kristiansand	Statkraft AS	100.00%
Hitra Vind AS	EWS	Norway	Oslo	Statkraft AS	100.00%
Kjøllefjord Vind AS	EWS	Norway	Oslo	Statkraft AS	100.00%
Smøla Vind 2 AS	EWS	Norway	Oslo	Statkraft AS	100.00%
Statkraft European Wind and Solar Holding AS	EWS	Norway	Oslo	Statkraft AS	100.00%
Statkraft Vind Holding AS	EWS	Norway	Oslo	Statkraft AS	100.00%
Solarcentury Panama S.A.	EWS	Panama	Panama City	Solar Century Holdings Ltd.	100.00%
Solarcentury Projects Latin America, S.A.	EWS	Panama	Panama City	SCH Projects Ltd.	100.00%
Solarcentury Projects Panama S.A	EWS	Panama	Panama City	SCH Projects Ltd.	100.00%
Des. Ren. Iberia Alpha S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Beta S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Delta S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Dzeta S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Epsilon S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Gain S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Gamma S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Kappa S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Lambda S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%

Note 40 continued

Name	Segment [1]	Country	Registered office	Parent company	Shareholding and voting share [2]
Des. Ren. Iberia Lota S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Mem S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia My S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Ny S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Omega S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Omicron S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Pi S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Psi S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Rasha S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Rho S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Sade S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Sigma S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Taana S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Tau S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Theta S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Des. Ren. Iberia Xi S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Statkraft Development Spain S.L.U.	EWS	Spain	Madrid	Statkraft Spain S.L.U.	100.00%
Statkraft Spain S.L.U.	EWS	Spain	Madrid	Statkraft European Wind and Solar Holding AS	100.00%
Arada Solar, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
El Refugio Fotovoltaico, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Fotovoltaica El Casar S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Guadalsolar Uno, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Guadalsolar Dos, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Guadalsolar Tres, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Guadalsolar Cuatro, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Maragato HoldCo S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Maragato Solar Uno S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Maragato Solar Dos S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Maragato Solar Tres S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Maragato Solar Cuatro S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Maragato Solar Cinco S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Oroneta Solar, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Oropesa Solar, S.L.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	51.00%
Parpadeo Solar, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
PFV Albufera, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
PFV La Barraca, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
PFV Los Hierros, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
PFV Los Predios, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
PFV Pla de LLum, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
PFV Prado Gris, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Proyecto Fotovoltaico Tendetes, S.L.U.	EWS	Spain	Valencia	Statkraft Holdings España, S.L.U.	100.00%
Solar Century Holdings Ltd. Sucursal en España	EWS	Spain	Valencia	Solar Century Holdings Ltd.	100.00%
Statkraft Holding España S.L.U.	EWS	Spain	Valencia	SCH Projects Ltd.	100.00%
Statkraft Sverige Vind Elnät AB	EWS	Sweden	Stockholm	Statkraft Sverige Vind AB	100.00%
Statkraft Vind AB	EWS	Sweden	Stockholm	Statkraft Asset Holding AS	100.00%
Vindkraftnorr AB	EWS	Sweden	Stockholm	Statkraft Vind AB	100.00%
Ons Zonnepark A50 B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonneakker Schootseweide B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and solar holding AS	100.00%
Zonnepark A50 B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Blaakweg Harskamp B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Het Bossenbroek B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and solar holding AS	100.00%
Zonnepark Loenen Molenalle B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
Zonnepark Wenumse Veld B.V.	EWS	The Netherlands	Amsterdam	Statkraft Germany GmbH	100.00%
Zonnepark de Horst B.V.	EWS	The Netherlands	Amsterdam	Statkraft European Wind and Solar Holding AS	100.00%
SC Benelux HoldCo B.V.	EWS	The Netherlands	's-Hertogenbosch	SCH Projects Ltd.	100.00%
Statkraft Renewables Benelux B.V.	EWS	The Netherlands	's-Hertogenbosch	Solar Century Holdings Ltd.	100.00%
Zonnepark Bollendonk B.V	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Budel Dorplein II B.V.	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Ermelo Schaapsdijk B.V	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Hijken B.V.	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Houten Oostrumsdijkje B.V.	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Wilbertoord Noordstraat B.V.	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Winterswijk Arresveldweg B.V	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Zonnepark Winterswijk Masterveldweg B.V.	EWS	The Netherlands	's-Hertogenbosch	SC Benelux HoldCo B.V.	100.00%
Ackron Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Airvolution Clean Energy Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Artfield Forrest Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Balwen Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
BB2 Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Brake Shetland Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Bush Hill Stability Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Bylgja Energy Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Car Duibh Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Craig Watch Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Dulais Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Energy Isles Shetland Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Faughan Stability Ltd	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Keith Storage Solutions Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Knockronal Wind Farm Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Lister Drive Solutions Ltd	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%

Note 40 continued

Name	Segment [1]	Country	Registered office	Parent company	Shareholding and voting share [2]
Loch Laith Wind Farm Ltd	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Logi Energy Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
LyG SPV Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
SCH Projects Ltd.	EWS	United Kingdom	London	Solar Century Holdings Ltd.	100.00%
Slickly Wind Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Soay Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Solar Century Argentina Holdco 1 Ltd.	EWS	United Kingdom	London	SCH Projects Ltd.	100.00%
Solar Century Argentina Holdco 2 Ltd.	EWS	United Kingdom	London	SCH Projects Ltd.	100.00%
Solar Century Argentina Holdco 3 Ltd.	EWS	United Kingdom	London	SCH Projects Ltd.	100.00%
Solar Century Argentina Holdco 4 Ltd.	EWS	United Kingdom	London	SCH Projects Ltd.	100.00%
Solar Century Argentina Holdco 5 Ltd.	EWS	United Kingdom	London	SCH Projects Ltd.	100.00%
Solar Century Holdings Ltd.	EWS	United Kingdom	London	Statkraft European Wind and Solar Holding AS	100.00%
Stargoose Clean Energy Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Statkraft Solar 1 Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Statkraft UK Ltd.	EWS	United Kingdom	London	Statkraft AS	100.00%
Statkraft WindCo 1 Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Thornton Grid Solutions Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
Twentyshilling Ltd.	EWS	United Kingdom	London	Statkraft UK Ltd.	100.00%
West Andershaw Wind Farm Ltd.	EWS	United Kingdom	South Lanarkshire	Statkraft UK Ltd.	100.00%
Statkraft Varme AS	DH	Norway	Trondheim	Statkraft Energi AS	100.00%
Stjørdal Fjernvarme AS	DH	Norway	Trondheim	Statkraft Varme AS	85.00%
Statkraft Värme AB	DH	Sweden	Kungsbacka	Statkraft Asset Holding AS	100.00%
Sauland Kraftverk AS	IO	Norway	Hjartdal	Skagerak Kraft AS	67.00%
Statkraft Industrial Holding AS	IO	Norway	Oslo	Statkraft AS	100.00%
Gjuvåa Kraftverk AS	IO	Norway	Porsgrunn	Skagerak Kraft AS	100.00%
Grunnåi Kraftverk AS	IO	Norway	Porsgrunn	Skagerak Kraft AS	55.00%
Lede AS	IO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Skagerak Energi AS	IO	Norway	Porsgrunn	Statkraft Industrial Holding AS	66.62%
Skagerak Energipartner AS	IO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Skagerak Kraft AS	IO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Skagerak Varme AS	IO	Norway	Porsgrunn	Skagerak Energi AS	100.00%
Statkraft Brussel Sprl	OA	Belgium	Brussels	Statkraft AS	100.00%
Statkraft Treasury Centre SA	OA	Belgium	Brussels	Statkraft AS	100.00%
Mer Germany Holding GmbH	OA	Germany	Düsseldorf	Statkraft Mer Holding AS	100.00%
Statkraft Ventures GmbH	OA	Germany	Düsseldorf	Statkraft Ventures AS	100.00%
Mer Services Gmbh	OA	Germany	München	Mer Solutions Gmbh	100.00%
Mer Solutions Gmbh	OA	Germany	München	Statkraft Germany GmbH	100.00%
Mer Germany GmbH	OA	Germany	Teisnach	Mer Germany Holding GmbH	100.00%
Mer Norway AS	OA	Norway	Kristiansand	Statkraft Mer Holding AS	100.00%
Statkraft Asset Holding AS	OA	Norway	Oslo	Statkraft AS	100.00%
Statkraft Biofuel Holding AS	OA	Norway	Oslo	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Forsikring AS	OA	Norway	Oslo	Statkraft AS	100.00%
Statkraft Green Ammonia Holding 1 AS	OA	Norway	Oslo	Statkraft European Wind and Solar Holding AS	100.00%
Statkraft Mer Holding AS	OA	Norway	Oslo	Statkraft AS	100.00%
Statkraft Tofte AS	OA	Norway	Oslo	Statkraft Energi AS	100.00%
Statkraft Ventures AS	OA	Norway	Oslo	Statkraft Asset Holding AS	100.00%
Mer Sweden AB	OA	Sweden	Stockholm	Statkraft Mer Sweden Holding AB	51.00%
Mer Sweden Holding AB	OA	Sweden	Stockholm	Statkraft Mer Holding AS	100.00%
Statkraft Hydrogen Sweden AB	OA	Sweden	Stockholm	Statkraft European Wind and Solar Holding AS	100.00%
Mer Charging UK Ltd.	OA	United Kingdom	London	Mer UK Holding Ltd.	100.00%
Mer UK Holding Ltd.	OA	United Kingdom	London	Statkraft Mer Holding AS	100.00%

* This is a multisegment company, but only the main segment is displayed.

1) EF: European flexible generation, MO: Market operations, IP: International power, EWS: European wind and solar, DH: District heating, IO: Industrial ownership, OA: Other activities.

2) Shareholding share applies for the parent company listed here.

Statkraft AS Financial Statements

Income statement

Statkraft AS parent company

NOK million	Note	2021	2020
Operating revenues	26	1 666	1 418
Salaries and payroll costs	7, 8	-1 041	-942
Depreciations and amortisations	12, 13	-29	-36
Other operating expenses	9, 25, 26	-1 412	-1 187
Operating expenses		-2 482	-2 166
Operating profit/loss (EBIT)		-816	-748
Income from investments in subsidiaries	10, 26	9 149	3 345
Financial income	10, 26	591	591
Financial costs	10, 26	-489	-688
Net realised and unrealised securities	10, 26	348	662
Net realised and unrealised currency and derivatives	10	1 797	-1 847
Net financial items		11 396	2 063
Profit/loss before tax		10 580	1 315
Tax expense	11	-385	-2 148
Net profit/loss		10 195	-833
Appropriation of net profit/loss and equity transfers			
Dividends payable	19	10 214	3 673
Transfer to/from retained earnings	19	-19	-4 506

Statement of Financial Position
Statkraft AS parent company

NOK million	Note	31.12.2021	31.12.2020
ASSETS			
Deferred tax asset	11	303	231
Intangible assets	12	62	-
Property, plant and equipment	13	202	194
Investments in subsidiaries	14	105 277	103 176
Derivatives	15, 26	5	159
Other non-current assets	16, 26	14 811	20 310
Non-current assets		120 660	124 070
Receivables	17, 26	15 304	4 562
Derivatives	15, 26	391	446
Cash and cash equivalents	18	30 028	8 031
Current assets		45 723	13 039
Assets		166 383	137 109
EQUITY AND LIABILITIES			
Paid-in capital	19	56 402	56 402
Retained earnings	19	19 643	19 880
Equity		76 045	76 282
Pension liabilities	8	1 498	1 212
Bond and bank debt	5, 21, 26	15 678	25 201
Derivatives	15, 26	87	379
Other non-current liabilities	20	4 127	4 367
Non-current liabilities		21 390	31 159
Commercial papers, bond and bank debt	5, 21, 26	18 181	2 371
Taxes payable	11	345	-
Derivatives	15, 26	304	371
Other current liabilities	22, 26	50 118	26 926
Current liabilities		68 948	29 668
Equity and liabilities		166 383	137 109

Statement of Cash Flow
Statkraft AS parent company

NOK million	Note	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss before tax		10 580	1 315
Depreciations and amortisations	12, 13	29	36
Write-downs/reversal of write-downs from previous years	10	-423	-645
Gain/loss on sale of shares		67	-17
Unrealised changes in value		-950	94
Changes in non-current items		281	918
Changes in other current items		251	-187
Booked income from dividend and group contribution with no cash effects		-9 149	-3 240
Group contribution and dividend received		3 240	7 339
Income taxes paid	11, 23	-44	-2 105
Cash flow from operating activities (A)		3 882	3 509
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment and intangible assets		-99	-30
Loans to subsidiaries		-	-5 800
Repayment of loans from subsidiaries		-2	5 616
Investments in subsidiaries		-2 878	-9 304
Capital reduction in subsidiaries		-	341
Divestments of shares		1 133	21
Cash flow from investing activities (B)		-1 846	-9 156
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in cash pool debt		15 899	9 120
New debt		11 369	2 954
Repayment of debt		-3 634	-3 812
Dividend paid		-3 673	-6 362
Cash flow from financing activities (C)		19 961	1 899
Net change in cash and cash equivalents (A)+(B)+(C)		21 997	-3 748
Cash and cash equivalents 01.01	18	8 031	11 779
Cash and cash equivalents 31.12	18	30 028	8 031
Unused commited credit lines		9 167	9 167
Unused overdraft facilities		2 000	2 000

SIGNIFICANT ACCOUNTING POLICIES

The cash flow statement has been prepared using the indirect method. The statement starts with the company's result for the year in order to show cash flow generated by regular operating, investing and financing activities respectively.

Notes
Statkraft AS parent company

Index of notes to Statkraft AS parent company financial statements

		Page
General		
Note 1	Significant accounting policies	184
Note 2	Subsequent events	185
Note 3	Transactions and other significant agreements	185
Financial risk and instruments		
Note 4	Market risk	186
Note 5	Analysis of market risk	188
Note 6	Hedge accounting	189
Income statement		
Note 7	Salaries and payroll costs	189
Note 8	Pensions	190
Note 9	Other operating expenses	191
Note 10	Financial items	192
Note 11	Income taxes	193

		Page
Statement of financial position		
Note 12	Intangible assets	194
Note 13	Property, plant and equipment	195
Note 14	Shares in subsidiaries and associates	196
Note 15	Derivatives	197
Note 16	Other non-current assets	198
Note 17	Receivables	198
Note 18	Cash and cash equivalents	199
Note 19	Equity	199
Note 20	Other non-current liabilities	199
Note 21	Interest-bearing liabilities	200
Note 22	Other current liabilities	200
Other information		
Note 23	Disputes, contingencies and uncertain tax positions	200
Note 24	Obligations and guarantees	201
Note 25	Fees paid to external auditors	202
Note 26	Related parties	202

Note 1 Significant accounting policies

GENERAL INFORMATION

The annual accounts for Statkraft AS have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway (Norwegian GAAP).

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies:

• Statement of cash flow	
• Hedge accounting	Note 6
• Pensions	Note 8
• Income taxes	Note 11
• Intangible assets	Note 12
• Property, plant and equipment	Note 13
• Investment in subsidiaries	Note 14
• Derivatives	Note 15
• Other non-current assets	Note 16
• Receivables	Note 17
• Cash and cash equivalents	Note 18
• Interest-bearing liabilities	Note 21

VALUATION AND CLASSIFICATION PRINCIPLES

Uncertainties in estimates The accounts are based on assumptions and estimates that affect the book value of assets, liabilities, income and expenses. The best estimate at the time when the accounts are rendered form the basis, but the actual figures may deviate from the initial estimates.

Principles for recognition of income and expensing of costs Recognition of revenues from sale of goods and services takes place when earned, whilst expensing of costs takes place in accordance with the accrual principle.

Gains/losses from sale of property, plant and equipment are treated as operating revenues or expenses.

Classification and valuation of assets and debt Assets intended for lasting ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that will be repaid within 12 months are classified as current assets. Corresponding criteria's are used to classify current and non-current liabilities.

Fixed assets are valued at cost, but are impaired when the reduction in value is not expected to be transitory. Impairment is reversed when the basis for the impairment no longer exists. Fixed assets with limited useful economic life are depreciated according to schedule.

Current assets are valued at the lower of cost and fair value. Short-term loans are recognised in the balance sheet at the nominal received amount at the time of establishment.

Contingent liabilities Contingent liabilities are recognised if settlement is more likely than not. Best estimates are used when calculating settlement value.

Foreign currency Monetary items denominated in foreign currency are valued at the exchange rate on the balance sheet date. Realised and unrealised currency effects are presented as net in the financial statements. Transactions denominated in foreign currency are translated using the exchange rate at the transaction date.

COMPARABLE FIGURES AND RECLASSIFICATIONS

The income statement, statement of financial position and statement of cash flow and notes provide comparable information in respect of the previous period. The following changes in comparable figures have been made for 2021:

Presentation of bond and bank debt Liabilities related to bonds and bank debt have previously been presented as interest-bearing liabilities in the statement of financial position. From 2021 these are presented as Bond and bank debt. Comparable figures have been restated with NOK 25 201 million for non-current and NOK 2371 million for current.

Presentation of liabilities related to cash collateral Liabilities related to cash collateral have previously been presented as current interest-bearing liabilities in the statement of financial position. From 2021 these are presented as Other current liabilities. Comparable figures have been restated with NOK 1246 million.

Presentation of group cash pooling debt Liabilities related to group cash pooling debt have previously been presented as current interest-bearing liabilities in the statement of financial position. From 2021 these are presented as Other current liabilities. Comparable figures have been restated with NOK 21 028 million.

Presentation of debt to Statkraft SF Debt to Statkraft SF has previously been presented as current interest-bearing liabilities in the statement of financial position. From 2021 these are presented as Other current liabilities. Comparable figures have been restated with NOK 200 million.

Note 2 Subsequent events

There have been no significant subsequent events.

Note 3 Transactions and other significant agreements

2021: Statkraft AS has sold its shares in Roan Vind Holding AS to TrønderEnergi AS and Stadtwerke München GmbH for a cash consideration of NOK 1133 million. A loss of NOK 67 million has been recognised and is presented as part of Net financial items.

2020: Statkraft AS entered into two long-term power sales agreements with customers. Back-to-back agreements were entered into with Statkraft Energi AS transferring the risk and obligations of the power sales agreements to Statkraft Energi AS. These transactions are presented net in the income statement and statement of cash flow.

Statkraft Carbon Invest AS 100% owned by Statkraft AS was liquidated in 2020. The remaining cash of NOK 21 million was distributed to Statkraft AS. The excess cash received over the book value of shares of NOK 4 million was booked as gain on shares.

Statkraft AS bought the remaining 4.28% of the shares in Mer Norway AS and now owns 100% of the shares.

Note 4 Market risk

RISK AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS GENERALLY

The risk management policy is based upon assuming taking the right risk based on the Group's ability and willingness to take risks, expertise, financial strength and development plans. The purpose of risk management policy is to identify threats and opportunities for the Group, and to manage the risk within an acceptable level. The central Treasury function in Statkraft AS coordinates and manages the financial risks relating to currency, interest rates, credit and liquidity of the Group. A more detailed explanation of how these are managed will be provided in the following.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Statkraft is exposed to foreign exchange and interest rate risk. Statkraft uses interest rate and foreign currency derivatives in addition to debt in foreign currency to mitigate these risks. Funding, forwards and swaps in foreign currency in combination with interest rate swaps are used to achieve the desired currency and interest structure of the company's debt portfolio.

Statkraft's methods for managing these risks are described below:

Foreign exchange risk Statkraft AS manages the Group's currency risk. Statkraft incurs currency risk in the form of transaction risk, mainly in connection with sale of power, investments and divestments.

Statkraft's settlement currency at the Nordic power exchange Nord Pool is mainly euro, and the power contracts traded in the Nordic power exchange Nasdaq are denominated in euro. In addition, most of Statkraft's bilateral power sales agreements in Norway and all power purchase and sales abroad are denominated in foreign currency. The objective of Statkraft's currency hedging is to secure the values of the future cash flow in Norwegian kroner exposed to foreign exchange risk. Hedging of foreign exchange risk is primarily done by allocating appropriate volumes of currency debt to the relevant cash flows. The foreign exchange risk is subject to continuous assessment and treated in accordance with the Group Treasury strategy.

Interest rate risk Statkraft's interest rate exposure is mainly related to its debt portfolio. The management of interest rate risk is based on a balance of keeping interest cost low over time and contributing to stabilise the Group's cash flows with regards to interest rate changes. The interest rate risk is monitored by having duration as the measure. Statkraft shall at all times keep the average duration of its debt portfolio within the range of two to five years.

Compliance with the limit for currency and interest rate risk is followed up continuously by the middle-office function. Responsibility for entering into and following up the various positions has been delegated and allocated to separate organisational units.

Interest rate benchmark reform It is established a project in Statkraft that follows the development and prepares for the transition from Interbank offered rates (IBORs) to alternative risk-free reference rates (RFRs). During the year changes required to systems, processes and contracts have been identified and implemented.

The transition will take place at different points in time for different reference rates. GBP LIBOR ceased to be published at the end of 2021 and is replaced by Sterling Overnight Index Average (SONIA). One-week and two-month settings for USD LIBOR ceased at year end and the remaining settings will end 30 June 2023. USD LIBOR will be replaced by Secured Overnight Financing Rate (SOFR). The key difference between the rates is that IBORs are forward looking rates published at the beginning of a borrowing period, while RFRs are backward looking rates published each day in the borrowing period with final settlement of the rate two to five days before the end of the relevant borrowing period.

Statkraft's main exposure is interest rate swaps and cross-currency interest rate swaps referencing EURIBOR and NIBOR. There is no indication that EURIBOR and NIBOR will cease in the near future.

The benchmark reform is not expected to have material effects on the market value of the affected instruments.

LIQUIDITY RISK

The purpose of Statkraft' s liquidity management is to always secure fulfilment of payment obligations at all times. Statkraft has incorporated a separate target figure for short term liquidity to ensure that Statkraft has a satisfactory level of liquidity sources, consisting of cash and cash equivalents, short-term financial investments and unused committed credit facilities.

The liquidity risk is further mitigated through liquidity forecasts and access to different borrowing sources and markets. Statkraft plans for an evenly distributed debt redemption profile to keep refinancing risk low.

Statkraft issues debt primarily under its EUR 6.0 billion Euro Medium Term Note Programme listed on the Irish Stock Exchange. In addition, Statkraft has a backup facility of NOK 9.2 billion supported by the Group's core banks. The backup facility is maturing in 2023. Statkraft has an unused overdraft facility of NOK 2.0 billion which is also renewed on an annual basis.

The main cash outflows include the annual dividend payment, tax payments in addition to planned investments and margin requirements related to commodity trading and hedging and foreign exchange and interest rate hedging.

CREDIT RISK

Credit risk is the risk that Statkraft incurs losses due to the failure of counterparties to honour their financial obligations. Statkraft is facing credit risk when entering into transactions with financial institutions and corporates. Credit risk against financial institutions arises from cash or current account, deposit, investment of interest-bearing securities, derivative transactions and incoming guarantees.

Note 4 continued

Excess liquidity is defined as Cash and cash equivalents and is managed in a conservative manner with regard to credit risk, diversification and duration. Statkraft's excess liquidity is mainly held in Norwegian kroner and invested across various short-term financial instruments such as commercial papers, time deposits and bank deposits. Credit and duration limits are stipulated for each counterparty based on credit ratings and total assets.

As of 31 December 2021, approximately 28% of Statkraft's excess liquidity (including cash in subsidiaries participating in the cash pool) were held in time deposits, 1% in commercial paper and 71% in overnight bank deposits.

Statkraft AS has entered into agreements under which collateral is transferred or received based on the mark-to-market value of interest rate and foreign exchange derivatives between counterparties. Collateral is transferred or received on a weekly basis. Counterparty credit risk is significantly mitigated by collateral under these agreements.

CLIMATE RISK

Statkraft AS is directly exposed to climate change through its investments in subsidiaries, as changes in precipitation will change the average output from hydropower plants, as well as the increased fluctuations. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on the value and income from Statkraft AS' investments in subsidiaries. More information on climate risks and how these are managed can be found in the Sustainability Report.

COVID-19

The Covid-19 pandemic has caused increased market risk, but the effect on Statkraft's financial statements has so far been limited. Statkraft's management are closely monitoring the development of the pandemic and are continuously evaluating the long-term consequences for the company. It is not expected that the pandemic will have a significant effect on the company's operations in the long-term.

Note 5 Analysis of market risk

Specification of debt by currency [1]

NOK million	2021 Debt by currency before the effect of derivatives [2]	2021 Debt by currency adjusted for the effect of derivatives [3]	2020 Debt by currency before the effect of derivatives [2]	2020 Debt by currency adjusted for the effect of derivatives [3]
Debt in NOK [4]	7 250	401	3 050	-3 557
Debt in EUR [5]	26 609	30 205	24 521	26 196
Debt in USD	-	2 708	-	3 808
Debt in GBP	-	-	-	547
Total	33 859	33 314	27 571	26 994

[1] Management of foreign exchange risk and interest rate risk are presented in note 4.
[2] Includes bond debt, commercial papers and bank debt.
[3] Includes bond debt, commercial papers and bank debt, effects from allocated forward exchange rate contracts and combined interest rate and currency swaps since Statkraft AS uses these derivatives to achieve the desired currency structure for the debt portfolio.
[4] The negative figure in NOK reflects the effects from the use of allocated forward exhange contracts and combined interest rate and currency swaps.
[5] Comparable figures have been restated. NOK 1571 million of current debt has been added to debt in EUR.

Specification of interest by currency [1]

	2021 Interest by currency before the effect of derivatives [2]	2021 Interest by currency adjusted for the effect of derivatives [3]	2020 Interest by currency before the effect of derivatives [2]	2020 Interest by currency adjusted for the effect of derivatives [3]
Nominal average interest rate, NOK [4]	4.00%	n.a.	4.00%	n.a.
Nominal average interest rate, EUR	1.80%	0.70%	1.70%	0.80%
Nominal average interest rate, USD	n.a.	2.30%	n.a.	2.40%
Nominal average interest rate, GBP	n.a.	1.00%	n.a.	1.40%

[1] Management of foreign exchange risk and interest rate risk are presented in note 4.
[2] Includes bond debt, commercial papers and bank debt.
[3] Includes bond debt, commercial papers and bank debt, allocated forward exchange rate contracts, interest rate swaps and combined interest rate and currency swaps.
[4] Nominal average interest rate in NOK is not applicable because the figure is negative in the table Specification of debt by currency.

Fixed interest rate debt portfolio [1]

	Future interest rate adjustments				
NOK million	0-1 year	1–3 years	3–5 years	5 years and later	Total
Debt in NOK	-4 349	500	950	3 300	401
Debt in EUR	20 771	-12	2 489	6 956	30 205
Debt in USD	2 708	-	-	-	2 708
Debt in GBP	2 377	-	-832	-1 545	-
Total fixed interest 2021	21 508	488	2 607	8 711	33 314
Total fixed interest 2020 [2]	17 676	-1 699	3 241	7 776	26 994

[1] Includes bond debt, commercial papers and bank debt, the currency effect of allocated forward exchange rate contracts and the currency effect of combined interest rate and currency swaps. The split between years also take into account maturity of allocated forward exchange rate contracts, interest rate adjustments in interest rate swaps and combined interest rate and currency swaps. Negative figures reflect that Statkraft AS receives fixed interest from interest rate swaps.
[2] Comparable figures have been restated. NOK 1571 million of current debt has been added to debt with maturity in 0-1 year.

Repayment schedule

NOK million	0-1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and later	Total
Debt issued in the Norwegian market	6 500	-	-	450	-	300	7 250
Debt issued in non-Norwegian markets	11 682	4 983	-	4 986	-	4 959	26 609
Other debt	-	-	-	-	-	-	-
Currency effect of allocated forward exchange rate contracts and currency effects of combined interest rate and currency swaps	-545	-	-	-	-	-	-545
Total repayment schedule 2021	17 636	4 983	-	5 436	-	5 259	33 314
Total repayment schedule 2020 [1]	2 459	8 721	4 647	-	5 674	5 493	26 994

[1] Comparable figures have been restated. NOK 1571 million of current debt has been added to debt with maturity in 0-1 year.

Note 6 Hedge accounting

GENERAL INFORMATION

Fair value hedging Statkraft AS treats a loan arrangement as a fair value hedge. Issued bond has been designated as hedging object in the hedging relationship, and the associated interest rate swap has been designated as a hedging instrument.

The hedging object is an issued fixed-interest bond with a total nominal value of NOK 1500 million. The hedging instrument is an interest rate swap with a nominal value of NOK 1500 million, entered into with a major bank as the counterparty. The agreement swaps interest rate from fixed to floating 3-month NIBOR. The critical terms of the hedging object and hedging instrument are deemed to be approximately the same. The inefficiency is recognised in the income statement. The hedge expires in 2022.

SIGNIFICANT ACCOUNTING POLICIES

Hedging The accounting treatment of financial derivatives designated as hedging instruments is recorded in line with the principles for fair value hedging. In the event of hedging of assets or liabilities in the balance sheet, the derivative is recognised at fair value. The carrying value of the hedged asset or liability is adjusted for the value of the financial derivative's change in value which is related to hedged risk.

Fair value of hedging instruments

NOK million	2021	2020
Hedging instruments used in fair value hedging	3	69

Other information on fair value hedging

NOK million	2021	2020
Net gain (+)/loss (-) in income statement on hedging instruments	-72	-23
Net gain (+)/loss (-) in income statement on hedging objects, in relation to the hedged risk	72	24
Hedge inefficiency	-	1

Note 7 Salaries and payroll costs

NOK million	2021	2020
Salaries	684	631
Employers' national insurance contribution	127	109
Pension costs [1)]	132	122
Other benefits	98	80
Total	1 041	942

[1)] Pension costs are described in further detail in note 8.

See note 38 to the consolidated financial statements for further information on remuneration to the Chairman and the Board of Directors.

	2021	2020
Average number of full-time equivalents	588	536
Number of full-time equivalents as of 31.12	601	570

Note 8 Pensions

GENERAL INFORMATION

Statkraft AS is obligated to and fulfils the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

Defined contribution schemes A defined contribution scheme is a retirement benefit scheme where Statkraft AS pays fixed contributions to a fund manager without incurring further obligations for the company once the payment has been made.

Statkraft AS' pension scheme for new employees from 1 January 2014 is a defined contribution scheme. The contributions are 6% of the pensionable salary up to 7.1 of the National Insurance Scheme's basic amount (G), and 18% of the pensionable salary between 7.1G and 12G. In addition to retirement pensions, the contribution scheme also entails risk coverage and private early retirement pension (AFP).

Defined benefit schemes Defined benefit schemes are post-employment benefit plans other than defined contribution plans. These plans create obligations to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the company.

Funded defined benefit schemes in the National Pension Fund (SPK) Statkraft AS has organised their defined benefit scheme in the National Pension Fund (SPK). The scheme covers retirement, disability and survivor pensions. The scheme also offers early retirement from the age of 62 under the Norwegian early retirement pension scheme. Employees in the scheme participate in public service occupational schemes in accordance with the Norwegian Public Service Pension Fund Act, the Norwegian Public Pension Service Pension Fund Transfer Agreement and the regulatory framework governing public service pensions.

The retirement benefit for employees born before 1963 is set as a percentage of the employee's salary. At maximum accrual, the retirement scheme provides pension benefits amounting to 66% of pensionable salary, up to 12G.The scheme benefits are coordinated with the benefits provided by the Norwegian National Insurance Scheme. From 1 January 2020 employees born in 1963 or later earn retirement benefits as a supplement to pensions in the National Insurance System.

Statkraft AS pays an annual premium and is responsible for the financing of the scheme in the National Pension Fund (SPK). Pension benefits from the SPK are guaranteed by the Norwegian state (Section 1 of the Pension Act). The SPK scheme is not asset based, but management of the pension fund assets is simulated as though the assets were invested in Norwegian government bonds with 1, 3, 5 or 10-year duration, in addition to a small share in the Government Pension Fund Global. The pension benefit scheme in SPK was closed for new employees 1 January 2014.

Unfunded defined benefit schemes In addition to the above, Statkraft AS has entered into an additional pension agreement that provides all employees whose pensionable incomes exceed 12G with a retirement and disability pension equivalent to 66% of that portion of their pensionable income exceeding 12G. The agreement was closed 30 April 2012.

SIGNIFICANT ACCOUNTING POLICIES

The liability recognised in the balance sheet which relates to the defined benefit scheme is the present value of the future retirement benefits that are reduced by the fair value of the plan assets. Net pension fund assets for overfunded schemes are classified as non-current assets and recognised in the balance sheet at fair value. Net retirement benefit liabilities for underfunded schemes and non-funded schemes that are covered by operations are classified as long-term liabilities.

The net retirement benefit cost for the period is included under salaries and payroll costs, and comprises the total of the retirement benefits accrued during the period, the interest on the estimated liability and the ¬projected yield on pension fund assets. Gains and losses attributable to changes in actuarial assumptions or base data are recognised in equity.

ESTIMATES AND ASSUMPTIONS

The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. Present value of accrued pension entitlements for defined benefit schemes and present value of accrued pension entitlements for the year are calculated using the accrued benefits method. Net pension liabilities in the balance sheet are adjusted for expected future salary increases until retirement age. Calculations are based on staff numbers and salary data at the end of the year.

The discount rate The discount rate is based on high-quality corporate bonds (covered bonds – OMF). Statkraft AS of the opinion that the markets for covered bonds represent a deep and liquid market with relevant durations that qualify as a reference rate.

Actuarial gains Actuarial losses recognised in equity in 2021 are mainly due to increase in the assumption for salary adjustment and increase in the assumption for adjustment of the National Insurance Scheme's basic amount (G).

Note 8 continued

The following assumptions are used	31.12.2021	31.12.2020
Discount rate and expected return on pension assets	1.90%	1.70%
Salary adjustment	2.75%	2.25%
Adjustment of current pensions	1.75%	1.25%
Adjustment of the National Insurance Scheme's basic amount (G)	2.00%	2.00%
Demographic factors for mortality and disability	K2013/IR73	K2013/IR73

Members of defined benefit schemes	2021	2020
Employees	247	285
Pensioners and people with deferred entitlements	470	459

Pension cost recognised in the income statement

Defined benefit schemes

NOK million	2021	2020
Present value of accrued pension entitlements for the year	63	62
Interest costs	30	36
Expected return on pension assets	-14	-17
Employee contributions	-5	-5
Employer's national insurance contribution	10	11
Net pension cost defined benefit schemes	84	86

Defined contribution schemes

Employer's payments	48	35
Total pension costs	132	122

Breakdown of net defined benefit pension liability

NOK million	2021	2020
Present value of accrued pension entitlements for funded defined benefit schemes	1 755	1517
Fair value of pension assets	1 019	960
Net pension liability for funded defined benefit schemes	736	557
Present value of accrued pension entitlements for unfunded defined benefit schemes	577	505
Employer's national insurance contribution	185	150
Net pension liabilities	1 498	1212

Actuarial gains and losses recognised directly in equity

NOK million	2021	2020
Accumulated actuarial gains and losses recognised directly in equity before tax 31.12	825	546

Note 9 Other operating expenses

NOK million	2021	2020
Purchase of third-party services [1]	677	643
Materials	27	27
IT licenses and equipment	206	178
Miscellaneous [2]	502	341
Total	1 412	1 187

[1] Purchase of third-party services mainly includes consultants and other services.

[2] Miscellaneous includes marketing, travel expenses, insurance, rental, regulatory fees, Intercompany and freight

Note 10 Financial items

Income from investments in subsidiaries

NOK million	2021	2020
Dividend from group companies	8 649	695
Group contribution	500	2 650
Total	9 149	3 345

Financial income

NOK million	2021	2020
Interest income from group companies	395	407
Interest income	67	50
Other financial income from group companies	129	134
Total	591	591

Financial costs

NOK million	2021	2020
Interest expenses to group companies	-86	-64
Interest expenses external debt	-381	-346
Other financial costs [1]	-22	-278
Total	-489	-688

[1] 2020 includes NOK 256 million related to paid interest following tax reassessments for the years 2010-2016, see note 23.

Net realised and unrealised securities

NOK million	2021	2020
Impairments/reversal of impairments from previous years [1]	423	645
Gains and losses on securities, realised and unrealised	-75	17
Total	348	662

[1] In 2021, impairments/reversal of impairments from previous years are related to shares in Statkraft Vind Holding AS, Statkraft Enerji A.S. and Statkraft Vind Utvikling DA. Based on an updated valuation of Statkraft Vind Holding AS' ownership in Fosen Vind DA, the impairment from 2020 of NOK 605 million has been reversed. The value of shares in Statkraft Enerji A.S. has been impaired with NOK 171 million mainly based on currency effects in 2021, whereas a valuation of underlying assets and currency effects in 2020 prior years impairments of NOK 311 million were reversed. The value of shares in Statkraft Vind Utvikling DA has been impaired with NOK 10 million in 2021, based on reduced value of its assets.

Net realised and unrealised currency and derivatives

NOK million	2021	2020
Currency gains and losses, realised	961	-929
Currency gains and losses, unrealised	622	-1 013
Gains and losses derivatives, realised	-138	234
Gains and losses derivatives, unrealised	352	-139
Total	1 797	-1 847

Net financial items	11 396	2 063

Note 11 Income taxes

SIGNIFICANT ACCOUNTING POLICIES

Statkraft AS is subject to tax on profits that is calculated in accordance with ordinary tax rules. The tax charge in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. Deferred tax assets are only recognised in the balance sheet to the extent it is probable that the assets will be realised in the future. Tax related to equity transactions is recognised in equity.

The tax expense in the income statement

NOK million	2021	2020
Income tax payable [1]	345	-4
Withholding tax	3	8
Previous years payable tax expense	48	2 079
Change in deferred tax	-11	66
Tax expense in the income statement	385	2 148

Taxes payable (+)/tax receivable (-) in the balance sheet

NOK million	2021	2020
Income tax payable	345	3
Previous years tax receivable	-	-7
Taxes payable (+)/tax receivable in the balance sheet [1]	345	-4

Reconciliation of nominal tax rate and effective tax rate

NOK million	2021	2020
Profit before tax	10 580	1 315
Expected tax expense at a nominal rate of 22%	2 328	289
Effect on taxes of		
Tax-free income	-1 903	-157
Changes relating to previous years [2]	-	2 079
Withholding tax	3	8
Impairment/reversal of impairment previous years	-93	-142
Other permanent differences, net	50	70
Tax expense	385	2 148
Effective tax rate	4%	163%

Breakdown of deferred tax

NOK million	2021	2020
Current assets/current liabilities	162	-86
Derivatives	6	-146
Other long-term items	29	484
Property, plant and equipment	-78	-90
Pension liabilities	-1 498	-1 212
Total temporary differences and tax loss carry forward	-1 379	-1 050
Total deferred tax (+)/deferred tax asset (-)	-303	-231
Applied tax rate	22%	22%
Deferred tax (+)/deferred tax asset (-) as of 01.01	-231	-241
Recognised in income statement	-11	66
Recognised directly in equity	-61	-56
Deferred tax (+)/deferred tax asset (-) as of 31.12	-303	-231

[1] For 2020, NOK 3 million is related to tax payable from taxable income in 2020 and NOK 7 million is related to tax receivable from previous years paid tax recognised in 2020. Net amount is classified as receivable, see note 17.

[2] For 2020, NOK 2079 million relates to paid taxes following tax reassessments for the years 2010-2016, see note 23 for further information.

Note 12 Intangible assets

SIGNIFICANT ACCOUNTING POLICIES

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets are recognised in the balance sheet when it is probable that the asset will generate future economic benefits and the costs can be measured reliably.

Research expenditures are expensed as incurred. Development costs are capitalised to the extent that a future economic benefit can be identified from the development of an identifiable intangible asset.

NOK million	Software and licenses	Assets under development[1)]	Total
2021			
Balance as of 01.01	-	-	-
Additions	5	52	57
Reclassifications	2	3	5
Transfer between asset classes	1	-1	-
Amortisations	-1	-	-1
Balance at 31.12	8	54	62
Cost 31.12	11	54	65
Accumulated amortisations and impairments as of 31.12	-3	-	-3
Balance as of 31.12	8	54	62
Period of amortisation	3 years		

[1)] Intangible assets under development are related to IT systems.

Note 13 Property, plant and equipment

SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment are recognised in the balance sheet and depreciated on a straight-line basis from the time the property, plant or equipment starts regular operations. The acquisition cost consists solely of directly attributable costs.

NOK million	Buildings, office equipment and other	Assets under construction	Total
2021			
Balance as of 01.01	190	4	**194**
Additions	38	3	**41**
Reclassifications	-2	-3	**-5**
Transfer between asset classes	1	-1	**-**
Depreciations	-28	-	**-28**
Balance as of 31.12	199	3	**202**
Cost 31.12	655	3	**658**
Accumulated depreciations and impairments as of 31.12	-456	-	**-456**
Balance as of 31.12	199	3	**202**
Period of depreciation	3–75 years		

NOK million	Buildings, office equipment and other	Assets under construction	Total
2020			
Balance as of 01.01	191	9	200
Additions	26	4	30
Transfer between asset classes	9	-9	-
Depreciations	-36	-	-36
Balance as of 31.12	190	4	194
Cost 31.12	622	4	626
Accumulated depreciations and impairments as of 31.12	-432	-	-432
Balance as of 31.12	190	4	194
Period of depreciation	3–75 years		

Note 14 Shares in subsidiaries and associates

SIGNIFICANT ACCOUNTING POLICIES

Investment in subsidiaries and associated companies Subsidiaries are companies where Statkraft AS has controlling influence over financial and operational principles. Controlling influence is normally achieved when the company owns more than 50% of the voting shares. Associated companies are companies where Statkraft AS has significant influence. Significant influence is normally deemed to exist where the company owns or controls from 20 to 50% of the voting shares.

The investment is valued at cost for the shares unless impairment has been necessary. Impairment is done when the reduction in value is due to reasons that cannot be considered transitory. Impairment is reversed when the basis for the impairment no longer exists.

Dividends and group contributions received are recognised as income in the same year as allocated by the subsidiary, while dividends from other companies are recognised in accordance with the cash principle. If the dividend exceeds the share of retained profits after the purchase, the excess part represents repayment of invested capital and the disbursements received are deducted from the value of the investment in the balance sheet.

NOK million	Country	Registered office	Shareholding and voting share	Equity 31.12.2021 [1]	Net profit 2021 [1]	Carrying value
Shares in subsidiaries						
Statkraft Brussels SPRL	Belgium	Brussels	99.90%	1	-	1
Statkraft Treasury Centre SA	Belgium	Brussels	100.00%	19	-1	1
Statkraft Germany GmbH	Germany	Düsseldorf	100.00%	9 662	-955	12 070
Statkraft Mer Holding AS [2]	Norway	Kristiansand	100.00%	1 786	-33	1 777
Hitra Vind AS	Norway	Oslo	100.00%	116	28	95
Kjøllefjord Vind AS	Norway	Oslo	100.00%	96	10	102
Smøla Vind 2 AS	Norway	Oslo	100.00%	261	72	150
Statkraft Asset Holding AS	Norway	Oslo	100.00%	34 563	1 799	27 747
Statkraft Energi AS	Norway	Oslo	100.00%	13 872	4 744	14 294
Statkraft European Wind and Solar Holding AS	Norway	Oslo	100.00%	3 504	-165	3 653
Statkraft Forsikring AS	Norway	Oslo	100.00%	489	30	80
Statkraft IH Invest AS	Norway	Oslo	100.00%	16 893	1	18 647
Statkraft Industrial Holding AS	Norway	Oslo	100.00%	13 378	1 084	17 613
Statkraft Vind Holding AS	Norway	Oslo	100.00%	4 277	674	4 060
Statkraft Vind Utvikling DA [3]	Norway	Oslo	62.00%	1	-1	1
Statkraft Financial Energy AB	Sweden	Stockholm	100.00%	32	4	1
Statkraft Elektrik Enerjisi Toptan Satıs¸ Ltd. Sirketi	Turkey	Istanbul	100.00%	9	-	53
Statkraft Enerji A.S.	Turkey	Istanbul	100.00%	952	436	2 317
Statkraft UK Ltd.	United Kingdom	London	100.00%	5 161	890	2 616
Total subsidiaries						105 277

[1] Based on preliminary unaudited financial statements 2021.

[2] Ownership of Statkraft Mer Norway AS is moved to Statkraft Mer Holding AS in 2021 as non cash contribution.

[3] Statkraft Asset Holding AS owns the remaining 38% of Statkraft Vind Utvikling DA.

Note 15 Derivatives

GENERAL INFORMATION

Statkraft AS trades in financial derivatives for different purposes, and the accounting treatment will depend on the purpose as described below.

SIGNIFICANT ACCOUNTING POLICIES

Interest rate derivatives Statkraft AS uses interest rate derivatives to balance interest rate exposure to the Group's debt portfolio. Recognition of gains and losses depends on whether the interest rate derivative has been classified as a hedging instrument. Interest rate derivatives that are not hedging instruments are recorded in accordance with the lowest value principle, while interest rate derivatives that are defined as hedging instruments are recognised at fair value. Interest rate derivatives are classified as non-current assets or non-current liabilities if the remaining duration is longer than one year, and as non-current liabilities if classified as hedging instrument irrespective of remaining duration.

Currency derivatives In order to hedge against fluctuations in the foreign currency rates, Statkraft AS uses currency derivatives in line with approved treasury strategy. Forward exchange rate contracts are valued at fair value. Changes in value are recorded in the income statement as net realised and unrealised currency and derivatives. Combined interest rate and currency swaps are recorded in accordance with the lowest value principle.

ESTIMATES AND ASSUMPTIONS

The fair value of interest rate swaps, as well as combined interest rate and currency swaps, is determined by discounting expected future cash flows to present value through use of observed market interest rates and quoted exchange rates from European Central Bank (ECB). The valuation of forward currency exchange contracts is based on quoted exchange rates, from which the forward exchange rate is extrapolated. Estimated present value is subject to a test of reasonableness against calculations made by the counterparties to the contracts.

The interest rate swaps, including the interest portion of combined interest rate and currency swaps, are part of risk management and are accounted for as hedging or at the lowest value principle, depending on whether the requirements for hedge accounting are achieved.

Currency and interest rate agreements

Carrying value and fair value of currency and interest rate derivatives:

	31.12.2021		31.12.2020	
Derivatives – non-current assets NOK million	Carrying Value	Fair value [1]	Carrying Value	Fair value [1]
Currency and interest rate derivatives				
Interest rate swaps	-	256	-	602
Forward exchange rate contracts	5	5	159	159
Combined interest rate and currency swaps	-	-	-	687
Total	5	261	159	1 448
Derivatives – current assets				
NOK million				
Currency and interest rate derivatives				
Interest rate swaps	-	147	-	7
Forward exchange rate contracts	391	391	446	446
Combined interest rate and currency swaps	-	539	-	-
Total	391	1 077	446	453
Derivatives – non-current liabilities				
NOK million				
Currency and interest rate derivatives				
Interest rate swaps	71	71	364	364
Forward exchange rate contracts	16	16	15	15
Combined interest rate and currency swaps	-	-	-	-
Total	87	87	379	379
Derivatives – current liabilities				
NOK million				
Currency and interest rate derivatives				
Interest rate swaps	6	6	17	17
Forward exchange rate contracts	235	235	244	244
Combined interest rate and currency swaps	63	63	110	110
Total	304	304	371	371

[1] Fair value does not include accrued interests.

Note 16 Other non-current assets

SIGNIFICANT ACCOUNTING POLICIES

Long-term share investments and shareholdings All long-term investments are treated in accordance with the lowest value principle.

NOK million	2021	2020
Loans to group companies	10 750	15 491
Non-current receivables related to long-term power sales agreements [1]	4 052	4 367
Other shares and securities	6	22
Other non-current assets [2]	4	430
Total	14 811	20 310

[1] Back-to-back agreements with Statkraft Energi AS related to prepayments of long term power sales. See note 20.

[2] In 2020 Other non-current assets consists of NOK 430 million related to the deferred positive value of a novated interest rate swap contract. The amount is recognised on a linear basis over the remaining time to maturity as financial costs.

Note 17 Receivables

SIGNIFICANT ACCOUNTING POLICIES

Accounts receivable and other receivables are recognised at nominal value after the deduction of expected loss. Loss allocations are made on the basis of individual evaluations of each receivable.

NOK million	2021	2020
Accounts receivable	23	15
Receivables related to cash collateral	39	125
Group cash receivables	597	85
Short-term receivables from group companies [1]	4 770	594
Dividend and Group contribution from subsidiaries	9 149	3 240
Short-term receivables related to long-term power sales agreements [2]	316	316
Tax receivable [3]	-	4
Other receivables [4]	410	183
Total	15 304	4 562

[1] Consists mainly of short-term loans.

[2] Back-to-back agreements with Statkraft Energi AS related to prepayments of long term power sales. See note 22.

[3] See note 11 for breakdown of amount.

[4] Other receivables consists of 205 million related to the deferred positive value of a novated interest swap contract. The amount is recognised on a linear basis over the remaining time to maturity as financial cost.

As of 31 December 2021 no provision for bad debt has been identified.

Note 18 Cash and cash equivalents

SIGNIFICANT ACCOUNTING POLICIES

The line item cash and cash equivalents also includes commercial papers and bonds with short residual terms at the time of acquisition. Cash pool deposits and loans to subsidiaries are reported as net values, and the corresponding items are classified gross either as cash pool receivable or cash pool debt (note 17 and 22).

NOK million	2021	2020
Cash and cash deposits	29 728	8 031
Commercial papers and other interest-bearing securities	300	-
Total	30 028	8 031

Statkraft AS has unused committed credit lines of NOK 9 167 million and unused overdraft facilities of NOK 2 000 million.

Note 19 Equity

	Paid-in capital			
NOK million	Share capital	Share premium account	Retained earnings	Total equity
Equity as of 01.01.20	33 600	22 802	24 582	80 984
Profit/loss for 2020	-	-	-833	-833
Actuarial gains/losses pensions	-	-	-197	-197
Dividends 2020	-	-	-3 673	-3 673
Equity as of 31.12.20	33 600	22 802	19 879	76 282
Profit/loss for 2021	-	-	10 195	10 195
Actuarial gains/losses pensions	-	-	-217	-217
Dividends 2021	-	-	-10 214	-10 214
Equity as of 31.12.21	33 600	22 802	19 643	76 045

The parent company has a share capital of NOK 33.6 billion, divided into 200 million shares, each with a par value of NOK 168. All shares have the same voting rights and are owned by Statkraft SF, which is a Norwegian state-owned company, established and domiciled in Norway. Statkraft SF is wholly owned by the Norwegian state, through the Ministry of Trade, Industry and Fisheries.

Note 20 Other non-current liabilities

NOK million	2021	2020
Prepayments related to long-term power sales agreements	4 052	4 367
Other non-current liabilities	75	-
Total	4 127	4 367

Note 21 Interest-bearing liabilities

SIGNIFICANT ACCOUNTING POLICIES

Non-current liabilities Funding costs and premiums or discount are recognised in accordance with the effective interest rate method (amortised cost). The first year's ¬repayments relating to long-term debt are presented as current liabilities.

Current liabilities Market settlements for derivatives connected with financial activities (cash collateral) are recognised in the balance sheet as receivable or current liabilities. Cash collateral is a transfer to/from counterparties as security for the net unrealised gains and losses that Statkraft AS has on interest rate swaps, combined interest rate and currency swaps and forward exchange contracts (see also note 17).

Repurchase of debt Repurchase of issued bonds are recognised as repayment of debt and any gain or loss is recognised up front in the net financial items.

NOK million	2021	2020
Current interest-bearing liabilities [1]		
Bond debt and commercial papers	13 487	800
Group cash debt	37 525	21 028
Cash collateral	958	1 246
Debt to Statkraft SF	200	200
Bank debt	4 695	1 571
Total	56 865	24 845
Non-current interest-bearing liabilities [1]		
Bonds issued in the Norwegian market	750	2 251
Bonds issued in non-Norwegian markets	14 928	22 950
Total	15 678	25 201
Total interest-bearing liabilities	72 542	50 046

[1] Comparable figures have been restated. See note 1.

Note 22 Other current liabilities

NOK million	2021	2020
Accounts payable	351	87
Accounts payable group companies	50	24
Indirect taxes payable	69	66
Debt to Statkraft SF	200	200
Dividends payable	10 214	3 673
Prepayments related to long-term power sales agreements	316	316
Group cash debt	37 525	21 028
Accrued interest-free liabilities	309	156
Accrued interest related to long-term debt	126	131
Cash collateral	958	1 246
Total	50 118	26 926
Of which interest-bearing liabilities	38 683	22 474

Note 23 Disputes, contingencies and uncertain tax positions

On 3rd and 12th of March 2020, Statkraft AS received decisions of tax reassessment from the Norwegian tax authorities. The decisions regard the income tax return for the fiscal years 2010-2016 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. The main issue relates to STC's capital structure and its compliance with the arm's length principle. Statkraft strongly disagrees that there is a legal basis for any reassessment and has made no provisions related to this case in the Group consolidated financial statements which is prepared under IFRS. Although no provision has been made according to IFRS, Statkraft AS has paid NOK 2335 million to the Norwegian tax authorities in 2020 related to this case and the period 2010-2016. The paid amount has been expensed in the parent company financial statement prepared under NGAAP. Of the total paid amount, NOK 2079 million is presented as tax expense in the income statement in 2020 and NOK 256 million is presented as financial costs as it relates to interest expense on the tax claim. See note 35 in the Group consolidated financial statements for further information.

Note 24 Obligations and guarantees

Statkraft AS has the following guarantees and other off-balance-sheet obligations:

NOK million	2021	2020
Parent company guarantees on behalf of subsidiaries [1]	30 307	19 435
Parent company guarantees on behalf of associates and joint arrangements	40	198
Other [2]	2 081	1 969
Total guarantees in Statkraft AS	32 429	21 603

[1] The guarantees are mainly related to energy trading of NOK 21 297 million in 2021 and NOK 17 689 million in 2020, and liabilities to suppliers of NOK 1687 million in 2021 and NOK 1429 million in 2020.

[2] Figures for 2021 include NOK 1433 million in grid bonds related to the development and construction of wind farms and solar parks. Such bonds can be called if Statkraft does not develop and construct the respective wind farms and solar parks according to the terms.

Statkraft AS leases office buildings in Lilleakerveien 4 and 6 in Oslo and Sluppenveien 17B in Trondheim. The lessors are Mustad Eiendom AS and Sluppenvegen 15 AS respectively. The lease agreements in Oslo expire in 2028 with an option to prolong for ten plus ten years. The annual lease totals NOK 113 million for the Oslo premises. The lease agreement in Trondheim expires in 2030 with an option to prolong for 5 years. The annual lease totals NOK 8 million for the Trondheim premises.

Note 25 Fees paid to external auditors

Deloitte AS is the Statkraft Group's auditor. The total fees paid for auditing and other services for Statkraft AS (excluding VAT) were as follows:

NOK thousand	2021	2020
Statutory auditing	5 473	2 419
Other attestation services	250	361
Tax consultancy services	11	263
Other services [1]	399	452
Total	6 133	3 495

[1] Mainly related to the attestation of the sustainability report.

Note 26 Related parties

The Company's related parties are considered to be:

- Directly owned subsidiaries, see specification in note 14
- Other group companies, see specification in note 26 and 39 to the Consolidated Financial Statements
- The parent company of the Group, Statkraft SF
- Group management and the board of directors, see specification in note 38 to the Consolidated Financial Statements

Transactions with subsidiaries, associated companies and joint arrangements mainly relate to the following:

- Statkraft AS sells intra-group services from centralised service centres
- Dividends and group contributions are accrued through Statkraft AS' own shareholdings
- Statkraft AS is also the borrower for the majority of the Group's external debts and is the owner of the cash pooling facilities. The central treasury function in Statkraft AS coordinates and manages the financial risks relating to currency, interest rates and liquidity of the Group.
- Statkraft AS finances subsidiaries through loans.

All intra-group transactions are conducted at market terms.

Guarantees related to group companies are listed in note 24.

The share capital of Statkraft Enerji A. S. was in 2020 reduced by TRY 70 million and thereby reducing the cost price of the shares in the company.

Note 26 continued

Transactions and balances within the Group are presented below:

Income statement - NOK million	2021	2020
Operating revenues		
Statkraft Energi AS	751	648
Statkraft Markets GmbH	145	108
Fosen Vind DA	87	110
Statkraft Peru S.A.	86	59
Statkraft Sverige AB	43	39
Statkraft Varme AS	40	37
Other	410	314
Total	1 562	1 315
Other operating expenses		
Statkraft Energi AS	117	88
Statkraft Markets GmbH	17	15
Other	58	25
Total	192	128
Dividend and group contribution from group companies (recognised as financial income)		
Statkraft Energi AS	7 456	2 943
Statkraft Industrial Holding AS	1 190	400
Statkraft Asset Holding AS	500	-
Other	3	2
Total	9 149	3 345
Financial income from group companies		
Statkraft Energi AS	235	246
Statkraft Markets GmbH	135	117
Skagerak Energi AS	90	113
Other	85	82
Total	545	558
Financial costs to group companies		
Statkraft Energi AS	57	26
Statkraft Asset Holding AS	7	3
Statkraft Industrial Holding AS	2	6
Statkraft SF	2	2
Statkraft UK Ltd.	1	1
Other	16	26
Total	85	64

Balance sheet - NOK million	2021	2020
Non-current assets		
Loan to Statkraft Energi AS	8 000	11 800
Loan to Skagerak Energi AS	2 350	3 250
Loan to Baltic Cable AB	400	428
Other non-current financial assets	10 750	15 478
Statkraft Energi AS	4 052	4 367
Other long-term receivables	4 052	4 367
Statkraft Markets GmbH	1	243
Statkraft Energi AS	4	47
Derivatives	5	290

Note 26 continued

Current assets		
Knapsack Power GmbH & CO. KG	303	-
Zonnepark Winterswijk Arrasveldweg	43	-
Statkraft Renouvelables SAS	31	-
North Irish Sea Array Wind	-	10
Boolyvannanan Renewable Energy Ltd	-	10
Coole Wind Farm Ltd	-	10
Other	221	55
Group cash receivables	598	85
Statkraft Energi AS	11 850	4 270
Statkraft Industrial Holding AS	1 192	401
Skagerak Energi AS	522	328
Statkraft Asset Holding AS	500	97
Statkraft Varme AS	3	6
Other	168	56
Short-term receivables group companies	14 235	5 158
Statkraft Markets GmbH	74	97
Statkraft Energi AS	58	94
Derivatives	132	191
Non-current liabilities		
Statkraft Energi AS	9	2
Statkraft Markets GmbH	5	17
Derivatives	14	19
Current liabilities		
Statkraft Energi AS	12 273	4 076
Statkraft Markets GmbH	7 027	6 148
Skagerak Energi AS	3 109	418
Statkraft Sverige AB	1 727	1 071
Statkraft Holding Singapore Pte Ltd	1 724	714
Statkraft UK Ltd	2 150	481
Statkraft Ireland Ltd.	1 421	-
Statkraft Germany GmbH	1 057	-
Statkraft Asset Holding AS	582	1 441
Other	6 455	6 679
Group cash debt	37 525	21 028
Debt to Statkraft SF	200	200
Current interest-bearing liabilities to group companies	200	200
Statkraft Markets GmbH	5	34
Statkraft Energi AS	36	26
Other	-	4
Derivatives	41	64
Statkraft SF	10 214	3 673
Other	49	26
Current interest-free liabilities to group companies	10 263	3 699

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of Statkraft AS

INDEPENDENT AUDITOR'S REPORT

Opinion
We have audited the financial statements of Statkraft AS, which comprise:

- The financial statements of the parent company Statkraft AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Statkraft AS and its subsidiaries (the Group), which comprise the statement of financial position sheet as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 18 years from the election by the general meeting of the shareholders on 25 June 2004 for the accounting year 2004 with renewed elections on 30 June 2010 and on 27 June 2017.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairments and reversal of prior years' impairments

Key audit matter	How the matter was addressed in the audit
Refer to note 15 to the group financial statements for description of Statkraft's impairment process and key assessments. Refer also to note 2 for a description of Statkraft's process to determine its long-term forecasts for energy prices in the markets in which they operate and the judgements and estimates that are involved in this process. The total carrying value of intangible assets, property, plant and equipment and investments in associates and joint ventures amounted to NOK 135.4 billion as at 31 December 2021. The recoverability of these non-current assets are assessed for impairment or reversal of impairment at the end of each reporting period if indicators are identified. Impairment recognized in the year amounts to NOK 0.3 billion and reversal of prior years' impairment amounts to NOK 4.1 billion. To calculate and assess recoverability of these non-current assets, management must make assumptions about future energy prices, discount rates as well as future production levels, future capital expenditures and operating costs. The recoverable amount is in particular sensitive to changes in future energy prices and discount rates. Due to the level of complexity in assessing the appropriate accounting for impairment and the level of management judgement involved, this has been identified as a key audit matter.	We assessed Statkraft's impairment process and tested the design and implementation of internal controls established. We challenged management's assessment as to whether indicators of impairment or impairment reversal exist for these assets. For assets where indicators were identified we obtained the valuation models used to determine the recoverable amount. We evaluated and challenged management's judgements applied to the inputs in the models, in particular: • the models used by management to establish its forecasts for energy prices, • the significant assumptions on which the price forecasts are built, and • the discount rate applied. To assess estimated future energy prices, we compared inputs to relevant information from third party documentation where available, made use of Deloitte valuation specialists and considered sensitivity analyses in order to challenge management's estimates. To assess discount rates, we utilized Deloitte valuation specialists, obtained and assessed underlying calculations and compared inputs to relevant information from third part documentation where available. We utilized Deloitte valuation specialist to perform audit procedures on the mathematical integrity of the models used to determine the value in use. We assessed the adequacy of the related disclosures in the financial statements.

Deloitte.

Valuation of energy contracts

Key audit matter	How the matter was addressed in the audit
Refer to note 10 to the group financial statements for description of Statkraft's portfolio of energy contracts, the process and judgments to estimate fair values, presentation in the financial statements and how judgements related to the use of Statkraft's business models affect the accounting treatment. The carrying value of energy derivative assets measured at fair value amounted to NOK 78.5 billion at 31 December 2021, and the carrying value of energy derivative liabilities measured at fair value amounted to NOK -86.3 billion at 31 December 2021. Refer to note 10 to the group financial statements for a breakdown of the derivative position as of 31 December 2021. The nature and risk of the energy contracts vary. The main area of audit focus is on long-term industry contracts, long-term energy purchase contracts and origination contracts, with high degree of estimation uncertainty and judgments, involving management assessments. Key risks relate to; • valuation of embedded derivatives, • judgments applied to assess whether the physical long-term contracts are for own use, and • valuation of long term power contracts. Due to the level of complexity in assessing the appropriate accounting for energy contracts and the level of management judgement involved, this has been identified as a key audit matter.	We assessed Statkraft's processes for identification, classification and valuation of energy contracts and tested the design and implementation of internal controls. We utilised Deloitte energy valuation specialists to assess the appropriateness of management's valuation models, and tested the mathematical integrity of the models used. We tested a sample of contracts regarding whether classification as own use comply with relevant accounting standard. We tested a sample of contracts and embedded derivatives measured at fair value, where we specifically tested and challenged the evidence supporting unobservable inputs utilised in Level 2 and 3 measurements in the fair value hierarchy as outlined in note 10 to the financial statements. We also assessed the adequacy of the related disclosures in the financial statements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Deloitte.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Deloitte.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 16 February 2022
Deloitte AS

Trond E. Hov

Trond Edvin Hov
State Authorised Public Accountant

Sustainability statement

Reporting principles
Statkraft's sustainability reporting follows the same key principles as the company's financial reporting for subsidiaries, partly-owned power plants and associated companies. This implies that quantitative data include consolidated companies and projects (> 50% ownership), and these data are included 100%. There are some minor deviations between the financial and the sustainability statement related to joint ventures and joint operations.

- Joint ventures: Silva Green Fuel AS, Silva Green Fuel DA and Wind UK Invest Ltd (all 51%) are fully included in the sustainability statement. In the consolidated financial statements, the companies are recognised according to the equity method meaning that the Group's share of the companies' profit after tax, adjusted for amortisation of excess value and any deviations from Statkrafts's accounting policies, is presented as share of profit/loss in equity accounted investments.

- Joint operations: Aktieselskabet Tyssefaldene (60.17%), Fosen Vind DA (52.1%), Harrsele AB (50.57%), Grytten (88%), Gäddede (70%), Kobbelv (82.5%), Sima (65%), Svartisen (70%), Vikfalli (88%), Volgsjöfors (73.1%) and Ulla-Førre (73.48%) are fully included in the sustainability statement, but only proportionately consolidated in the financial statement.

Health and safety data are included for companies and projects with >20% ownership.

Key sustainability targets

Area	Target
Health and safety	Zero serious injuries
	TRI rate < 3.5
	Sick leave < 3.5%
Diversity	35% women in Statkraft top management positions by 2025, and 40% by 2030
	30% women in Statkraft management positions by 2025
	> 85% favourable score by 2023 on Inclusion Index
Climate	< 50 g CO2e/kWh by 2025
	< 35 g CO2e/kWh by 2030
	Carbon neutrality by 2040
Compliance	Zero serious compliance incidents
	Zero serious environmental incidents
	Zero confirmed breaches of internationally recognised human rights

Promoting responsible business practice

Health and safety

Fatal accidents	Unit of measurement	2021	2020	2019
Consolidated operations [1]				
Employees	Number	0	0	0
Contractor employees	Number	0	2	0
Third party	Number	0	0	0
Associates [2]				
Employees	Number	0	0	0
Contractor employees	Number	0	1	0
Third party	Number	0	0	0

[1] Activities where Statkraft has > 50% ownership.
[2] Activities where Statkraft has 20 - 50% ownership

Serious incidents	Unit of measurement	2021	2020	2019
Serious injuries [1]	Number	7 [2]	7	7
Serious injuries per million hours worked	SI rate	0.3	0.4	0.3
Incidents and observations with high potential for serious consequences [3]	Number	43	14	46

[1] Fatalities are included in serious injuries.
[2] Four contractor's employees (in Chile, Spain, Germany and Norway) and three Statkraft employees (two in Norway, one in Spain) suffered serious injuries in 2021.
[3] Serious injuries not included. High potential observations are included from 2021.

Injuries	Unit of measurement	2021	2020	2019
Statkraft employees				
Lost-time injuries (LTI) [1]	Number	31	26	23
Lost-time injuries per million hours worked	LTI rate	2.0	2.2	2.1
Total recordable injuries (TRI) [2]	Number	56	44	42
Total recordable injuries per million hours worked	TRI rate	3.7	3.7	3.8
Contractor's employees				
Lost-time injuries (LTI) [1]	Number	25	23	31
Lost-time injuries per million hours worked	LTI rate	2.3	2.9	3.1
Total recordable injuries (TRI) [2]	Number	40	40	59

Total recordable injuries per million hours worked	TRI rate	3.6	5.0	5.9
Third parties				
Injuries [3]	Number	0	0	1
Statkraft, total				
Lost-time injuries per million hours worked	LTI rate	2.1	2.5	2.6
Total recordable injuries per million hours worked	TRI rate	3.6	4.2	4.8

[1] Work-related injuries which have resulted in absence extending beyond the day of the injury.
[2] Work-related injuries, with and without absence. Includes injuries which resulted in absence, medical treatment or need for alternative work assignments.
[3] Recorded injuries requiring treatment by a doctor.

Sick leave [1]	Unit of measurement	2021	2020	2019
Sick leave, total	%	2.4	2.4	2.7
Of which short-term absence (16 days or less)	%	1.0	1.0	1.2
Of which long-term absence (more than 16 days)	%	1.4	1.4	1.5

[1] Sick leave due to illness or injuries, as percentage of normal working hours.

Judicial sanctions and fines, health and safety	Unit of measurement	2021	2020	2019
Cases where judicial or administrative sanctions have been applied due to material non-compliance with health and safety legislation	Number	0 [1]	0 [1]	0
Judicial fines applied due to material non-compliance with health and safety legislation	NOK million	0	0	0
Administrative fines applied due to material non-compliance with health and safety legislation	NOK million	0	0	0

[1] A civil case related to fatal accident in Devoll Hydropower Moglicë (Albania) in 2018 is pending in the court.

Labour practices

Employees	Unit of measurement	2021	2020 [1]	2019
Employees as of 31.12	Number	4 782	4 467	3 973
Of which in Norway	Number	2 414	2 307	2 173
Of which in other Nordic countries	Number	262	224	210
Of which in other European countries	Number	1 258	1 155	889
Of which in the rest of the world	Number	848	781	701
Full-time employees as of 31.12	%	95	95	95
Staff turnover rate [2]	%	5.9	4.6	4.3
Service time				
Average service time	Years	9.8	10.4	10.5
Average service time for employees resigned or dismissed [2]	Years	4.0	6.2	10.2
Apprentices employed as of 31.12	Number	101	89	89
Trainees employed as of 31.12	Number	23	15	13
Nationalities represented among Statkraft's employees	Number	66	64	61

[1] The reported number of employees as of 31.12 includes employees in Solarcentury (168), that Statkraft acquired in November 2020. For all other indicators in the sustainability statement, Solarcentury is not included.
[2] Excluding retirements.

Gender equality	Unit of measurement	2021	2020	2019
Percentage of women				
Total	%	29	28	26
In Norway	%	28	27	26
In other Nordic countries	%	20	18	18
In other European countries	%	30	28	27
In the rest of the world	%	36	34	29
In management positions [1]	%	28	26	23
In Norway	%	29	28	27
In other Nordic countries	%	16	6	9
In other European countries	%	25	22	19
In the rest of the world	%	33	29	24
In Group top management positions [1]	%	30	29	28
In Corporate Management [1]	%	43	43	29
In Statkraft's Board of Directors [1]	%	44	44	44
Among employees recruited in the reporting year	%	40	36	38
Among managers recruited in the reporting year	%	46	40	32
Among full-time employees	%	28	26	25
Among part-time employees	%	48	54	50

[1] As of 31.12 there were 246 employees in management positions, 53 employees in group top management positions, 7 members of Corporate Management and 9 members of Statkraft's Board of Directors.

Equal salary	Unit of measurement	2021	2020	2019
Salary ratio among employees [1]	Ratio	0.95	0.94	0.93
In Norway	Ratio	1.01	1.00	0.99
In other Nordic countries	Ratio	1.03	1.00	1.04
In other European countries	Ratio	0.84	0.82	0.78
In the rest of the world	Ratio	0.96	0.91	0.88
Salary ratio among managers [1]	Ratio	0.94	0.95	0.92
In Norway	Ratio	1.03	1.03	0.99
In other Nordic countries	Ratio	0.91	1.02	0.90
In other European countries	Ratio	0.88	0.77	0.72
In the rest of the world	Ratio	0.81	1.01	1.02

[1] Average salary for women in relation to average salary for men.

Statkraft as employer	Unit of measurement	2021	2020	2019
Organisation and leadership evaluation [1]				
Employee engagement	Scale 0-100	91	91	84
Response rate	%	90	94	92
Employees who have completed the performance and career development review [2]	%	89	88	88

[1] From Statkraft's internal annual organisation and leadership evaluation survey. All 11 dimensions and indices measured were above the global average benchmark.

[2] The percentage reported is based on the number of employees responding to the Organisation and leadership evaluation.

Human rights

Training on human rights [1]	Unit of measurement	2021	2020	2019
Employees that have received training on human rights issues in the reporting year	%	20	16	20
Senior management that have received training on human rights issues in the reporting year	%	40	40	40
Statkraft's Board members have received training on human rights issues in the last two years	Yes/No	Yes	Yes	-

[1] Includes estimated training and awareness on specific human rights issues. More general trainings on human rights aspects, e.g. as part of training on the Code of Conduct, is not included.

Consultations with indigenous peoples	Unit of measurement	2021	2020	2019
Number of projects with ongoing consultations involving rights of indigenous peoples	Number	12 [1]	16	15

[1] The ongoing consultations with indigenous peoples are related to hydropower and wind power projects in Norway, Sweden, Chile and Brazil.

Incidents of violations involving rights of indigenous peoples	Unit of measurement	2021	2020	2019
Total number of confirmed incidents of violations involving the rights of indigenous peoples during the reporting period	Number	1 [1]	0	0

[1] In October 2021, the Norwegian Supreme Court found that the licences awarded for the Roan and Storheia wind farms as part of the Fosen development were in violation of international human rights. The Supreme Court established that the wind power development would have a significant adverse effect on the reindeer herders' possibility to practice their culture on Fosen, which was deemed by the court to be the relevant threshold under Article 27 of the ICCPR. Against that background, the Supreme Court found that the herders' rights would ultimately be violated if satisfactory remedial actions are not implemented. For further information, please see the section on Human rights in the Sustainability chapter.

Judicial sanctions and fines, human rights [1]	Unit of measurement	2021	2020	2019
Cases where judicial or administrative sanctions have been applied due to material non-compliance with human rights legislation	Number	1 [2]	0	0
Judicial fines applied due to material non-compliance with human rights legislation	NOK million	0	0	0
Administrative fines applied due to material non-compliance with human rights legislation	NOK million	0	0	0

[1] Material judicial sanctions for discrimination, forced labour, child labour or violations of the freedom of association, indigenous peoples rights or labour rights.

[2] Ruling by Supreme Court in Chile to halt archaeological investigations due to lack of indigenous peoples' consultations for Los Lagos.

Business ethics and anti-corruption

Training on anti-corruption [1]	Unit of measurement	2021	2020	2019
Employees that have received training on anti-corruption in the last two years	Percentage	95 [2]	100	100
Employees in senior management positions that have received training on anti-corruption in the last two years	Percentage	100	100	100
Statkraft's Board members have received training on anti-corruption in the last two years	Yes/No	Yes	Yes	Yes

[1] This indicator covers the Group, not including Skagerak Energi.

[2] An updated digital training on business ethics was launched in 2021, and the reported figure for 2021 reflects the completion of this version. MER, Bryt and HPL are not included in the figures for 2021.

Incidents of corruption	Unit of measurement	2021	2020	2019

Confirmed breaches of Statkraft's Code of Conduct related to corruption	Number	0	2 [1]	0
Public legal cases regarding corruption [2]	Number	0	0	0

[1] The registered two cases in 2020 were related to third party contractors offering small facilitation payment. The cases did not involve Statkraft employees. Actions were taken and the contracts were terminated.

[2] Cases brought against the organisation or its employees.

Judicial sanctions and fines, business ethics [1]	Unit of measurement	2021	2020	2019
Cases where judicial or administrative sanctions have been applied due to material non-compliance with business ethics legislation	Number	1 [2]	0	0
Judicial fines applied due to material non-compliance with business ethics legislation	NOK million	28 [2]	0	0
Administrative fines applied due to material non-compliance with business ethics legislation	NOK million	0	0	0

[1] Material judicial sanctions for accounting fraud, corruption, anti-competetive behaviour, anti-trust and monopoly practices.

[2] In 2021, Statkraft signed an agreement with the Federal Comptroller General (CGU) and the Federal Attorney General (AGU). As part of the agreement, Statkraft admitted that prior to Statkraft taking over control of Desenvix Energias Renováveis S.A. in 2015, Desenvix made illegal payments to speed up public entity approvals in 2011-2014.

Reported concerns covering the scope of the Code of Conduct

Reported concerns (whistleblowing) [1]	Unit of measurement	2021	2020	2019
Total number of reported concerns	Number	57	46	60
Of which related to business ethics and anti-corruption	Number	13	11	28
Of which related to discrimination	Number	3	5	8
Investigations and inquiries initiated by Corporate Audit in the reporting year	Number	5	5	3

[1] The scope of the whistleblowing procedures relates to the full scope of Statkraft's Code of Conduct, e.g. human rights, environment, health and safety, business ethics and anti-corruption.

According to Statkraft's procedures for handling of reported concerns, the decision on how to follow up a reported concern shall be made by the Head of Corporate Audit. When a reported concern is received, a risk assessment is performed. Low risk cases are generally referred to the respective business areas for handling. For medium-high risk cases a broader clarification of facts is often necessary. There are two main categories for further clarification of facts according to Statkraft's procedures for handling of reported concerns: investigations and inquiries, depending on the nature of the case and the risk categorisation. Corporate Audit is responsible for inquiries and investigations.

Supporting the green transition

Climate

Greenhouse gas emissions	Unit of measurement	2021 [1]	2020	2019
Emissions of CO_2e, activities with ownership >50% [2]	Tonnes	1 235 400	1 603 700	1 468 800
Of which from gas-fired power plants (scope 1)	Tonnes	1 190 600	1 574 000	1 418 800
Of which from district heating plants (scope 1) [3]	Tonnes	26 200	11 900	28 900
Of which from SF_6 emissions (scope 1)	Tonnes	1 500	3 300	2 500
Of which halon emissions (scope 1)	Tonnes	0	0	0
Of which from fuel consumption (scope 1) [4]	Tonnes	14 500	12 800	14 900
Of which from electricity consumption (scope 2, market based) [5]	Tonnes	0	0	0
Of which from business travel (scope 3) [6]	Tonnes	2 600	1 700	3 700
Emissions of CO_2e from affiliated gas-fired power plants (scope 1) [7]	Tonnes	204 200	258 000	180 400
Emissions of CO_2e from Heimdal incineration plant [3]	Tonnes	77 400	78 800	74 200
Emissions of biogenic CO_2 from district heating plants	Tonnes	333 100	299 800	224 800
High level estimated emissions of CO_2e from Statkraft's supply chain (scope 3) [8]	Tonnes	740 000	-	-
SF_6 emissions	kg	64	145	112
Halon emissions	kg	0	0	0

[1] Emission figures reported for 2021 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2020 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[2] Total emissions comprise scope 1 emissions, scope 2 emissions and business travel (scope 3).

[3] Emissions of CO_2 from Heimdal incineration plant is not included in Statkraft's total CO_2 statement, according to established reporting practice for the district heating industry.

[4] CO_2 from fuel consumption from the Group's machinery and vehicles.

[5] 100% of Statkraft'selectricity consumption is certified renewable.

[6] Figures include travels by air and car. Emissions for business travel by air is based on cost reimbursement and average cost per km of flight, and GHG Conversion factor for Company Reporting from Department for Environment, Food and Rural Affairs (DEFRA). Emissions from business travel by car is based on cost reimbursement and travelled distance, and GHG conversion factor from DEFRA. For 2019-2020 only travelling in Norwegian operations was included.

[7] Statkraft's share.

[8] Statkraft has done high-level estimations for its other scope 3 emissions from our supply chain. The primary scope 3 sources are; upstream production and transport of gas to our gas-fired power plants in Germany - estimated to 440 000 tonnes CO_2e, capital goods (wind power construction projects set into operations in 2021) estimated to 200 000 tonnes CO_2e, and company-wide purchased goods and services (not covered by capital goods) estimated to 100 000 tonnes CO_2e.

CO_2 emission calculations are based on the principles of the GHG Protocol Corporate Standard. Global Warming Potential (GWP) values for SF_6 and halon are based on the IPCC Fourth Assessment Report (AR4) for a 100-year horizon. GHG emissions covered by the EU Emissions Trading Scheme (EU ETS) are measured and calculated in accordance with the EU ETS Regulations. Where site specific GHG emissions factors are not available or GHG emissions are not directly reported from energy or service providers, conversion factors are based on GHG Conversion factors for Company Reporting for 2021 from Department for Environment, Food and Rural Affairs (DEFRA, UK).

Greenhouse gas emissions per scope	Unit of measurement	2021 [1]	2020 [1]	2019
Scope 1: Direct emissions [2]	Tonnes	1 437 000	1 860 000	1 645 500
Scope 2, market based: Indirect emissions, related to electricity consumption [3]	Tonnes	0	0	0
Scope 2, location based: Indirect emissions, related to electricity consumption [4]	Tonnes	212 400	175 800	-
Scope 3: Other indirect emissions (business travel only)	Tonnes	2 600	1 700	3 700

[1] Emission figures reported for 2021 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2020 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[2] Includes Statkraft's share of emissions of CO_2 in the jointly controlled gas-fired power plant Herdecke (Germany).

[3] 100% of Statkraft'selectricity consumption is certified renewable.

[4] Pumped storage electricity consumption is included in the reported figure. The calculation is based on conversion factors from The Norwegian Resources and Energy Directorate (NVE) for Norway (factors from 2020), European Environment Agency (EEA) for EU countries (factors from 2018) and GHG Conversion factors for Company Reporting from Department for Environment, Food and Rural Affairs (DEFRA) for other countries (factors from 2021).

Relative greenhouse gas emissions	Unit of measurement	2021 [1]	2020	2019
CO_2-equivalent emissions per MWh power generation, total [2]	kg/MWh	21	28	27
CO_2-equivalent emissions per MWh power generation, gas-fired power [2]	kg/MWh	517	359	355
CO_2-equivalent emissions per MWh district heating production [3]	kg/MWh	21	11	26

[1] Emission figures reported for 2021 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2020 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[2] Includes Statkraft's share of production and emissions of CO_2 in the jointly controlled gas-fired power plant Herdecke (Germany).

[3] Emissions of CO_2 from Heimdal incineration plant is not included in Statkraft's total CO_2 statement, according to established reporting practice for the district heating industry.

Biodiversity and impact on nature

Impact on watercourses [1], [2]	Unit of measurement	2021	2020	2019
Impacted river courses with:				
Anadromous fish	Number	49	49	49
Catadromous fish	Number	10	10	10
Impacted Norwegian national salmon rivers	Number	13	13	13
Impacted protected rivers	Number	14	14	14

[1] Impact entails change of waterflow, water levels or other living conditions for fish.

[2] More detailed information related to impact on watercourses is presented in the table 'Impact on watercourses'.

Fish cultivation	Unit of measurement	2021	2020	2019
Restocking of fish and smolt [1]	Number	573 100	664 100	624 800
Of which in Norway	Number	207 400	290 800	315 000
Of which in other Nordic countries	Number	365 700	373 300	309 800
Of which in other European countries	kg	300	-	-
Restocking of juveniles [2]	Number	1 125 100	1 007 600	909 300
Of which in Norway	Number	969 100	858 200	598 900
Of which in other Nordic countries	Number	156 000	149 400	310 400
Of which in other European countries	kg	600	-	-
Stocking of fish roe [3]	Number	339 200	846 400	1 101 800

[1] Includes salmon, inland trout, sea trout, grayling and eel.
[2] Includes salmon, inland trout, sea trout, grayling and eel. Juveniles is defined as startfed fry, one-year old fry and two-summer old fry.
[3] Includes salmon in Norway and eel in Sweden.

Red list species [1], [2]	Unit of measurement	2021	2020	2019
Red list species with habitat in areas impacted by Statkraft's operations in:				
Norway	Number	37	33	33
Other Nordic countries	Number	12	6	6
Other European countries	Number	14	13	13
Rest of the world	Number	83	83	83

[1] Reported figures include fauna, not including insects. More detailed information on red list species is presented in the table 'Red list species (fauna, not including insects)'.
[2] Includes species defined as red list species by either International Union for Conservation of Nature (IUCN) or national authorities.

Operational sites in, or adjacent to, protected areas [1]	Unit of measurement	2021	2020	2019
Operational sites in, or adjacent to, protected areas	Number	39	34	34
Of which in Norway	Number	23	19	19
Of which in other Nordic countries	Number	10	9	9
Of which in other European countries	Number	6	6	6

[1] Limited to natural parks and nature or wildlife reserves.

Consumption

Electricity and district heating consumption	Unit of measurement	2021	2020	2019
Electricity and district heating consumption	GWh	1 014	864	1 041
Of which pumped-storage power	GWh	547	470	665
Of which electric boilers for district heating	GWh	175	81	72
Of which other operations	GWh	292	313	304

Fuel consumption	Unit of measurement	2021	2020	2019
Fossil fuel consumption, total	GWh	5 198	6976	-
Natural gas, gas-fired power plants	Mill. Nm^3	445	744	699
Natural gas, gas-fired power plants	GWh	5 027	6 874	-
Fuel gas, district heating plants	Tonnes	6 306	3 442	8 670
Fuel gas, district heating plants	GWh	82	43	-
Fuel oil, district heating plants	Tonnes	2 526	606	1 117
Fuel oil, district heating plants	GWh	27	4	-
Engine fuel [1]	Tonnes	4 958	4 344	7 993
Engine fuel [1]	GWh	62	55	-
Other fuel consumption, total	GWh	1 832	1 987	-
Waste for district heating plants	Tonnes	215 000	219 000	206 100
Waste for district heating plants	GWh	498	496	-
Bio fuel, solid (district heating and bio power plants)	Tonnes	455 500	474 100	484 200
Bio fuel, solid (district heating and bio power plants)	GWh	1 307	1 485	-
Bio oil	Tonnes	2 024	569	-
Bio oil	GWh	27	6	-

[1] Includes consumption of fuel for vehicles and machinery (for example generators).

Use of water	Unit of measurement	2021	2020	2019

Cooling water, gas-fired power plants [1]	m^3	3 528 600	4 281 700	1 030 900
Process water [2]	m^3	391 900	409 400	387 300
Of which used in gas-fired power plants [1]	m^3	258 000	300 000	225 000
Of which used in bio power plants [3]	m^3	34 700	51 200	96 600
Of which used in district heating plants [4]	m^3	99 200	58 200	65 700
District heating pipe leakages	m^3	43 600	34 000	40 100

[1] Cooling and process water is used for gas-fired power plants in Germany in an area where the water stress is assessed as low (source: Aqueduct Water Risk Atlas, World Resource Insitute).
[2] Process water is used for flue gas cleaning.
[3] Process water is used for bio power plants in Germany in areas where the water stress is assessed as low-medium (source: Aqueduct Water Risk Atlas, World Resource Insitute).
[4] Process water is used for district heating plants in Norway and Sweden in areas where the water stress is assessed as low (source: Aqueduct Water Risk Atlas, World Resource Insitute).

Waste

Waste	Unit of measurement	2021	2020	2019
Hazardous waste [1]	Tonnes	22 500	24 600	22 600
Of which from waste incineration plants [2]	Tonnes	6 800	6 500	5 400
Of which from bio power plants	Tonnes	14 700	17 000	14 000
Of which other hazardous waste	Tonnes	1 000	1 100	3 200
Non-hazardous waste	Tonnes	51 600	46 300	40 600
Of which non-hazardous waste from biopower plants	Tonnes	200	300	300
Of which non-hazardous waste from waste incineration plants [3]	Tonnes	36 200	37 800	36 400
Of which non-hazardous waste from district heating plants	Tonnes	1 900	1 800	-
Of which other non-hazardous waste	Tonnes	13 300	6 400	4 000
Disposal of non-hazardous waste				
Reuse	Tonnes	8	-	-
Reuse	%	0	-	-
Recycling	Tonnes	1 900	-	-
Recycling	%	4	-	-
Waste used for specific purposes [4]	Tonnes	1 200	-	-
Waste used for specific purposes	%	2	-	-
Combustion	Tonnes	800	-	-
Combustion	%	2	-	-
Landfill	Tonnes	38 700	-	-
Landfill	%	75	-	-
Other	Tonnes	9 000	-	-
Other	%	17	-	-

[1] All hazardous waste is handled according to national and international regulations.
[2] Consists of filter dust and filter cake.
[3] Consists of ash and slag from the combustion process.
[4] E.g. ash from Heimdal incineration plant used for neutralising acid waste at Langøya waste disposal site.

Environmental incidents

Environmental incidents	Unit of measurement	2021	2020	2019
Serious environmental incidents [1]	Number	0	0	0
Less serious environmental incidents [2]	Number	274	242	288

[1] An incident that causes serious or irreversible environmental impact on critical or protected resources.
[2] An incident that causes minor or moderate negative environmental impact.

Most of the less serious environmental incidents in 2021 were related to minor breaches of emission regulations for biomass plants, short breaches of minimum flow and minor oil spills. Any incidents with serious consequences, or potential serious consequences, are investigated according to internal procedures.

Judicial sanctions and fines, environment	Unit of measurement	2021 [1]	2020	2019
Cases where judicial or administrative sanctions have been applied due to material non-compliance with environmental legislation	Number	3	0	0
Judicial fines applied due to material non-compliance with environmental legislation	NOK million	0	0	0
Administrative fines applied due to material non-compliance with environmental legislation	NOK million	2.63	0	0

[1] The Norwegian Water Resources and Energy Directorate gave Statkraft an administrative fine (0.3 mill NOK) for violation of the concession for the Tysso River in Ullensvang in 2019 and 2020. In addition, Statkraft was given administrative fines in Brazil (2.3 mill NOK) for unauthorised cutting of a tree and in Peru (0.03 mill NOK) for not completing mandatory monitoring.

Power generation and district heating production

Installed capacity per technology and geography	Unit of measurement	2021	2020	2019
Installed capacity power generation	MW	18 659	18 878	18 445
Of which hydropower	MW	14 447	14 402	14 399
Of which wind power	MW	1 773	2 037	1 607
Of which gas-fired power [1]	MW	2 390	2 390	2 390
Of which other [2]	MW	49	49	49
Installed capacity, district heating	MW	869	853	828
Installed capacity per geography, power generation				
Norway	MW	12 354	12 950	12 513
Other Nordic countries	MW	1 813	1 813	1 813
Other European countries	MW	3 571	3 194	3 181
Rest of the world	MW	921	921	937
Installed capacity per geography, district heating				
Norway	MW	710	694	669
Other Nordic countries	MW	159	159	159

Installed capacity per technology and geography	Unit of measurement	2021	2020	2019
Installed capacity per technology, power generation				
Hydropower	%	77.4	76.3	78.1
Wind power	%	9.5	10.8	8.7
Gas-fired power [1]	%	12.8	12.7	13.0
Other [2]	%	0.3	0.3	0.3
Installed capacity per geography, power generation				
Norway	%	66.2	68.6	67.8
Other Nordic countries	%	9.7	9.6	9.8
Other European countries	%	19.1	16.9	17.2
Rest of the world	%	4.9	4.9	5.1
Installed capacity per geography, district heating				
Norway	%	81.7	81.4	80.8
Other Nordic countries	%	18.3	18.6	19.2

[1] Includes Statkraft's share of the jointly controlled Herdecke (Germany) power plant.
[2] Includes bio power and solar power.

Capacity under development per technology and geography [1]	Unit of measurement	2021 [3]	2020 [3]	2019 [2]
Capacity under development, power generation	MW	1 357	1 284	750
Of which hydropower	MW	198	202	386
Of which wind power	MW	726	882	364
Of which solar power	MW	433	200	0
Capacity under development per geography, power generation				
Norway	MW	0	209	364
Other European countries	MW	532	354	184
Rest of the world	MW	826	721	202

Capacity under development per technology and geography [1]	Unit of measurement	2021 [3]	2020 [3]	2019
Capacity under development per technology, power generation				
Hydropower	%	14.6	15.7	51.5
Wind power	%	53.5	68.7	48.5
Solar power	%	31.9	16	0
Capacity under development per geography, power generation				
Norway	%	0	16.3	48.5
Other European countries	%	39.2	27.6	24.5
Rest of the world	%	60.9	56.2	26.9

[1] Includes projects where an investment decision has been taken.
[2] Includes Statkraft's share of the Fosen project (wind power) for 2019.
[3] The reported figures for 2020 and 2021 include projects where the investment is > 300 mill NOK.

Power generation and district heating production per technology and geography	Unit of measurement	2021	2020	2019
Power generation, total	TWh	69.9	65.4	61.1
Of which hydropower	TWh	63.0	55.7	53.4
Of which wind power	TWh	3.9	4.3	3.0
Of which gas-fired power [1]	TWh	2.7	5.1	4.5
Of which other [2]	TWh	0.2	0.3	0.3
District heating	TWh	1.2	1.0	1.1
Renewable power generation [3]	%	96.1	92.2	92.6
Renewable district heating [3]	%	93.1	95.2	89.5

Power generation per geography				
Norway	TWh	54.5	47.5	44.9
Other Nordic countries	TWh	7.1	7.4	6.2
Other European countries	TWh	4.3	6.4	5.6
Rest of the world	TWh	4.0	4.1	4.4
District heating per geography				
Norway	TWh	1.0	0.8	0.9
Other Nordic countries	TWh	0.2	0.2	0.2

Power generation and district heating production per technology and geography	Unit of measurement	2021	2020	2019
Power generation per technology				
Hydropower	%	90.1	85.2	87.3
Wind power	%	5.6	6.6	4.9
Gas-fired power [1]	%	3.9	7.8	7.4
Other [2]	%	0.3	0.5	0.5
Power generation per geography				
Norway	%	78.0	72.6	73.5
Other Nordic countries	%	10.2	11.3	10.1
Other European countries	%	6.2	9.8	9.2
Rest of the world	%	5.7	6.3	7.2
District heating per geography				
Norway	%	83.6	80.0	81.8
Other Nordic countries	%	16.4	20.0	18.2

[1] Includes Statkraft's share of the jointly controlled Herdecke (Germany) gas-fired power plant.
[2] Includes bio power and solar power.
[3] Non-renewable production consists of gas-fired power and share of district heating based on fossil fuel. Production at Heimdal, the incineration plant in Trondheim, is counted as 100% renewable district heating production (alligned with SSB, Statistics Norway, reporting practice).

Contribution to society

Value creation	Unit of measurement	2021	2020	2019
Gross operating revenues	NOK million	83 440	38 060	48 679
Unrealised changes in the value of energy contracts	NOK million	-1 285	339	-801
Paid to suppliers for goods and services [1]	NOK million	45 874	21 434	22 157
Gross value added	NOK million	36 281	16 965	25 722
Depreciations, amortisations and impairments	NOK million	710	5 445	3 689
Net value added	NOK million	35 571	11 520	22 033
Financial income	NOK million	1 855	354	1 401
Gain or loss from divestments	NOK million	817	119	55
Share of profit from associates	NOK million	1 686	835	1 249
Minority interests	NOK million	558	213	416
Deferred tax	NOK million	2 391	-1 039	978
Values for distribution	NOK million	36 980	13 654	23 345

[1] Includes energy purchases, transmission costs and operating expenses.

Distribution of value created	Unit of measurement	2021	2020	2019
Employees				
Gross salaries and benefits	NOK million	4 702	4 115	3 503
Lenders/owners				
Interest	NOK million	523	1 984	669
Dividend [1]	NOK million	10 214	3 673	6 500
Taxes [2]	NOK million	16 231	4 236	8 263
Change in equity	NOK million	5 309	-354	4 411
Total wealth distributed	NOK million	36 979	13 654	23 346

[1] Includes dividend and Group contribution from Statkraft AS to Statkraft SF.
[2] Includes employer's national insurance contribution, regulatory fees and payable income tax expense.

Taxes [1]	Unit of measurement	2021	2020	2019
Total	NOK million	14 527	3 412	7 109
Of which in Norway	NOK million	13 597	2 381	6 029
Of which in other Nordic countries	NOK million	492	77	246
Of which in other European countries	NOK million	376	948	820
Of which in the rest of the world	NOK million	62	6	14

[1] Taxes payable in the statement of financial position.

Statkraft's country-by-country tax reporting for 2021 is disclosed in the table 'Country-by-country tax reporting'.

Impact on watercourses

Protected rivers and rivers with migrating fish impacted by Statkraft's activities

NORWAY	River with anadromous fish	River with eel population (catadromous fish)	National salmon river	Protected river
Region North Norway and South America				
Altaelva	X		X	
Beiarelva	X		X	
Bjerkaelva	X			
Engabrevassdraget	X			
Kobbelvvassdraget	X			
Målselvvassdraget	X		X	X
Ranaelva	X		X	
Røssåga	X			
Skjoma	X			
Vefsna	X		X	
Glomdalselva				X
Region Mid Norway				
Auravassdraget	X			
Bævra	X			
Daleelva	X			
Dalselva	X			
Hopra	X			
Indredalselva	X			
Glutra/Henselva	X			
Jostedalselva	X			
Litledalselva	X			
Nærøydalselva	X		X	
Rauma	X		X	X
Surna	X		X	
Vikja	X		X	
Ytredalselva	X			
Nidelva	X	X	X	
Region South Norway				
Austdøla/Norddøla	X			
Austrepollelva	X			
Bondhuselva	X			
Førreåna	X			
Eio/Bjoreio	X			
Jondalselva	X			
Sima	X			
Suldalslågen	X		X	X
Ulla	X			
Øyreselva	X			
Årdalselva	X			
Klebastølåi				X
Gaularvassdraget			X	
Eidselva		X		
Numedalsågen	X	X	X	
Austbygdåi				X
Dagali				X
Skagerak Energi AS				
Siljanvassdraget				X
Kragerøvassdraget		X		
Skiensvassdraget	X	X		
SWEDEN				
Skellefteåälven	X			
Gideälven	X			X
Moälven	X			X
Nätraälven	X			
Lagan	X	X		X
Nissan	X	X		
Ångermanälven				X
Indalsälven				X
Ljungan	X			X
GERMANY				
Fulda	X	X		
Werra	X	X		
Weser	X	X		
UK				
Rheidol	X			

Red list species (fauna, insects not included)

Red list species (fauna, insects not included) with habitat in areas affected by Statkraft's activitities

Information for Turkey, Albania, Nepal, Peru, Brazil and Chile is based on 2019 review.

Red list species	Vulnerability not known	Level of vulnerability: IUCN list					Level of vulnerability: National list				
		Critically endangered	Endangered	Vulne-rable	Near threatened	Least concern	Critically endangered	Endan-gered	Vulne-rable	Near threatened	Least concern
NORWAY											
Eagle owl						X		X			
Goshawk						X				X	
Red-throated diver						X					X
Black-throated diver						X					X
Eel		X							X		
Pearl mussel			X						X		
Osprey						X				X	
Hare						X				X	
Little bunting						X			X		
Great snipe					X					X	
Common reed bunting						X				X	
Northern lapwing					X			X			
Northern shoveler						X			X		
Black-headed gull						X			X		
Sand martin						X				X	
Gyrfalcon						X				X	
Patch singer						X		X			
Horned grebe					X				X		
Ruff						X		X			
Lesser white-fronted goose			X				X				
Rustic bunting				X						X	
Mountain fox						X	X				
Great crested grebe					X						X
Brown bear						X		X			
Corncrake						X	X				
Common tern						X		X			
Great bustard								X			
Lapland busting								X			
Greater scaup								X			
Velvet scoter									X		
Mew gull									X		
Black scoter										X	
Water rail									X		
Badger											X
Atlantic salmon										X	
Goosander											X
Wild reindeer				X						X	
SWEDEN											
Sea lamprey										X	
Crayfish				X			X				
Otter					X					X	
Golden eagle										X	
Eel		X					X				
Pearl mussel			X					X			
Painter's mussel										X	
Alpine bullhead										X	
Depressed river mussel										X	
Burbot									X		
Natterer's bat										X	
Gyr falcon								X			
GERMANY											
Eel		X									
Pearl mussel		X									
Lamprey			X								
UK											
Red kite					X						
TURKEY											
Dalmatian pelican					X						
Wild Goat				X							
Lesser horseshoe bat						X					
Mediterranean Horseshoe Bat					X						
Egyptian vulture			X								
Greek tortoise				X							
Euphrates softshell turtle			X								
Central Anatolian Spined Loach			X								
Orontes Spotted Bleak				X							
European sea or Atlantic sturgeon		X									
ALBANIA											
Dalmatian pelican					X						

Red list species (fauna) with habitat in areas affected by Statkraft's activitities (continued)

Red list species	Vulnerability not known	Level of vulnerability: IUCN list					Level of vulnerability: National list				
		Critically endangered	Endan-gered	Vulne-rable	Near threate ned	Least concern	Critically endangered	Endan-gered	Vulne-rable	Near threatened	Least concern
NEPAL											
Chinese pangolin		X									
Asian small-clawed otter				X							
East Himalayan Yew			X								
Himalayan Musk Deer			X								
Western Tragopan					X						
PERU											
Sechuran fox					X						
BRAZIL											
Mountain Lion						X					
Araucaria Tit-spinetail					X						
Azure Jay					X						
Black Spiny-necked Swamp Turtle											
Brazilian Dwarf Brocket				X							
Brazilian Three-banded Armadillo				X							
Canebrake Groundcreeper					X						
Green-throated Euphonia					X						
Helmeted Woodpecker				X							
Black-fronted Piping-guan or *Jacutinga*			X								
Jaguar					X						
Margay					X						
Neotropical Otter					X						
Ochre-breasted Pipit				X							
Northern Tiger Cat or *Oncilla*				X							
Pampas Deer					X						
Red Myotis					X						
Sharp-tailed Tyrant				X							
Southern Bristle-tyrant					X						
Southern Long-Nosed Armadillo					X						
Southern Tiger Cat				X							
Straight-billed Reedhaunter					X						
Swallow-tailed Cotinga					X						
Vinaceous-breasted Parrot			X								
White-browed Guan				X							
Wild Common Carp					X						
William's South-American Side-necked	X										
Yellow-browed Woodpecker					X						
Yellow-legged Timanou	X										
Mottled Piculet					X						
Black-capped Piprites				X							
Pinheiro-bravo	X										
Creamy-bellied Gnatcatcher					X						
Argintine Horned Frog (Sapo-de-chifres)	X										
Bare-throated Bellbird				X							
Mantled Hawk					X						
Saffron Toucanet					X						
Black-horned Capuchin					X						
Coypu or *Rato-do-banhado*						X					
Marsh Tapaculo			X								
Ornate Hawk-eagle				X							
Sporophila melanogaster					X						
Rusty Barred Owl *(Strix hylophila*)					X						
Solitary Tinamou					X						
Saffron-cowled Blackbird				X							
Black-and-white Monjita				X							
CHILE											
Puye Chico / Inanga	X										
Pejerrey Cauque	X										
Bagre Pintado				X							
Tollo de Agua Dulce			X								
Puye	X										
Pocha del Sur						X					
Pouched Lamprey	X										
Carmelita Común						X					
Peladilla						X					
Perca Trucha						X					
Brown Trout					X						
Atlantic Salmon						X					
Chiloe Island Ground Frog						X					
Rosy Ground Frog						X					
Grey Wood Frog						X					
Chile Four-eyed Frog						X					
Yellow-billed Pintail						X					
Chiloé wigeon						X					
Great White Egret						X					
Cocoi Heron						X					

Red list species (fauna) with habitat in areas affected by Statkraft's activitities (continued)

Red list species	Vulnerability not known	Level of vulnerability: IUCN list					Level of vulnerability: National list				
CHILE		Critically endangered	Endan-gered	Vulne-rable	Near threate ned	Least concern	Critically endangered	Endan-gered	Vulne-rable	Near threatened	Least concern
Churrete	X										
Chacoan Peccary or *Tagua*			X								
Amazon Kingfisher or *Martin Pescador*	X										
Neotropic Cormorant or *Pato Yeco*	X										
Great Grebe or *Huala*						X					
Pied-billed Grebe or *Picurio*						X					
White-tufted Grebe or *Pimpollo /Hualita*						X					
Tollo, Bagre, Tollo de Agua Dulce	X										
Torrent Duck						X					
Andean condor					X						
Guanaco						X					
Mountain Lion						X					

Country-by-country tax reporting

Country-by-country general information 2021

Country	Consolidated entities	Eq acc entities	Number of employees	Tangible assets other than cash	Gross operating income	Third party sales	Intra-group transactions within own country	Intra-group transactions with other jurisdictions
Norway	**30**	**5**	**2414**	**115 686**	**49 131**	**43 759**	**2 437**	**2 934**
Sweden	11	1	262	23 675	6 870	2 821	176	3 872
Albania	2	-	42	6 305	124	-234	0	359
Belgium	2	-	0	18	5	0	-	5
Croatia	2	-	0	1	-2	-	-	-2
France	9	-	26	203	22	13	3	7
Germany	31	-	610	117 260	30 584	28 537	1 524	523
Greece	5	-	0	3	2	-	-	2
Ireland	45	-	77	4 271	146	41	62	43
Italy	40	-	19	156	60	0	50	10
Spain	52	-	83	192	61	53	4	4
The Netherlands	23	-	78	2 650	511	76	216	220
Turkey	4	-	38	990	132	131	4	-3
United Kingdom	42	1	309	9 463	5 886	5 119	72	695
Europe Rest	**257**	**1**	**1282**	**141 514**	**37 531**	**33 733**	**1 935**	**1 863**
Brazil	32	1	279	5 486	1 039	857	182	0
Chile	12	2	137	8 321	388	342	39	7
China	1	-	0	0	-	-	-	-
India	4	3	157	2 944	82	38	22	22
Nepal	1	1	40	78	-	-	-	-
Peru	3	-	204	9 453	1 190	1 177	7	6
United States	1	-	7	575	326	326	-	-
Other	12	-	0	58	16	16	-	0
World Rest	66	7	824	26 915	3 040	2 756	250	35
Group Adjusted	-	-	-	-40 808	-13 596	-94	-4 798	-8 703
Total Group	364	14	4782	266 982	82 976	82 976	-	-

Country-by-country tax reporting 2021

Country	Profit/loss before tax	Income tax expense	Payable income tax expense	Income taxes paid	Effective tax rate	Taxes payable
Norway	**27 843**	**15 901**	**13 315**	**1 977**	**57.1%[1)]**	**13 596**
Sweden	**4 361**	**978**	**511**	**64**	**22.4%[2)]**	**492**
Albania	-221	-219	7	-	98.8%[3)]	7
Belgium	0	0	0	0	-11.5%	0
Croatia	-3	-	-	-	0.0%	-
France	-17	1	0	0	-5.7%	0
Germany	-1 265	-491	41	706	38.8%[4)]	242
Greece	-11	-	-	0	-	-
Ireland	-38	2	0	0	-6.5%	-
Italy	-29	-4	0	0	14.2%	-
Spain	-15	-9	0	0	61.7%	-
The Netherlands	45	103	102	135	230.2%[5)]	1
Turkey	265	75	91	14	28.3%	56
United Kingdom	842	93	84	35	11.0%[6)]	69
Europe Rest	**-447**	**-449**	**325**	**891**	**100.4%**	**376**
Brazil	113	42	28	31	36.7%	6
Chile	-87	-109	0	-5	125.7%[7)]	0
China	-2	-	-	-	0.0%	-
India	572	0	0	3	0.1%[8)]	-
Nepal	-232	-	-	31	0.0%[9)]	-
Peru	345	202	0	-3	58.4%[10)]	-
United States	285	96	90	51	33.8%	37
Other[11)]	-8	1	2	0	-17.6%	18
World Rest	**987**	**232**	**120**	**110**	**23.5%**	**62**
Total Group	**32 744**	**16 663**	**14 272**	**3 042**	**50.9%**	**14 527**

[1)] Deviation from nominal tax rate (22%) mainly due to resource rent tax on hydropower production.
[2)] Deviation from nominal tax rate (20.6%) mainly due to depreciations on assets subject to the Initial Recognition Exemption (IRE) on deferred tax.
[3)] Deviation from nominal tax rate (15%) mainly due to changes in unrecognised deferred tax assets.
[4)] Deviation from nominal tax rate (31.2%) mainly due to tax free-income and changes in unrecognised deferred tax assets.
[5)] Deviation from nominal tax rate (25%) mainly due to withholding tax.
[6)] Deviation from nominal tax rate (19%) mainly due to tax free-income.
[7)] Deviation from nominal tax rate (27%) mainly due to changes in unrecognised deferred tax assets.
[8)] Deviation from nominal tax rate (25%) mainly due to share of profit in equity accounted investments.
[9)] Deviation from nominal tax rate (10%) mainly due to share of profit in equity accounted investments.
[10)] Deviation from nominal tax rate (29.5%) manly due to differences between functional currency and tax currency.
[11)] Includes financial effects from countries where Statkraft have had temporary presence as a consequence of the Solarcentury acquisition in 2020.

Global Reporting Initiative (GRI) Index

The GRI Standards represent the global best practice for sustainability reporting. The standards comprise both general disclosures, as well as economic, environmental and social disclosures. Companies can report according to two reporting levels - Core or Comprehensive.

Statkraft's sustainability reporting is based on the GRI Standards, at reporting level Core. Statkraft has engaged Deloitte AS to conduct a review to provide a limited level of assurance on the company's sustainability information in Statkraft's Annual Report 2021. The review is based on the assurance standard ISAE 3000, and the auditor's conclusion is presented in the Auditor's report.

Explanations for the GRI index

Reported = The disclosure is reported according to the GRI Standards.
Partly = The disclosure is partly reported according to the GRI Standards.
GRI alignment in process = A reporting process aligned with the GRI Standards is under development.
EU = Specific disclosure for the energy utilities sector.

DISCLOSURES		REFERENCE / RESPONSE	STATUS
GENERAL DISCLOSURES: ORGANISATIONAL PROFILE			
102-1	Name of the organisation	Statkraft AS	Reported
102-2	Activities, brands, products and services	Statkraft at a glance Report from the Board of Directors	Reported
102-3	Location of headquarters	Oslo, Norway	Reported
102-4	Location of operations	Statkraft at a glance	Reported
102-5	Ownership and legal form	State-owned limited company	Reported
102-6	Markets served	Statkraft at a glance Report from the Board of Directors	Reported
102-7	Scale of the organisation	Key figures Statkraft at a glance	Reported
102-8	Information on employees and other workers	Sustainability statement: Labour practices	Reported
102-9	Supply chain	Sustainability chapter: Supply chain management	Reported
102-10	Significant changes to the organisation and its supply chain	Report from the Board of Directors Note 5: Business combinations and other transactions	Reported
102-11	Precautionary principle or approach	Sustainability chapter: How we manage sustainability Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management	Reported
102-12	External initiatives	Sustainability chapter: How we manage sustainability Corporate governance	Reported
102-13	Membership of associations	Sustainability chapter: How we manage sustainability	Reported
GENERAL DISCLOSURES: STRATEGY			
102-14	Status from senior decision-maker	Letter from the CEO Report from the Board of Directors	Reported
GENERAL DISCLOSURES: ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Business ethics Corporate governance	Reported
GENERAL DISCLOSURES: GOVERNANCE			
102-18	Governance structure	Corporate governance	Reported
GENERAL DISCLOSURES: STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Sustainability chapter: How we manage sustainability	Reported
102-41	Collective bargaining agreements	Sustainability chapter: Labour practices	Reported
102-42	Identifying and selecting stakeholders	Sustainability chapter: How we manage sustainability	Reported
102-43	Approach to stakeholder engagement	Sustainability chapter: How we manage sustainability	Reported
102-44	Key topics and concerns raised	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights Sustainability chapter: Water management	Reported
GENERAL DISCLOSURES: REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Note 40: Consolidated companies	Reported
102-46	Defining report content and topic boundaries	Sustainability chapter: How we manage sustainability	Reported
102-47	List of material topics	Sustainability chapter: How we manage sustainability	Reported
102-48	Restatements of information	Sustainability statement	Reported
102-49	Changes in reporting	Sustainability statement	Reported
102-50	Reporting period	2021	Reported
102-51	Date of most recent report	Statkraft's Annual Report 2020	Reported
102-52	Reporting cycle	Annual	Reported
102-53	Contact point for questions regarding the report	info@statkraft.com	Reported
102-54	Claims of reporting in accordance with the GRI Standards	The sustainability information has been prepared in accordance with the GRI Standards: Core option	Reported
102-55	GRI content index	Statkraft's GRI index	Reported
102-56	External assurance	Sustainability chapter: How we manage sustainability Auditor's statement	Reported

GRI G4 GUIDELINES: UTILITIES SECTOR			
G4-EU1	Installed capacity	Sustainability statement: Power generation and district heating production	Reported
G4-EU2	Net energy output	Sustainability statement: Power generation and district heating production	Reported
G4-EU3	Number of different customer accounts	See customer related information under: www.statkraft.com www.skagerakenergi.no www.statkraftvarme.no	Partly
G4-EU25	Injuries and fatalities to the public involving company assets	Sustainability statement: Health and safety	Reported
ECONOMIC DISCLOSURES: ECONOMIC PERFORMANCE			
103: 1-3	Management approach for economic disclosures	Report from the Board of Directors Sustainability chapter: How we manage sustainability Corporate governance	Reported
201-1	Direct economic value generated and distributed	Sustainability statement: Contribution to society	Reported
201-2	Financial implications and other risks and opportunities due to climate change	Report from the Board of Directors Sustainability chapter: Climate action Sustainability chapter: Water management	Partly
201-3	Defined benefit plan obligations and other retirement plans	Note 17: Pensions	Reported
ECONOMIC DISCLOSURES: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Sustainability chapter: Human rights	Partly
203-2	Significant indirect economic impacts	Sustainability chapter: Statkraft's contribution	Partly
ECONOMIC DISCLOSURES: ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Sustainability chapter: Business ethics	Reported
205-2	Communication and training about anti-corruption policies and procedures	Sustainability chapter: Business ethics Sustainability statement: Business ethics and anti-corruption	Reported
205-3	Confirmed incidents of corruption and actions taken	Sustainability chapter: Business ethics Sustainability statement: Business ethics and anti-corruption	Reported
ECONOMIC DISCLOSURES: TAX			
207-4	Country-by-country reporting	Sustainability chapter: Statkraft's contribution Sustainability statement: Taxes Sustainability statement: Country-by-country general information 2021 Sustainability statement: Country-by-country tax reporting 2021	Reported
ENVIRONMENTAL DISCLOSURES: ENERGY			
103: 1-3	Management approach for environmental disclosures	Report from the Board of Directors Sustainability chapter: How we manage sustainability	Reported
302-1	Energy consumption within the organisation	Sustainability statement: Consumption	Reported
ENVIRONMENTAL DISCLOSURES: WATER AND EFFLUENTS			
303-3	Water withdrawal	Sustainability statement: Consumption	Reported
ENVIRONMENTAL DISCLOSURES: BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability statement: Biodiversity and impact on nature	Reported
304-2	Significant impacts of activities, products, and services on biodiversity	Sustainability chapter: Biodiversity Sustainability chapter: Water management Sustainability statement: Biodiversity and impact on nature	Reported
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sustainability statement: Biodiversity and impact on nature Sustainability statement: Red list species	Reported
ENVIRONMENTAL DISCLOSURES: EMISSIONS			
305-1	Direct GHG emissions (scope 1)	Sustainability statement: Climate	Reported
305-2	Energy indirect GHG emissions (scope 2)	Sustainability statement: Climate	Reported
305-3	Other indirect GHG emissions (scope 3)	Sustainability statement: Climate	Reported
305-4	GHG emissions intensity	Sustainability statement: Climate	Reported
ENVIRONMENTAL DISCLOSURES: EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	Sustainability statement: Waste	Reported
306-3	Significant spills	Sustainability statement: Environmental incidents	Reported
ENVIRONMENTAL DISCLOSURES: COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	Sustainability statement: Environmental incidents	Reported
ENVIRONMENTAL DISCLOSURES: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criterias	Sustainability chapter: How we manage sustainability Sustainability chapter: Supply chain management	Reported
SOCIAL DISCLOSURES: EMPLOYMENT			
103: 1-3	Management approach on social disclosures	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Health and safety Sustainability chapter: Security and emergency response Sustainability chapter: Human rights Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	Reported
401-1	New employee hires and employee turnover	Sustainability statement: Labour practices	Reported

SOCIAL DISCLOSURES: OCCUPATIONAL HEALTH AND SAFETY			
403-8	Workers covered by an occupational health and safety management system	Sustainability chapter: Health and safety Sustainability chapter: Labour practices	Reported
403-9	Work related injuries	Sustainability chapter: Health and safety Sustainability statement: Health and safety	Reported
SOCIAL DISCLOSURES: TRAINING AND EDUCATION			
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability chapter: Labour practices	Partly
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability chapter: Labour practices Sustainability statement: Labour practices	Reported
SOCIAL DISCLOSURES: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Sustainability statement: Labour practices	Reported
405-2	Ratio of basic salary and remuneration of women to men	Sustainability chapter: Labour practices Sustainability statement: Labour practices	Reported
SOCIAL DISCLOSURES: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	Sustainability chapter: How we manage sustainability Sustainability statement: Reported concerns covering the scope of the Code of Conduct	Reported
SOCIAL DISCLOSURES: FREEDOM OF ASSICIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	GRI alignment in process
SOCIAL DISCLOSURES: CHILD LABOUR			
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	GRI alignment in process
SOCIAL DISCLOSURES: FORCED OR COMPULSORY LABOUR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices Sustainability chapter: Supply chain management	GRI alignment in process
SOCIAL DISCLOSURES: RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	Sustainability chapter: Human rights Sustainability statement: Human rights	Reported
SOCIAL DISCLOSURES: HUMAN RIGHTS ASSESSMENT			
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights	GRI alignment in process
412-2	Employee training on human rights policies and procedures	Sustainability chapter: Human rights Sustainability statement: Human rights	Reported
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights Sustainability chapter: Supply chain management	GRI alignment in process
SOCIAL DISCLOSURES: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments and development programs	Sustainability chapter: Human rights Sustainability chapter: Water management	GRI alignment in process
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability chapter: Human rights Sustainability chapter: Water management	GRI alignment in process
SOCIAL DISCLOSURES: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	Sustainability chapter: How we manage sustainability Sustainability chapter: Supply chain management	Reported
SOCIAL DISCLOSURES: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the socioeconomic area	Sustainability statement: Business ethics and anti-corruption Sustainability statement: Human rights	Reported

Statkraft's Global Compact index

Global Compact comprises ten fundamental principles relating to human rights, labour rights, protection of the environment and combating corruption. Companies that endorse Global Compact commit to support and respect the principles and report their performance in the various areas annually.

HUMAN RIGHTS

PRINCIPLE	DESCRIPTION	REFERENCE
1	Business should support and respect the protection of internationally proclaimed human rights, and	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights
2	make sure that they are not complicit in human rights abuses.	Sustainability chapter: How we manage sustainability Sustainability chapter: Human rights

LABOUR

PRINCIPLE	DESCRIPTION	REFERENCE
3	Business should uphold the freedom association and the effective recognition of the right to collective bargaining,	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices
4	the elimination of all forms of forced and compulsory labour,	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices
5	the effective abolition of child labour, and	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices
6	the elimination of discrimination in respect of employment and occupation.	Sustainability chapter: How we manage sustainability Sustainability chapter: Labour practices

ENVIRONMENT

PRINCIPLE	DESCRIPTION	REFERENCE
7	Business should support a precautionary approach to environmental challenges,	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management
8	undertake initiatives to promote greater environmental responsibility, and	Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management
9	encourage the development and diffusion of environmentally friendly technologies.	Sustainability chapter: Statkraft's contribution Sustainability chapter: Biodiversity Sustainability chapter: Climate action Sustainability chapter: Water management

ANTI-CORRUPTION

PRINCIPLE	DESCRIPTION	REFERENCE
10	Business should work against corruption in all its forms, including extortion and bribery.	Report from the Board of Directors Sustainability chapter: How we manage sustainability Sustainability chapter: Business ethics

Task Force on Climate-Related Financial Disclosures (TCFD) index

The TCFD provides a more effective, transparent, and standardized way to help stakeholders understand a company's climate-related risks and opportunities. Statkraft's disclosure is aligned with the TCFD's eleven core recommendations, which are divided into categories of governance, strategy, risk management, and metrics and targets. The TCFD also provides supplemental guidance for energy companies, which Statkraft adheres to.

GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities

AREA	REFERENCE, STATKRAFT'S CDP RESPONSE 2021	REFERENCE, ANNUAL REPORT 2021
a) Describe the board's oversight of climate-related risks and opportunities	C1.1b	Report from the Board of Directors Corporate governance
b) Describe management's role in assessing and managing climate-related risks and opportunities	C1.2, C1.2a	Report from the Board of Directors Corporate governance Sustainability chapter: How we manage sustainability

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

AREA	REFERENCE, STATKRAFT'S CDP RESPONSE 2021	REFERENCE, ANNUAL REPORT 2021
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	C2.2a, C2.3, C2.3a, C2.4, C2.4a	Report from the Board of Directors Corporate governance Sustainability chapter: Climate action
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	2.3a, 2.4a, C3.1, 3.2, 3.2a C3.3, C3.4, C3.4a	Report from the Board of Directors Corporate governance Sustainability chapter: Climate action
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	C3.2a, C3.3, C3.4a	Sustainability chapter: Climate action

RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks

AREA	REFERENCE, STATKRAFT'S CDP RESPONSE 2021	REFERENCE, ANNUAL REPORT 2021
a) Describe the organization's processes for identifying and assessing climate-related risks	C2.2, C2.2a, 2.3a	Sustainability chapter: How we manage sustainability Sustainability chapter: Climate action
b) Describe the organization's processes for managing climate-related risks	C2.2, C2.2a, C2.3a	Sustainability chapter: How we manage sustainability Sustainability chapter: Climate action
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	C2.2	Corporate governance Sustainability chapter: Climate action

METRICS AND TARGETS

Disclose metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

AREA	REFERENCE, STATKRAFT'S CDP RESPONSE 2021	REFERENCE, ANNUAL REPORT 2021
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	C4.1a, C4.1b, C4.2b	Sustainability chapter: Climate action Sustainability statement: Climate
b) Disclose Scope 1, Scope2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	C6.1, C6.2, C6.3, C6.5	Sustainability chapter: Climate action Sustainability statement: Climate
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	C4.1a, C4.1b, C4.2b	Sustainability chapter: Climate action Sustainability statement: Climate

SUPPLEMENTAL GUIDANCE FOR THE ENERGY GROUP

AREA	REFERENCE, STATKRAFT'S CDP RESPONSE 2021	REFERENCE, ANNUAL REPORT 2021
Disclose changes in compliance and operating costs, risks, or opportunities	C2.3a, C2.4a, C3.3, C3.4, C3.4a	Report from the Board of Directors Sustainability chapter: Climate action
Disclose exposure to regulatory changes or changing consumer and investor expectations	C2.2a	Report from the Board of Directors Sustainability chapter: Climate action
Disclose changes in investment strategies	C2.4a, C3.3, C3.4, C3.4a	Report from the Board of Directors Sustainability chapter: Climate action

Auditor's statement

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

To the Board of Directors of Statkraft AS

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON STATKRAFT'S SUSTAINABILITY REPORTING FOR 2021

We have been engaged by the Board of Directors of Statkraft to provide limited assurance in respect of the sustainability information in Statkraft Annual Report 2021, the chapters Sustainability and Sustainability Statement ("the Report"). Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation and presentation of the Report prepared in accordance with GRI Standards, level Core, and other reporting criteria described in the Report. They are also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures, interviews and meetings with management and individuals responsible for the preparation of the Report and for sustainability management, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

Deloitte.

Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:

- Statkraft has established management processes and systems to manage material aspects related to sustainability, as described in the Report.
- Statkraft has applied procedures to identify, collect, compile and validate information for 2021 to be included in the Report, as described in the Report. Information presented for 2021 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Statkraft applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards. Statkraft's GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Statkraft Annual Report 2021.

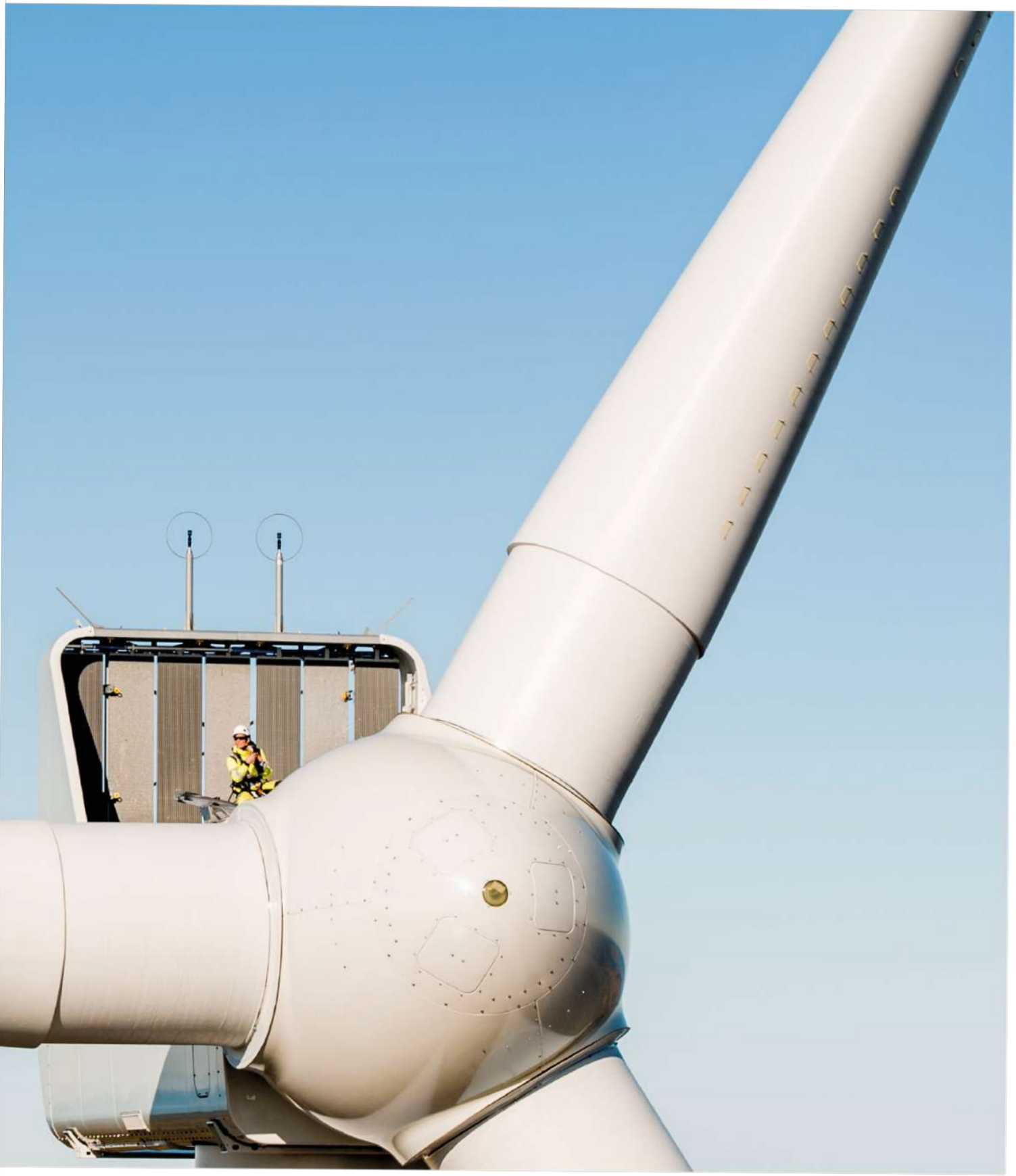
Oslo, 16 February 2022
Deloitte AS

Trond Edvin Hov
State Authorised Public Accountant (Norway)

Frank Dahl
Sustainability expert

From Statkraft's Low Emissions Scenario:

Solar and wind power had a record high buildout both in 2020 and 2021. The two technologies are now edging out competitors in offering affordable renewable energy to the world.



DECLARATION

Declaration from the Board of Directors and the President and CEO

We confirm to the best of our knowledge that:

- the consolidated financial statements for 2021 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act,
- the financial statements for the parent company for 2021 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway,
- the information presented in the financial statements gives a true and fair view of the company's and group's assets, liabilities, financial position and result for the period viewed in their entirety,
- the board of directors report, the chapters on corporate governance, taxonomy and sustainability, including sustainability statement, give a true and fair view of the development, performance and financial position of the company and group, and includes a description of the key risks and uncertainties the companies are faced with.

The Board of Directors of Statkraft AS

Oslo, 16 February 2022

Thorhild Widvey
Chair of the Board

Peter Mellbye
Deputy chair

Marit Salte
Director

Mikael Lundin
Director

Ingelise Arntsen
Director

Bengt Ekenstierna
Director

Vilde Eriksen Bjerknes
Director

Thorbjørn Holøs
Director

Asbjørn Sevlejordet
Director

Christian Rynning-Tønnesen
President and CEO

From Statkraft's Low Emissions Scenario:

Hydrogen will play a significant role in the energy system of the future, specifically in the industry, heavy transport and maritime sectors.

KEY FIGURES AND ALTERNATIVE PERFORMANCE MEASURES

Key Figures

FINANCIAL KEY FIGURES

	Unit	2021	2020	2019	2018	2017
Income statement						
Gross operating revenues and other income underlying	NOK mill	83 440	38 060	47 836	56 237	53 300
Net operating revenues and other income underlying	NOK mill	41 749	20 776	29 318	26 539	23 767
EBITDA, underlying	NOK mill	30 906	10 736	20 569	18 134	14 903
Operating profit/loss (EBIT) underlying	NOK mill	26 792	6 670	16 744	14 567	11 241
Operating profit/loss (EBIT) IFRS	NOK mill	29 727	5 749	16 978	15 446	11 928
Share of profit/loss in equity accounted investments	NOK mill	1 686	835	1 249	790	-79
Net financial items	NOK mill	1 331	-1 631	733	4 412	3 818
Profit/loss before tax	NOK mill	32 744	4 953	18 959	20 649	15 668
Net profit/loss	NOK mill	16 081	3 532	11 327	13 390	11 710
Items excluded from underlying business						
Unrealised value changes from embedded EUR derivatives	NOK mill	-1 285	339	42	-403	872
Gains/losses from divestments of business activities	NOK mill	817	119	55	1 449	315
Impairments/reversal of impairments	NOK mill	3 403	-1 379	136	-167	-500
Balance sheet						
Property, plant & equipment and intangible assets	NOK mill	120 633	116 170	114 485	109 653	106 506
Equity accounted investments	NOK mill	14 771	13 492	12 917	13 105	13 335
Inventories - development and constrcution projects (DS/DBS)	NOK mill	2 965	2 483	-	-	-
Other assets	NOK mill	171 635	49 112	50 413	58 955	48 305
Total assets	NOK mill	310 004	181 257	177 815	182 388	169 108
Equity	NOK mill	107 775	98 028	100 764	98 004	91 627
Cash flow						
Cash flow from operating activities	NOK mill	26 242	11 631	11 861	15 286	8 865
Dividend paid to owners (incl. non-controlling interests)	NOK mill	3 673	6 718	8 593	6 093	3 089
Cash and cash equivalents (incl. restricted cash)	NOK mill	37 162	11 155	15 203	23 175	14 217
Investments						
Maintenance investments [1]	NOK mill	2 534	2 275	1 972	1 633	1 385
Other investments [2]	NOK mill	3 028	753	740	434	435
Investments in new capacity [3]	NOK mill	2 271	4 103	3 738	3 053	1 964
Investments in new capacity for subsequent divestment (DS/DBS) [4]	NOK mill	1 892	413	-	-	-
Investments in shareholdings [5]	NOK mill	2 143	2 357	972	1 862	111
Financial metrics						
ROACE [6]	%	22.4	5.7	15.1	13.9	10.6
ROAE [7]	%	12.1	6.3	9.5	5.9	-0.5
Ratio/Rating						
Net interest-bearing liabilities - equity ratio [8]	%	11.8	18.8	13.9	11.6	21.3
Equity ratio [9]	%	34.8	54.1	56.7	53.7	54.2
Long-term rating - Standard & Poor's		A- / Stable	A- / Stable	A- / Stable	A- / Stable	A-
Long-term rating - Fitch Ratings		BBB+ / Stable	BBB+ / Stable	BBB+ / Stable	BBB+ / Stable	n/a

1) Book value of maintenance investments to sustain current generating capacity.

2) Book value of investments which are not related to power generating capacity.

3) Book value of investments to expand generating capacity.

4) Book value of investments to expand generating capacity, but with planned subsequent divestment.

5) Purchase of shares as well as equity increase in other companies.

6) $\frac{\text{Operating profit (EBIT) underlying (rolling 12 months) * 100}}{\text{Average capital employed (rolling 12 months)}}$

7) $\frac{\text{Share of profit/loss in equity accounted investments (rolling 12 months) * 100}}{\text{Average equity accounted investments (rolling 12 months)}}$

8) $\frac{\text{Net interest-bearing liabilities * 100}}{\text{Net interest-bearing liabilities + equity}}$

9) $\frac{\text{Total equity * 100}}{\text{Total assets}}$

POWER GENERATION AND DISTRICT HEATING PRODUCTION

	Unit	2021	2020	2019	2018	2017
Installed capacity, power generation	MW	18 659	18 878	18 445	17 831	17 478
Of which hydropower	MW	14 447	14 402	14 399	14 190	14 099
Of which wind power	MW	1 773	2 037	1 607	1203	947
Of which gas-fired power [1]	MW	2 390	2 390	2 390	2 390	2 390
Of which biomass and solar power	MW	49	49	49	49	43
Installed capacity, district heating	MW	869	853	828	836	835
Capacity under development, power generation [2]	MW	1 357	1 284	750	865	718
Of which hydropower	MW	198	202	386	292	184
Of which wind power	MW	726	882	364	574	520
Of which solar power	MW	433	200	0	0	14
Capacity under development, district heating [2]	MW	0	0	0	0	0
Total production capacity, potential [3]	TWh	64.7	60.7	60.7	59.6	61.9
Power generation, actual	TWh	69.9	65.4	61.1	61.1	62.6
Of which hydropower	TWh	63.0	55.7	53.4	57.2	57.4
Of which wind power	TWh	3.9	4.3	3.0	2.7	2.7
Of which gas-fired power [1]	TWh	2.7	5.1	4.5	1.5	2.2
Of which biomass and solar power	TWh	0.2	0.3	0.3	0.3	0.3
District heating production	TWh	1.2	1.0	1.1	1.1	1.1
Renewable power generation [4]	%	96.1	92.2	92.6	97.6	96.5
Renewable district heating [4]	%	93.1	95.2	89.5	89.2	91.6

[1] Includes Statkraft's share of the jointly controlled Herdecke (Germany) gas-fired power plant.

[2] The reported figures for 2020 and 2021 include projects where the investment are > 300 mill NOK.

[3] Excluding gas-fired power and district heating. Annual mean generation.

[4] Non-renewable production consists of gas-fired power and share of district heating based on fossil fuels. Production at Heimdal, the incineration plant in Trondheim, is counted as 100% renewable district heating production (aligned with SSB, Statistics Norway, reporting practice).

EMISSIONS AND ENVIRONMENTAL INCIDENTS

	Unit	2021	2020	2019	2018	2017
Emissions of CO_2 equivalents, consolidated activities	Tonnes	1 235 400	1 603 700	1 468 800	525 800	818 000
Greenhouse gas emissions per scope [1]						
Scope 1: Direct emissions [2] [3]	Tonnes	1 437 000	1 860 000	1 645 500	606 600	909 700
Scope 2, market based: Indirect emissions, related to electricity consumption [2]	Tonnes	0	0	0	0	0
Scope 2, location based: Indirect emissions, related to electricity consumption	Tonnes	212 400	175 800	-	-	-
Scope 3: Other indirect emissions (business travel only)	Tonnes	2 600	1 700	3 700	2 800	-
Relative greenhouse gas emissions						
CO_2-equivalent emissions per MWh power generation, total [2]	kg/ MWh	21	28	27	10	14
CO_2-equivalent emissions per MWh district heating production [3]	kg/ MWh	21	11	26	26	19
Environmental incidents						
Serious environmental incidents	Number	0	0	0	0	0
Less serious environmental incidents	Number	274	242	288	283	187

[1] Emission figures reported for 2021 from gas-fired power plants in Germany are yet not finally approved by the EU ETS authorities. Reported figures for 2020 have been adjusted to be fully aligned with emissions approved by the EU ETS authorities.

[2] Includes Statkraft's share of production and emissions of CO_2 in the jointly controlled gas-fired power plant Herdecke (Germany).

[3] Emissions of CO_2 from Heimdal incineration plant are not included in Statkraft's total CO_2 statement, according to established reporting practice for the district heating industry.

CONTRIBUTION TO SOCIETY

	Unit	2021	2020	2019	2018	2017
Distribution of value created						
Dividend [1]	NOK mill	10 214	3 673	6 500	8 500	6 100
Taxes [2]	NOK mill	16 231	4 236	8 263	8 738	5 929
Interest	NOK mill	523	1 984	669	1 369	3 303
Employees	NOK mill	4 702	4 115	3 503	3 198	3 262
The company	NOK mill	5 309	-354	4 411	4 210	5 705

[1] Includes dividend and Group contribution from Statkraft AS to Statkraft SF.

[2] Includes employer's national insurance contribution, regulatory fees and payable income tax expense.

REPORTED CONCERNS COVERING THE SCOPE OF THE CODE OF CONDUCT

	Unit	2021	2020	2019	2018	2017
Total number of reported concerns (whistleblowing) [1]	Number	57	46	60	55	57
Of which related to business ethics and anti-corruption	Number	13	11	28	32	40
Of which related to discrimination	Number	3	5	8	2	n/a

[1] The scope of the whistleblowing procedures relates to the full scope of Statkraft's Code of Conduct, e.g. human rights, environment, health and safety, business ethics and anti-corruption.

EMPLOYEES AND GENDER EQUALITY

	Unit	2021	2020	2019	2018	2017
Employees per 31.12	Number	4 782	4 467	3 973	3 557	3 593
Percentage of women						
Total	%	29	28	26	25	25
In management positions	%	28	26	23	21	22
In Group top management positions [1]	%	30	29	28	22	-
Among new employees	%	40	36	38	31	22

[1] As of 31.12 there were 246 employees in management positions, 53 employees in group top management positions, 7 members of Corporate Management and 9 members of Statkraft's Board of Directors.

HEALTH AND SAFETY

	Unit	2021	2020	2019	2018	2017
Fatal accidents, consolidated operations [1]						
Employees	Number	0	0	0	1	0
Contractors	Number	0	2	0	0	0
Third parties	Number	0	0	0	0	0
Fatal accidents, associated activities [2]						
Employees	Number	0	0	0	0	0
Contractors	Number	0	1	0	0	0
Third parties	Number	0	0	0	0	0
Serious incidents [3]						
Serious injuries	Number	7[5]	7	7	7	4
Incidents with, or with potential for, serious consequences [6]	Number	43	14	46	31	48
Serious injuries rate [4]	Rate	0.3	0.4	0.3	-	-
Total recordable injuries per million hours worked [3]	TRI rate	0.0	0.0	0.0	5.3	5.3
Sick leave, total	%	1.0	1.0	1.2	3.3	3.5

[1] Activities where Statkraft has > 50% ownership.

[2] Activities where Statkraft has 20-50% ownership.

[3] Includes activities where Statkraft has ≥ 20% ownership.

[4] Number of serious injuries per million hours worked.

[5] Four contractor's employees (in Chile, Spain, Germany and Norway) and three Statkraft employees (two in Norway, one in Spain) suffered serious injuries in 2021.

[6] Serious injuries not included. High potential observations are included from 2021.

MARKET VARIABLES

	Unit	2021	2020	2019	2018	2017
System price, Nord Pool	EUR/MWh	62.2	10.9	39.0	44.0	29.4
Spot price, European Energy Exchange	EUR/MWh	96.6	30.4	37.7	44.4	34.2
Electricity consumption in the Nordic market	TWh	398	378	387	395	388
Electricity generated in the Nordic market, actual	TWh	420	402	388	397	397
Statkraft's share of Nordic electricity generation	%	14.6	13.7	13.2	13.8	13.9

POWER PLANTS

	Pro-rata[1]		Consolidated plants	
	No. of plants	Capacity (MW)	No. of plants	Capacity (MW)
Hydropower	**347**	**16 023**	**272**	**14 447**
Norway	238	12 985	173	11 692
Sweden	59	1 267	59	1 267
Germany	10	262	10	262
UK	3	49	3	49
Albania	2	269	2	269
Turkey	2	122	2	122
Brazil	18	259	13	285
Peru	9	448	9	448
Chile	3	209	1	52
Nepal	1	17	-	-
India	2	136	-	-
Wind power	**63**	**1 749**	**63**	**1 773**
Norway	8	662	8	662
Sweden	4	546	4	546
Brazil	4	105	4	130
Germany	39	311	39	311
France	4	35	4	35
UK	3	67	3	67
Ireland	1	23	1	23
Gas-fired power	**5**	**2 390**	**5**	**2 390**
Germany	5	2 390	5	2 390
Biomass	**2**	**43**	**2**	**43**
Germany	2	43	2	43
Total, power generation	**417**	**20 205**	**342**	**18 653**

DISTRICT HEATING PLANTS

	Pro-rata[1]		Consolidated plants	
	No. of locations	Capacity (MW)	No. of locations	Capacity (MW)
Norway	23	648	23	695
Sweden	4	159	4	159
Total, district heating	**27**	**807**	**27**	**853**

[1] Statkraft equity share in all power plants (pro-rata share of direct and indirect ownership), including those in partly-owned companies.

Alternative Performance Measures

As defined in ESMAs guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Changes to operating profit/loss (EBIT) underlying

From 2021, gains/losses from divestments related to assets in the DS/DBS portfolio, reported under the segment European wind and solar, are included as part of operating profit/loss (EBIT) underlying. The business model with the intention to develop, construct and divest projects within wind and solar are part of Statkraft's ordinary activities going forward. By including gains/losses from divestments of DS/DBS projects in the operating profit/loss (EBIT) underlying, the APM would better reflect how the management makes, follows up and evaluates the ordinary activities in segment European wind and solar.

Statkraft uses the following APMs:

EBITDA underlying is defined as operating profit/loss (EBIT) underlying before depreciations and amortisations. The APM is used to measure performance from operational activities. EBITDA underlying should not be considered as an alternative to operating profit and profit/loss before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA underlying an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Operating profit/loss (EBIT) underlying is an APM used to measure performance from operational activities.

Items excluded from operating profit/loss (EBIT) underlying:
Statkraft adjusts for the following three items when reporting operating profit (EBIT) underlying:

1. **Unrealised value changes from embedded EUR derivatives**, since they do not reflect how the segment is following up on the results. The EUR exposure in the power sales agreements with the power intensive industry are hedged by entering into currency derivatives or EUR bonds. Hence, the unrealised value changes from the energy (EUR) derivatives are partly offset in Net financial items in the Profit and loss statement.
2. **Gains/losses from divestments of business activities that are not classified as DS/DBS**, since the gains or losses do not give an indication of future performance or periodic performance from operating activities. Such gains or losses are related to the cumulative value creation from the time the asset is acquired until it is sold.
3. **Impairments/reversal of impairments**, since they affect the economics of an asset for the useful life of that asset; not only the period in which the asset is impaired, or previous period's impairments are reversed.

The above items are also excluded from **Gross operating revenues and other income underlying** and **Net operating revenues and other income underlying**. See note 4 in the Group financial statements.

ROACE is defined as operating profit/loss (EBIT) underlying divided by capital employed. ROACE is calculated on a rolling 12-month average and is used to measure return from the operational activities as well as benchmarking performance.

ROAE is defined as share of profit/loss in equity accounted investments, divided by the average book value of the Group's equity accounted investments. ROAE is calculated on a rolling 12-month average. The financial metric is used to measure return from the Group's equity accounted investments as well as benchmarking performance.

Capital employed is the capital allocated to perform operational activities.

Net interest-bearing liabilities is used to measure indebtedness.

Net interest-bearing liabilities - equity ratio is calculated as net interest-bearing liabilities relative to the sum of net interest-bearing liabilities and equity.

Operating profit (EBIT) margin underlying (%) is calculated as operating profit (EBIT) underlying relative to gross operating revenues and other income underlying.

Cost of operations, Nordic hydropower generation (øre/kWh) is an APM that is used to measure the cost of operations per kWh for Nordic hydropower assets in the segment European flexible generation. Total operating expenses for these assets are divided by the seven-year average output from Nordic hydropower plants under own management in the segment. Total operating expenses include salaries and payroll costs, depreciation and amortisation, property tax and licence fees and other operating expenses. Net financial items and taxes related to these assets are not included. In addition, the costs related to both hydropower assets outside the Nordics and other technologies in the segment are not included in this APM.

ALTERNATIVE PERFORMANCE MEASURES

NOK million	2021	2020
OPERATING PROFIT/LOSS (EBIT) MARGIN UNDERLYING		
Operating profit/loss (EBIT) underlying, see note 4 in the Group Financial Statements	26 792	6 670
Gross operating revenues and other income underlying	83 440	38 060
Operating profit/loss (EBIT) margin underlying	32.1%	**17.5%**
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING		
Operating profit/loss (EBIT) underlying	26 792	6 670
Depreciations and amortisations	4 113	4 066
EBITDA underlying	30 906	**10 736**
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED		
Intangible assets	4 112	4 113
Property, plant and equipment	116 521	112 057
Inventories (DS/DBS)	2 965	2 483
Capital employed	123 598	**118 653**
Average capital employed [1]	119 422	**117 531**
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)		
Operating profit/loss (EBIT) underlying, rolling 12 months	26 792	6 670
Average capital employed	119 422	117 531
ROACE	22.4%	**5.7%**
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)		
Share of profit/loss in equity accounted investments, rolling 12 months	1 686	835
Average equity accounted investments [1]	13 941	13 202
ROAE	12.1%	**6.3%**
NET INTEREST-BEARING LIABILITIES		
Interest-bearing liabilities, non-current	21 493	28 297
Interest-bearing liabilities, current	30 426	6 144
Cash and cash equivalents incl. restricted cash **(A)**	-37 162	-11 155
Restricted cash **(B)**	342	31
Cash and cash equivalents included in net interest-bearing liabilities **(A+B)**	-36 819	-11 125
Financial investments, current	-661	-606
Net interest-bearing liabilities	14 439	**22 710**
NET INTEREST-BEARING LIABILITIES-EQUITY RATIO		
Net interest-bearing liabilities	14 439	22 710
Equity	107 775	98 028
Sum of net-interest bearing liabilities and equity	122 214	**120 739**
Net interest-bearing liabilities - equity ratio	11.8%	**18.8%**
COST OF OPERATIONS, NORDIC HYDROPOWER GENERATION IN SEGMENT EUROPEAN FLEXIBLE GENERATION (EF)		
Net operating revenues and other income underlying	33 899	11 401
- operating profit/loss (EBIT) underlying	27 557	4 995
Operating expenses, underlying	6 343	6 407
- items in EF not related to Nordic hydropower generation [2]	1 306	1 460
= Cost of operations, Nordic hydropower generation	5 036	4 947
7-year average generation, Nordic hydropower (GWh)	48 748	48 825
= Cost of operations, Nordic hydropower generation in EF (øre/kWh)	10.3	**10.1**

[1] *Average capital employed and average equity accounted investments are based on the average for the last four quarters.*

[2] *Includes all operating expenses related to hydropower generation outside the Nordics and other technologies.*

Statkraft AS
PO Box 200 Lilleaker
NO-0216 Oslo
Tel: +47 24 06 70 00
Visiting address:
Lilleakerveien 6

Organisation no:
Statkraft AS: 987 059 699

www.statkraft.com

Statkraft

ANNUAL REPORT 2021