Statnett

The green pulse

Annual and Sustainability Report 2022

Statnett will play a central role in the green transition for current and future generations. A secure power supply is vital to provide a good life for all and to enable sustainable value creation.

2022 - an **exceptional** year for the power system

Congestion revenues
NOK 22.7 billion

0.-
The fixed component of the grid tariff from April

Power production
146 TWh

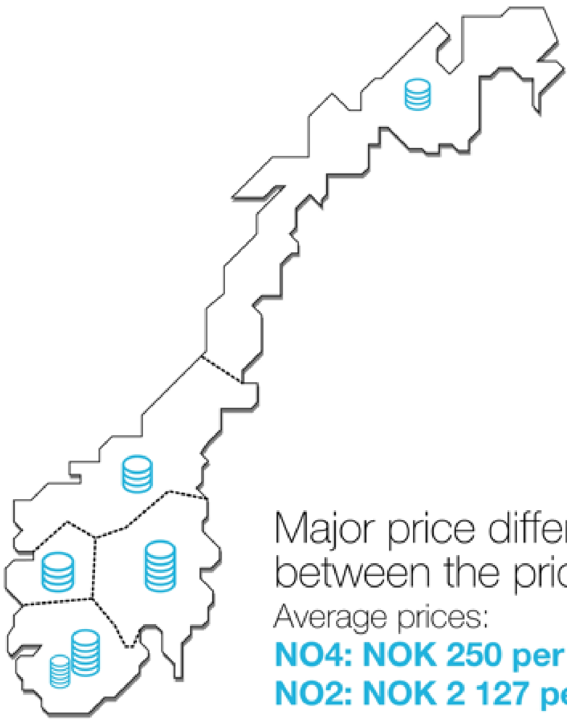
Consumption
134 TWh

European energy security

Net exchange
12.5 TWh

Reduced costs for the grid customers
NOK 11.3 billion

The assessment of the power situation for southern Norway
was pressed from 24 May to 23 November



Major price differences between the price areas
Average prices:
NO4: NOK 250 per MWh
NO2: NOK 2 127 per MWh

The green change of pace is here

We are living in challenging times. The European energy system has been put through trials at the same time as the transition towards zero emissions is gathering pace. Europe has set ambitious goals for developing large volumes of renewable energy. The transition is gaining momentum in Norway as well, and Statnett is receiving record-high numbers of requests for grid connection from new green industries as well as existing actors wanting to expand or transition existing industry to renewable energy. This is good news for Norway, and will require Statnett to increase the speed in expanding the grid capacity.

There are a number of ambitions and targets set out by the government, through ownership policies, targets for development of new industry, increased power production and climate goals. The sum of these goals sets the basis for planning the future capacity of the grid and the needed shift of pace in both grid expansion and increase in power production capacity. Our analyses show that power consumption in Norway may rise from the current level of around 140 TWh to around 260 TWh in 2050. We will need to rapidly expand grid capacity and develop large volumes of new renewable energy to meet this expected growth demand.

A change of pace in grid development

A major increase in power consumption means significant investments in the grid. In the past decade, Statnett has invested more than NOK 70 billion and now plans to invest up to NOK 100 billion by 2030. The task we are facing requires a holistic approach and clear prioritisations. In the spring of 2023, Statnett will have completed ten area plans covering the whole of Norway. These outline strategic target scenarios for grid development in each area that enable us to deliver security of supply and facilitate the connection of industry and electrification of energy consumption in the years to come. This will require public processes that facilitate a change of pace and at the same time secure involvement and acceptance in local communities, with relevant authorities, and with stakeholders.

Statnett is striving to free up more grid capacity through measures relating to the balancing and operating the power system and utilization of existing grid assets. Large-scale power consumers may be connected to the grid with agreements on flexibility. We are also developing new tools to secure stable operations and make better use of the existing grid, by both developing technology and optimising risks. To succeed in this, innovation, new technology and digitalisation will be key. A number of manual operations and processes will have to be automated to handle the increasing complexity. Statnett is partnering with TSOs in neighbouring countries to conduct several major joint projects, which are required to manage operations of the future power system.

The capacity in the grid is already fully utilized in many areas of Norway. There is a need to accelerate expansion of the capacity. This requires efficient processes both at Statnett and the licensing authorities. Statnett has initiated measures to improve the efficiency of our own processes and secure the capacity required to manage the huge task that lies ahead. This includes looking at how we can leverage the supplier markets, collaborate with other actors, utilise technology and improve our planning and implementation processes for measures. All this while ensuring safety and sustainability in everything we do.

More renewable energy needed

In recent years, Statnett has published several market analyses indicating that Norway may have a national power deficit by 2027. Southern Norway will have a power deficit by 2026. The power demand requires both more grid and more power production. Addressing these issues is a matter of urgency. Norway will also need access to more installed production capacity to ensure that the power system can cover periods of peak consumption during cold periods.

An increasing number of actors are pointing at this needed development, and in February 2023 the Energy Commission established by the Norwegian Government in 2022 delivered its report. The Commission highlights the need to increase power production and invest in energy efficiency measures. In addition, the grid needs to be developed faster and in time to meet consumption growth. This will be necessary to facilitate industrial development and achieve the climate goals.

Offshore wind in Norwegian waters will become an important part of the power system. The Norwegian Government has set a goal of opening up coastal areas for development of offshore wind, that could enable 30 GW by 2040. Statnett is already planning connection of the first phase in Sørlige Nordsjø II and Utsira Nord. Statnett has been pointed at as planning responsible and Transmission System Operator for offshore wind, and will play a key role in developing the grid. It is important to ensure that these changes are closely aligned with the power system onshore and in collaboration with the Transmission System Operators in Norway's neighbouring countries.

Increased pace towards common goals

We will deliver on society's requirements in the face of a new wave of industrialisation and the transition to a zero-emission society. Getting there will be challenging and require clear decisions. We must ensure sustainability and sound socioeconomic decisions while increasing the pace of expansion.

Statnett is well prepared to implement this change of pace in close cooperation with the authorities and other stakeholders. We are strengthening our organisation and our ability to execute, while ensuring the quality and security required as part of our key mission. We are ready for the green change of pace.

Hilde Tonne

President and CEO

Group Management

Hilde Tonne
President and CEO
Appointed in 2021.

Previous experience: Executive Director and Chief Innovation Officer at Rambøll Group and various group management positions at Telenor Group. Tonne has also held a variety of management positions in the oil and energy sector, including as Head of Technology & Research at Norsk Hydro Oil & Energy.

Education/qualifications: Master's in Science from the Norwegian University of Science and Technology (NTNU) and RWTH Aachen, Germany.

Directorships: Member of the Board of Directors of Arup from 1 April 2023. Previously chair of the board of Hafslund and in the Research Council of Norway. She has previously served on the boards of several companies, including Statkraft, Vattenfall and at Danske Bank. Tonne is one of the founders of Digital Norway.

Elisabeth Vike Vardheim
EVP Grid and Asset Management
Employed in 2007 and member of Group Management since 2014.

Previous experience: Several management positions within development projects, construction client organisations, operational activities and public administration. Since 2014 responsible for planning, engineering and development of the transmission grid in Norway and since 2021 also responsible for operation and management of the transmission grid.

Education/qualifications: Master's in Engineering from NTNU, Degree in Business Administration, Master's in Board Governance from the Norwegian Business School (BI).

Directorships: Chair of NordLink Norge AS and Statnett Transport AS.

Peer Olav Østli
EVP System Operations
Employed and member of Group Management since 2007.

Previous experience: Director at Telenor, Schibsted Nett and Scandinavia Online AB, Head of Technology at NRK.

Education/qualifications: Master's in Computer Science and postgraduate studies in management from Henley Business School in the UK.

Directorships: Board member at Fifty AS.

Gunnar G. Løvås
EVP Markets and System Development
Employed as member of Group Management since 2019. Also employed from 1994 to 2014.

Previous experience: Member of Statnett's Group Management 2007–14. Deputy Director General and member of Group Management at the Norwegian National Rail Administration. Has also worked as an independent consultant.

Education/qualifications: Master's in Engineering from the Norwegian University of Science and Technology (NTNU) and a doctorate in mathematical statistics from the University of Oslo.

Directorships: Chair of Elhub AS.

Håkon Borgen

EVP Offshore Development
Employed in 1995 and member of Group Management since 2004.

Previous experience: Several management positions at Statnett and BKK in the areas of power supply, planning and construction, as well as responsibility for cable projects run by Statnett.

Education/qualifications: Master's in Engineering from the Norwegian University of Science and Technology (NTNU) and Technische Hochschule Darmstadt (THD) in Germany, postgraduate studies in management from the International Institute for Management Development.

Directorships: Chair of ENTSO-E Research Development and Innovation Committee (RDIC), Board member at Fred. Olsen Windcarrier (FOWIC). Chair of NordLink Norge and Statnett Transport. Also Chair of Sway and Nordpool spot.

Cathrine Lund Larsen

EVP and CFO
Employed as member of Group Management since 2022.

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

Education/qualifications: Degree in Business and Economics (Siviløkonom) from the Norwegian School of Economics (NHH) and Board competence from BI Norwegian Business School.

Directorships: Board member at Shearwater Geoservices.

Beate Sander Krogstad

EVP Transformation & Digital
Employed since 2009 and a member of Group Management since 2019.

Previous experience: Manager at Accenture, several management roles and directorships at Statnett.

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

Directorships: Chair of Fifty AS, member of the boards of Helse Vest IKT and Digital Norway – business competence centre.

Anne Wilhelmine Flagstad

EVP People & Sustainability
Employed as member of Group Management since 2022.

Previous experience: Management positions and experience as a consultant and researcher in Organisation and HR from the public and private sector in Norway and internationally, most recently as HR Director at Telenor Denmark and HR Director at Telenor Norway.

Education/qualifications: Master's in Sociology from the University of Oslo and PhD in strategy and organisation from BI Norwegian Business School. Further education in digital transformation and management from IMD.

Statnett's Board of Directors

Nils Kristian Nakstad

Board member since 2022, Chair since 2022.
Chair of the Compensation Committee.
Previous experience: CEO of Enova since 2008, researcher and Head of Section at SINTEF, in addition to positions at Norsk Hydro, Trondhjem Preserving and Revolt Technology.
Directorships: A number of positions on various boards and committees, including as Chair of the Expert Committee on the Electricity Network and member of the Energy Committee.

Wenche Teigland

Board member since 2020.
Elected as Deputy Chair 2022.
Head of the Audit Committee.
Previous experience: Investor and advisor for start-up companies, Executive Vice President at BKK 2006–2020, CEO of Naturgass Vest and various management positions at Shell/Gasnor, Aibel and Aker Engineering.
Directorships: Enova, Quantafuel ASA, Bergen Carbon Solution, Fount AS, Aragon AS.

Hilde Singsaas

Board member since 2022.
Member of the Audit Committee.
Previous experience: Director General of the Norwegian Agency for Public and Financial Management, former director of the employers' association Spekter, Director of Communications at Norges Bank, advisor at ECON, State Secretary at the Ministry of Finance and at the Office of the Prime Minister.

Egil Gjesteland

Board member since 2012.
Head of the Project Committee.
Previous experience: Owns Gjesteland Consulting, project consultant, IT Director and Project Director for a number of Equinor's oil and gas projects.

Rolf-Amund Korneliussen

Employee-elected Board member since 2022, employee since 2009
Member of the Audit Committee.
Previous experience: Senior analyst in Market Analysis at Statnett, Chief Employee Representative and Head of the Federation of Norwegian Professional Associations at Statnett. Former Senior Advisor in Norwegian Agency for Public and Financial Management and at Deloitte.

Ingeborg Ligaarden

Employee-elected Board member since 2020, employee since 2015.
Member of the Compensation Committee.
Previous experience: Section Head for Data Science at Statnett, former Researcher at SINTEF, as well as experience from honorary posts at Tekna.

Maria Sandsmark

Board member since 2013.
Member of the Project Committee.
Previous experience: Researcher Møreforskning and ECON Analysis, has also taught Environment and Resource Economics at Molde University College
Offices: Member of the government-appointed Expert Committee to review the cost-benefit analysis framework for public measures (2011).

Christian Reusch

Board member since 2020.
Member of the Compensation Committee.
Previous experience: Lawyer with the Attorney General's Office, Specialist Director at the Office of the Prime Minister, Lawyer/Partner at the law firm Advokatfirmaet Simonsen Vogt Wiig.

Steinar Jøråndstad

Employee-elected Board member since 2004, employee since 1980.
Member of the Project Committee.
Previous experience: Team coordinator in Grid Infrastructure North and East at Statnett. Chairs Statnett's Working Environment Committee. Chief Employee Representative Electrician and IT Workers' Union.

Financial key figures

Key figures (Amounts in NOK million)	**2022**	**2021**	**2020**
Accounting result			
Operating revenue	22 993	14 412	10 761
Depreciation, amortisation and impairments [1)]	-3 046	-3 080	-2 820
EBITDA	11 479	7 926	6 688
EBIT	8 433	4 846	3 868
Result for the period	5 949	3 307	2 697
Adjustments			
Change in accumulated higher/lower revenue (+/-) before tax	6 868	2 350	792
Change in accumulated higher/lower revenue (+/-) after tax	5 357	1 833	618
Accumulated higher/lower revenue (+/-) before tax	9 278	2 410	60
Underlying result (adjusted for change in higher/lower revenue) [2)]			
Underlying operating revenue	16 124	12 062	9 969
Underlying EBITDA	4 610	5 576	5 896
Underlying EBIT	1 564	2 496	3 076
Underlying result for the year	592	1 474	2 079
Key figures balance sheet			
Property, plant and equipment	68 247	66 767	60 296
Long-term and current interest-bearing liabilities including hedging effect [3)]	48 440	53 920	56 129
Market value interest and currency swaps relating to loans [4)]	2 282	4 322	6 551
Interest-bearing liabilities adjusted for effect of interest and currency swaps [5)]	46 158	49 598	49 578
Equity adjusted for higher/lower revenue after tax [6)]	19 741	19 588	18 891
Total assets	87 184	84 446	82 885
Capital employed [7)]	71 239	69 882	68 382
Financial key figures			
Return on capital employed before tax, adjusted for higher/lower revenue [8)]	2,2 %	3,6 %	6,5 %
Return on equity after tax [9)]	24,6 %	16,4 %	11,2 %
Equity ratio after tax, adjusted for higher/lower revenue [10)]	24,7 %	23,7 %	22,8 %
Debt coverage ratio after tax, adjusted for accumulated higher/lower revenue [11)]	6,9 %	8,6 %	8,4 %
Standard & Poor’s and Moody’s Investor Service	A+ / A2	A+ / A2	A+ / A2

[1)] Depreciation, amortisation and impairments per statement of total comprehensive income less impairments disclosed in Note 9, Facilities under construction.

[2)] The underlying result is based on regulated permitted income, while the accounting result will vary depending on established tariffs, charges and congestion revenues. The difference is known as higher/lower revenue. For a definition of underlying results, see chapter on Alternative performance measures

[3)] Long-term and current interest-bearing liabilities including hedging effect = (Long-term interest-bearing liabilities + derivatives long-term liabilities) + (trade and other current payables + derivatives current liabilities)

[4)] Market value interest and currency swaps relating to loans = (derivatives non-current assets + derivatives current assets) – (derivatives long-term liabilities + derivatives current liabilities)

[5)] Interest-bearing liabilities excluding effect of interest and currency swaps = (long-term and current interest-bearing liabilities including hedging effect) – (market value interest and currency swaps relating to loans)

[6)] Equity adjusted for higher/lower revenue after tax = equity – ((+/-) accumulated higher/lower revenue before tax x (1-tax percentage))

[7)] Capital employed = Property, plant and equipment + Facilities under construction + Trade and other current receivables + derivatives trade and other current payables.

[8)] Return on capital employed before tax, adjusted for higher/lower revenue = Underlying EBIT / Average capital employed in the last two years.

[9)] Return on equity after tax = Result for the period after tax / Average equity in the last two years.

[10)] Equity ratio after tax, adjusted for higher/lower revenue = (Equity after tax +/- higher/lower revenue after tax / ((total assets – (+/- accumulated higher/lower revenue before tax) x (1-tax percentage)))

[11)] Debt coverage ratio = (Underlying profit for the year + depreciation, amortisation and impairments – construction loan interest) / (Long-term and current interest-bearing liabilities incl. hedging effect + ((+/-) accumulated higher/lower revenue after tax – market-based securities – cash and cash equivalents + pension obligations))

Report from the Board of Directors

A pressed power situation, high prices in southern Norway and record-high congestion revenues

The war in Ukraine and the discontinuation of Russian gas supplies to Europe have seriously undermined European energy security and seen energy prices skyrocket. Together with low precipitation in the first half of the year, this led to high prices and a pressed power situation in southern Norway. However, the resource situation remained good in central and northern Norway. High price differences both within Norway and between Norway and other countries generated very high congestion revenues.

Good reliability of delivery

Reliability and security of supply in the transmission grid were satisfactory in 2022. The volume of energy not delivered due to interruption in the power supply was low. The number of operational interruptions at Statnett's facilities was on a par with previous years, and the frequency quality was better than in the last three years.

There were several storms during the winter. These had some short-term effects, but there were no significant blackouts due to faults in Statnett's facilities.

Major differences between the power situation in the north and south

There were major differences between the north and south of Norway, both in terms of prices and hydrology. While central and northern Norway entered 2022 with normal reservoir filling levels, the filling levels of reservoirs in southern Norway were lower than normal.

In May, Statnett changed its assessment of the power situation for southern Norway from normal to pressed. The reservoirs were low and the European energy market uncertain, particularly concerning import opportunities to Norway. Reduced hydropower production and higher precipitation, combined with imports to the area throughout the autumn, improved the power situation. In November Statnett changed its assessment of the power situation for the region back to normal.

Power prices remained high in the south throughout the year and significantly lower in northern and central Norway due to limited transmission capacity between central and southern Norway.

Reduced transmission capacity from interconnectors

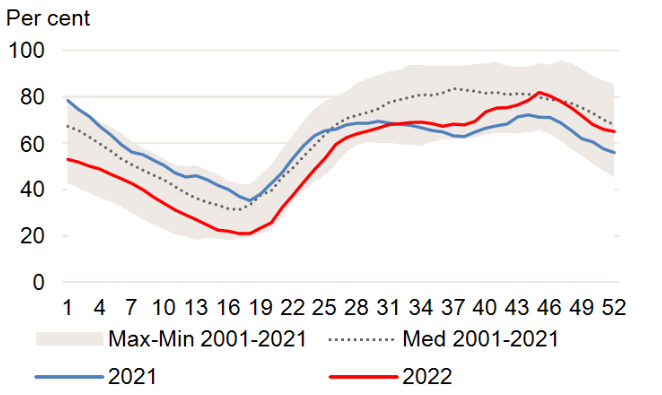
The interconnector to the UK (North Sea Link) was put into normal operation in October after a period of trial operation. The connector, which is the world's longest subsea power cable, is important for the energy transition in both countries. The connector has so far been operating with slightly reduced capacity due to restrictions on the UK side. The reduced capacity on the NordLink interconnector between Norway and Germany is largely due to internal restrictions in the German grid. Germany has an escalation plan to achieve better utilisation of NordLink.

There have been several faults on the NorNed interconnector between Norway and the Netherlands, and the cable is currently operating with slightly reduced capacity due to faults on the Dutch side. The Skagerrak interconnector also still has reduced capacity due to a fault that occurred on the Danish side of the newest cable in 2019. Corrective work is ongoing on the Skagerrak cables and NorNed. Throughout the year, close operational cooperation between Statnett and Svenska kraftnät made it possible to significantly improve capacity between the countries.

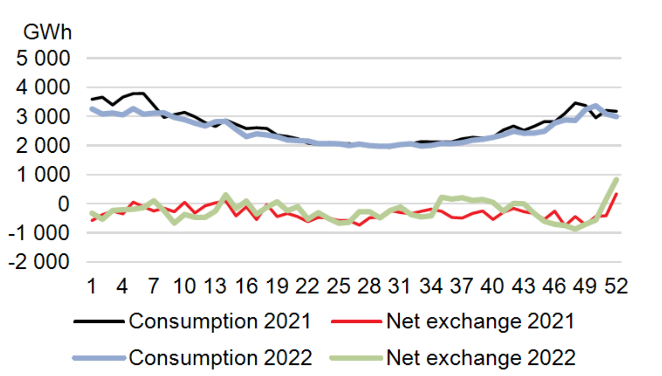
Congestion revenues benefit consumers

Statnett's congestion revenues increased significantly in 2022 due to price differences both within Norway and with neighbouring countries. This meant that Statnett's total revenues exceeded the company's total permitted revenue. This higher revenue will benefit Norwegian grid customers, and Statnett has returned a total of NOK 11.3

Reservoir levels Norway per week



Consumption and net exchange Norway per week



billion to grid customers in 2022 through reduced tariffs and extraordinary repayments.

A rapidly changing power system

The Norwegian power system is affected by developments in neighbouring Nordic countries as well as substantial changes underway as Europe transitions to an emission-free society. The war in Ukraine has significantly accelerated the transition to renewable energy production in Europe. New industries and the transition from fossil to renewable energy sources result in a strong increase in electricity consumption. A successful green transition will require both new power lines and new power generation, where new renewable power generation is largely intermittent both in Norway and the rest of Europe. This will result in a more complex power system and an increased need for flexibility, particularly on the consumption side. New market solutions, digitalisation and automation will be important to maintain a reliable power supply. The pace of the transition is accelerating, and at the same time energy security must be safeguarded instantaneously and in the short term.

Statnett' s mission

Statnett’s mission is established through the following sector political goal: “the enterprise is responsible for operating and developing the transmission grid in an socioeconomically rational way”. This also requires Statnett to ensure good security of supply for the society, a well-functioning power market and rational grid development.

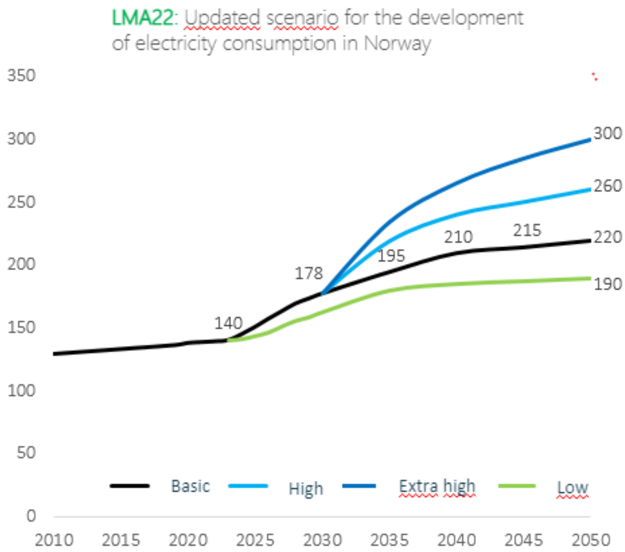
Statnett is required to find socioeconomically rational solutions, which means that the benefits and advantages for society must exceed the disadvantages and costs of the measures. In all areas, this means balancing the additional costs for increased quality and capacity against the costs and environmental impact caused by the measures. This also means balancing goals from the society's perspective, e.g. by assessing the level of security of supply against capacity for connecting customers to the grid. Statnett is working on developing an appropriate method for measuring the socioeconomic benefit both through qualitative assessment and quantitative indicators.

Statnett shall deliver on its mission in line with the state’s expectations as owner as stated in the White Paper on Ownership Policy, the state’s climate goals and the targets for increased power production and new business activities. The White Paper emphasises that the sector policy objectives must be met as sustainably and efficiently as possible. This provides firm guidelines for the further development of the grid capacity.

Electrification will be important for achieving our climate goals. Together with the government’s targets for the establishment of new industry and power production, this will have consequences both for the targeted capacity of the grid and the pace of the expansion.

The Norwegian power grid is fully utilised

Increasing power consumption requires an enforced an expanded transmission grid. Power consumption would double if all currently requested grid connection applications were granted. Electrification and new industrial development will increase the need for capacity in the grids as well as a substantially higher power generation. Our analyses show that Norway will have a power production deficit within a few years. There is a need to both develop more renewable power production and use existing resources more efficiently. In order to increase grid capacity, Statnett plans to construct grid infrastructure to cater for possible consumption of up to 260 TWh by 2050.



New investments enable value creation and increased security of supply

The potential growth in power consumption will require significant investments in the grid. To help meet this demand, Statnett started up projects across Norway during the year.

Statnett plans to invest up to NOK 100 billion in the grid by 2030. We are also working to release more grid capacity through measures in system operations and the optimising of existing facilities. Temperature upgrades of existing power lines to increase capacity and initiatives to make maximum utilisation of current transformers are some of the measures currently being taken.

Statnett currently has multiple ongoing construction projects in its portfolio. Statnett is continuously working to

increase efficiency through all stages from planning to operation of projects. This includes simplifying, improving and digitalising our processes.

Statnett has divided its grid portfolio planning into ten geographical area plans. In the area plans, we view all measures relating to reinvestments, new investments and the operation of the power system as a whole. This provides an important tool for efficient planning, and dialogue meetings with various stakeholders make an important contribution to the development of the plans. Together, these plans provide an overarching goal scenario for the development of the Norwegian grid.

While Statnett is working to increase efficiency in all parts of the value chain, the security policy situation in Europe has created challenges for individual projects. Last year was characterised by a shortage of raw materials and challenges with international deliveries.

Digitalisation contributes to increased efficiency and high grid utilisation

The pace of electrification and the transition to a renewable power system are creating a shift towards more data-driven processes, as well as increased automation within Statnett's core areas.

Automation is a prerequisite for operating the power system,, due to the increased complexity, driven partly by an increased share of intermittent power production in the Nordic power system.

New digital solutions for building and construction management are being developed in order to speed up project execution and to increase facility utilisation. Digitalisation will also help improve planning and customer processes. This will increase utilisation of the Norwegian grid and speed up implementation of new development projects.

Innovation and technology development are a prerequisite for the green change of pace

The transition to a more climate-friendly energy supply requires new solutions and expertise in all of Statnett's core areas. Consequently, innovation and technological development becomes more important. The key deliverables within innovation and technology development in 2022 are related to solutions for monitoring and controlling the future grid with a high share of renewable and intermittent power.

Other important deliverables are testing and piloting of digital substations and strategic technology development for a potential offshore power grid.

The power grid must be adapted to facilitate offshore wind power

The government aims to open up areas that can generate up to 30 GW of wind power in Norwegian waters by 2040. The authorities have pointed at Statnett as the planning responsible and system operator for the offshore power grid. The onshore and offshore power grid create an integrated power system, and comprehensive planning in close cooperation with other actors is essential for developing the grid in a socioeconomically rational manner.

Statnett works safely and sustainably

Development of the power grid and production requires good processes and dialogue between developers and authorities, local communities and other stakeholders. There are potential conflicts of interest in many land areas for new grid facilities, and Statnett has extensive experience with early and thorough dialogue with various stakeholders, among others the reindeer owners In cases concerning indigenous people we strive to find solutions that can coexist with their rights. Statnett proposes mitigating measures to reduce negative impact from our activities based on the dialogue with stakeholders and our expertise and experience. This is important for ensuring acceptance for the development of the necessary infrastructure for the green transition.

Our activities entail encroachment on nature and our presence in marine areas will increase. In the same way as with onshore, early mapping will enable us to plan so that vulnerable nature is damaged as little as possible. Coexistence, dialogue and early involvement of stakeholders related to the offshore grid development will be important going forward. We are in the process of thorough assessments to ensure a sustainable development of the offshore grid from the start.

Targeted and systematic sustainability initiatives are key elements of Statnett's operations, and in order to prioritise this work, Statnett carried out a double materiality analysis in the autumn of 2022. Statnett works systematically to reduce the environmental impact of our facilities and activities, placing particular emphasis on reducing greenhouse gas emissions and preserving nature. Statnett has a target to reduce emissions in line with the Paris Agreement, which entails a 25 per cent reduction in directly influenceable emissions by 2025 and net zero emissions by 2050.

The security situation results in greater exposure and increased threats to critical infrastructure. Statnett works continuously to develop and strengthen our security and preparedness work in order to prevent and manage extraordinary incidents. Robust digital security plays a key role in this context.

Both the development and operation of transmission grids involve high HSE risks. Therefore, Statnett has continued to prioritise measures to ensure a safe working environment. The effort to create a safe everyday working life is very important and stands strong in Statnett. Despite this there was an increase in the number of incidents with a serious harm potential during 2022. The increase was greatest among Statnett's suppliers and contractors. Twelve lost-time injuries were registered – three involving our own employees and nine involving external personnel working on Statnett's projects. Consequently, the H1 indicator[1] on projects rose steadily throughout the year, while the internal H1 indicator remained at a stable, low level.

In order to reduce the risk of injuries to contractors on Statnett's projects, the Safe Construction Client and Safe Contractor measures have been implemented during the year.

The total sickness absence rate in Statnett remains at a stable, low level and was 4.1 per cent at the end of 2022 (rolling 12 months). Nonetheless, this represents an increase of 1.1 percentage points compared to 2021. The Covid-19 pandemic led to an increase in the sickness absence rate in the beginning of 2022.

Statnett aims to promote diversity and prevent discrimination. Women and men with approximately the same education, responsibility and experience shall receive equal pay.

Statnett's sustainability work, including the environment and the working environment is explained in the Sustainability Report, which is a part of this Annual Report, as well as in the Statement on Due Diligence and in the text concerning the Activity duty and the duty to issue statements.

Net profit fluctuations even out over time

The Group posted a net profit for the year of NOK 5,949 million in 2022, compared to NOK 3,307 million in 2021. The Group's underlying net profit for the year, adjusted for higher revenues, totalled NOK 592 million, down from NOK 1,474 million last year.

Statnett posted a consolidated operating profit of NOK 8,433 million in 2022, up from NOK 4,846 million in 2021. The underlying operating profit (adjusted for the higher revenue) came to NOK 1,564 million, down from NOK 2,496 million last year. The underlying operating profit decrease is mainly due to cost increases for system services and operating expenses being higher than the increase in allowed revenue. These cost increases in 2022 will enter the allowed revenue base with a two-year time lag and therefore contribute to higher permitted revenues in 2024.

During a year, the net profit will normally differ from the underlying profit as a result of regulated operating revenue being higher or lower than permitted revenue

[1] The H1 value shows the frequency of work-related injuries with absenteeism per million hours worked.

The difference is called higher/lower revenue. Higher revenue is transferred to customers through reductions in future tariffs, while lower revenue can be collected through increases in future tariffs. In 2022, operating revenues from regulated activities were significantly higher than the permitted income.

As a result of extraordinarily high revenues in 2022, Statnett decided to set the fixed component of the tariff to zero from April, and the energy component of the tariff was set to zero in September and October. In November, RME established a maximum price for the energy component of 35 øre/kWh. RME also adopted a regulatory amendment enabling Statnett to transfer higher revenue by compensating owners of underlying grids for cost of transmission losses above a defined level.

A dividend of NOK 296 million has been proposed (50 per cent of the year's underlying net profit).

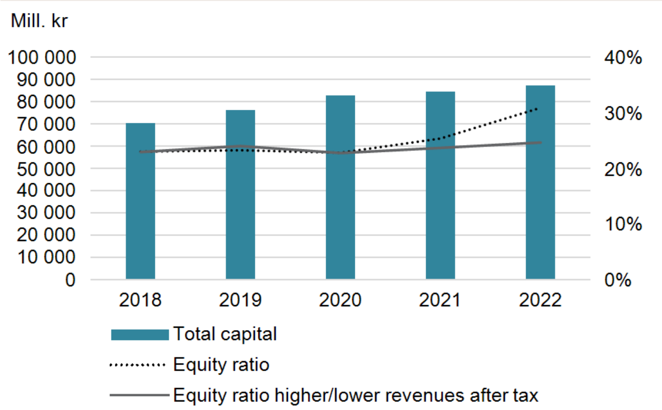
Operating revenues

Consolidated operating revenues in 2022 amounted to NOK 22,993 million compared to NOK 14,412 million in 2021. The revenue increase is mainly attributable to high congestion revenues due to major price differences to Europe, as well as within Norway. Revenues from tariffs decreased as a result of the fixed component being set to zero.

Total permitted revenues from regulated operations rose to NOK 15,154 million in 2022 from NOK 11,275 million in 2021. The change is attributable to an increase in tangible assets following the completion of multiple projects, higher interest rates and power prices.

The sharp increase in congestion revenues contributed to a higher revenue of NOK 6,868 million in 2022 compared to NOK 2,350 million in 2021. Higher revenue is not capitalised on the balance sheet. The higher revenue will be transferred to customers and Statnett repaid NOK 5,918 million to underlying grid companies over the year in accordance with the regulatory amendment mentioned above. See note 4 and the chapter on regulatory framework for further details.

Total assets and and equity share, Group



Operating expenses

The Group's operating expenses in 2022 amounted to NOK 14,560 million, up from NOK 9,566 million in 2021. A large part of the increase is attributable to higher costs in the capacity market due to high prices, major price differences and increased volume requirements. These are costs related to Statnett's responsibility to maintain an instantaneous balance in the power system and satisfactory security of supply. In addition, the cost of transmission losses increased due to substantially higher electricity prices.

The increase in other operating expenses increase was among other things attributable to higher activities within early-phase investment projects and digitalisation, as well as extraordinary price increases for electricity, transport and operating services.

Finance

Consolidated net financial items closed at NOK -803 million compared to NOK -607 million in 2021. The increase in interest costs due to higher interest rates was partially offset by lower borrowings. Interest income increased as a result of higher interest rates and higher bank deposits, as well as higher income from market-based securities.

Cash flow and balance sheet

The net consolidated cash flow for 2022 amounted to NOK 120 million compared with NOK 1,327 million in 2021. The Group's accumulated cash flow from operating activities increased compared to 2021 due to high congestion revenues, and the negative cash flow from investment activities decreased due to the completion of several large projects.

The change in liquidity from financing activities relates to the net effect of interest-bearing debt repaid by NOK 2,766 million and new interest-bearing debt issues of NOK 1,000 million. In addition, dividends of NOK 737 million were paid.

In the period before the presentation of the Report from the Board of Directors in 2023, a commercial paper of NOK,1,000 million was issued, which was repaid in February. An additional bond issue of NOK 2,944 million (SEK 3,100 million) was made in February with a five-year maturity.

Statnett SF has a high credit rating. Standard & Poor's and Moody's Investor Service have given Statnett SF credit ratings for long-term borrowings of A+ and A2 respectively. The high credit rating gives Statnett SF good borrowing opportunities. In March 2023, Statnett renewed its revolving credit facility of NOK 8,000 million. Statnett has an undrawn loan with the European Investment Bank of EUR 130 million.

The Group`s total assets increased to NOK 87,184 million compared to NOK 84,446 million in 2021. Interest-bearing liabilities were reduced to NOK 48,440 million from NOK 53,920 million in 2021, The equity increased with NOK 5,511 million and closed the year at NOK 26,978 million. The consolidated equity ratio rose to 30.9 per cent from 25.4 per cent last year. The equity ratio adjusted for higher revenue was 24.7 per cent, one percentage point up from last year.

Investments and commissioned grid facilities

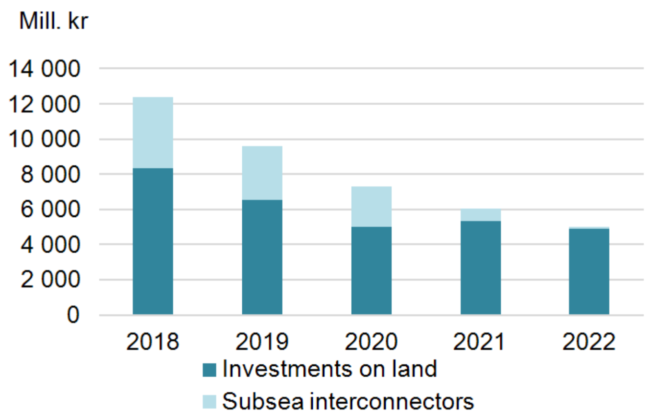
Statnett invested a total of NOK 4,985 million in 2022 (NOK 6,121 million). The investments included both completed and ongoing grid infrastructure projects, cables, the purchase of grid facilities and digital development.

Investments in grid infrastructure are somewhat reduced due to major projects having been completed and new projects still being in an early phase. In 2022, Statnett completed several major grid investments in Finnmark, Lofoten and Oslo, among others.

Costs of commissioned facilities totalled NOK 4,859 million in 2022, a decline from NOK 9,534 million in 2021 when major cable projects were completed.

High activity levels and the start-up of multiple new projects will result in higher investments going forward.

Investments Statnett Group



Development facilities under construction Group

Corporate management and internal control

Statnett complies with the government's Code of Conduct on Corporate Governance and the relevant recommendations of the Norwegian Corporate Governance Board (NUES). For further details about corporate management at Statnett and the Board's roles and responsibilities, please see the chapter on corporate management in the Annual Report.

Sound risk management and a high level of emergency preparedness are critical to maintain reasonable operation of the powergrid. The biggest risks relate to HSE, security of supply, sustainability, and financial and framework conditions. Risk management is an integral part of Statnett's management model, and all decisions are based on a risk-led approach. The Group's overall risks are reviewed and followed up by Group Management and reported to the Board.

Statnett's risk management and internal control framework is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES), and on the guidelines set out in ISO 31000 Risk Management. Risk management also complies with guidelines given in ISO 55001, Asset management, and ISO 14001, Environmental management systems.

For further details, please see the chapter on risk management and internal control in the Annual Report.

Organisation

The green change of pace addresses the need for the company to have the right number of staff members with the appropriate collective skills and the right business structure.

At the end of 2022, the Group employed a total of 1,646 staff, comprising 1,579 at Statnett SF and 67 at subsidiaries.

Statnett is headquartered in Oslo and has administrative offices in Alta, Trondheim, Sandnes and Sunndalsøra, in addition to several meeting places across the country. The Group's activities are organised in five business segments and two group-wide support functions. See notes 20 and 22 for further information on our subsidiaries.

2022 was a special year in power supply with large internal differences in Norway and an uncertain European energy situation. This has placed great demands on the organisation, and the board would like to thank the managers and employees of Statnett for their efforts throughout the year.

The future is electric

Statnett expects to see major developments in the power system in the coming years. In both Europe and Norway, the demand for extra power could exceed supply, at a time when the share of intermittent power production is increasing. Closer integration between countries and sectors, new technology and digital solutions are a prerequisites for successful transition. The transition process must be coordinated in a way that maintains the interdependence between power production, grid and value creation. Climate goals, the electrification of existing operations and the desire to establish more industry in Norway are all driving up demand. The electricity grid is already at full capacity in many parts of Norway, and the country is heading for a power deficit in a few years. There is an urgent need to build new power lines and increase production. The Norwegian government is planning significant investments in offshore wind power to meet the need for more power production. Statnett will prepare the power system to connect 15 GW of offshore wind to the mainland by 2040 in order to satisfy the expected growth in consumption.

Statnett is central to the development of the Norwegian and Nordic power system. In addition to sufficient grids, it is important to continue the development of systems, market solutions and digitalisation in order to accommodate a future with increasing dependence on electricity. These areas will remain important moving forward, both for Statnett and in collaboration with the other Nordic TSOs.

The war in Ukraine will continue to dominate the geopolitical landscape in 2023. Statnett is making good progress with our construction projects, but we are aware that increased prices may affect costs and progress in individual projects going forward.

The financial income regulation of Statnett is stable and provides important predictability in light of the extensive investments the company faces in the coming decade. The high system operating costs in 2022 will be included in the allowed revenue with a two-year delay and contribute to stabilising the underlying result over time.

Statnett exercises an important social responsibility in operating and developing the transmission grid in a socioeconomically rational way, so that we meet the expectations of the owner and achieve our sector policy objectives. Given the major changes and pressing need for grids, this places major demands on Statnett in terms of speed, efficiency and our ability to execute, adapt and innovate. Statnett is well prepared to meet these requirements in close cooperation with the authorities and other players.

Changes in the Board's composition

Nils Kristian Nakstad took up his post as Chair in June 2022. He replaced Jon Fredrik Baksaas, who had headed the Board since 2018. In addition, Hilde Singsaas and Rolf-Amund Korneliussen were elected to the Board in 2022, replacing Tove Pettersen and Ole Bjørn Kirstihagen.

The Board and senior executives are covered by the enterprise's current liability insurance for directors and officers. This insurance also covers subsidiaries where Statnett has a shareholding of more than 50 per cent. See Note 20 for further information. The liability insurance is placed with insurers with a solid rating.

Appropriation of profit for the year

The Group posted a net profit after tax of NOK 5,949 million in 2022. The parent company recorded a net profit for the year of NOK 5,741 million.

In line with the government's proposed national budget for 2022, it is proposed that the dividend for 2022 equal 50 per cent of the dividend basis. The dividend basis is defined as the Group's net profit for the year after tax, adjusted for the change in the year's post-tax higher/lower revenue. In 2022, the dividend basis and the underlying profit were NOK 592 million. The proposed dividend is consistent with the adopted dividend policy for the company and is deemed reasonable based on Statnett's equity and liquidity. At the end of 2022, the group had total equity of NOK 26,978 million (30.9 per cent), while equity adjusted for higher/lower revenue totalled NOK 19,741 million (24.7 per cent)

Accordingly, the Board proposes the following appropriation of the parent company Statnett SF's net profit for the year:

Proposed dividend	296
Transferred to other equity	5 445
Total appropriations	5 741

Going concern and declaration from the Board of Directors and CEO

In accordance with Section 3-3a of the Norwegian Accounting Act, the Board confirms that the annual financial statements have been prepared in accordance with the going concern assumption.

We declare that to the best of our knowledge,

- the financial statements for 2022 have been prepared in accordance with IFRSs, including such supplementary disclosures required by the Norwegian Accounting Act:
- the disclosures in the financial statements provide a true and fair view of the assets, liabilities, financial position and results of the parent company and the Group as a whole
- the disclosures in the Annual Report and Sustainability Report, including the sustainability performance figures and the presentation of Statnett's corporate management activities, provide a true and fair view of the parent company and the Group's development, results and position, as well as a description of the most important risk factors and uncertainties facing the Group
- The information in The Duty to engage actively in equality work and the duty to issue statements, Statement on Due Diligence and the GRI index provide a true and fair view of the company's position.

Oslo, 23 March 2023
Statnett SF's Board of Directors

Sustainability report

The green change of pace

- how we work with sustainability

As the owner, developer and operator of the transmission grid and transmission system operator in the Norwegian power system, Statnett is playing a key role in the transition to a renewable energy society. In doing so, we face dilemmas and trade-offs, and increased demands and expectations, as well as heightened interest in the role Statnett will play in a low-emission society. This makes it important that we clearly explain how we set priorities. Our work will set the pace and direction for a sustainable transformation with a firm focus on people, society, nature and the climate.

How we are contributing to the UN's Sustainable Development Goals

The UN's sustainable development goals provide a framework for our efforts. Statnett is a member of the UN's sustainable business initiative: the UN Global Compact (UNGC). For an overview of how we contribute to the UN's various sustainable development goals see the figure below.

The EU taxonomy

Statnett is central in the transition to a more climate-friendly society. For the first time we have included taxonomy-related information related to our financial year 2022.

These are our priority areas

In order to prioritise our sustainability efforts, we carried out and decided a double materiality analysis in autumn 2022. The analysis examines our impact on society and stakeholders, as well as how relevant issues could affect our opportunities for long-term value creation.

As a basis for the materiality analysis, we have taken the following into account:

- Our key activities and sector-specific challenges
- Our footprint in the supply chain based on the ESG (Environmental, Social, Governance) dimensions
- Relevant regulations
- Global and national megatrends with a particular focus on climate change, nature, social sustainability, renewable energy and our special role as a facilitator in a renewable energy society
- Our stakeholders – including owners, NGOs, employees, customers, lenders, authorities and local communities

Based on the materiality analysis, we have defined the three most important areas for Statnett's sustainability efforts based on who we are, what demands and expectations are placed on us, and where we can make a difference. We have developed specific measures and indicators to help us achieve our overall objectives on our three priority areas, which also take account of risks and opportunities.

1 We work for sustainable transition

We must be prepared for a major increase in annual power consumption in Norway, of potentially up to 260 TWh, by 2050, compared to the current level of 140 TWh. The grid is becoming even more important and must be strengthened and refurbished in an increased pace.

Increased and faster development will impact nature and local communities. This makes it more important than ever for Statnett to be aware of our social impact and to look after local interests by facilitating both participation and inclusive planning processes. We must also reduce risk in our supply chain in respect of human rights and decent working conditions.

2 We cut our greenhouse gas emissions

We will reduce our emissions (Scope 1, 2 and 3)[2] in line with the Paris Agreement's goal of limiting global warming to well below two degrees. We will cut our directly influenceable emissions by 25 per cent[3] by 2025, set science-based targets for net zero emissions by 2050 and we will have our targets and measures verified by third parties.

Our largest sources of emissions derive from the production of materials, extraction of biodiversity resources with high carbon storage (e.g. bogs), construction activities and SF_6 gas.

3 We look after nature

The world is facing a nature crisis due to human activity and loss of biodiversity. Statnett has infrastructure throughout Norway both on land and underwater. Our activities entail interventions in nature and our presence in marine areas will increase.

It is crucial that we reduce our impact, which we can do by following the principles in the hierarchy of measures[4]. Statnett will work to become a nature-positive business. Adopting a nature-positive approach makes it possible to improve the biodiversity, where the preservation and/or re-establishment of ecosystem services, habitats and functional areas for species are a key consideration. We will develop targets and measures based on a scientific assessment of nature's tolerance limits and have these verified by third parties.

About this chapter

This chapter is structured into respective Environment, Social and Governance sections, , and our sustainability accounts.

Our reporting meets the requirements of the Global Reporting Initiative (GRI) Standards. This covers indicators for different themes and requirements for the reporting process. We also report on relevant indicators for the energy sector (GRI G4 Electric Utilities Sector Disclosures). We publish our GRI table in additional information in the Annual Report. Some elements in the GRI table refer to other chapters in the Annual Report.

Parts of our sustainability efforts are discussed elsewhere in the Annual Report. The statement on due diligence, The Duty to engage actively in equality work and the duty to issue statements, the EU taxonomy, and Statnett's corporate governance is included elsewhere and supplements the Sustainability report.

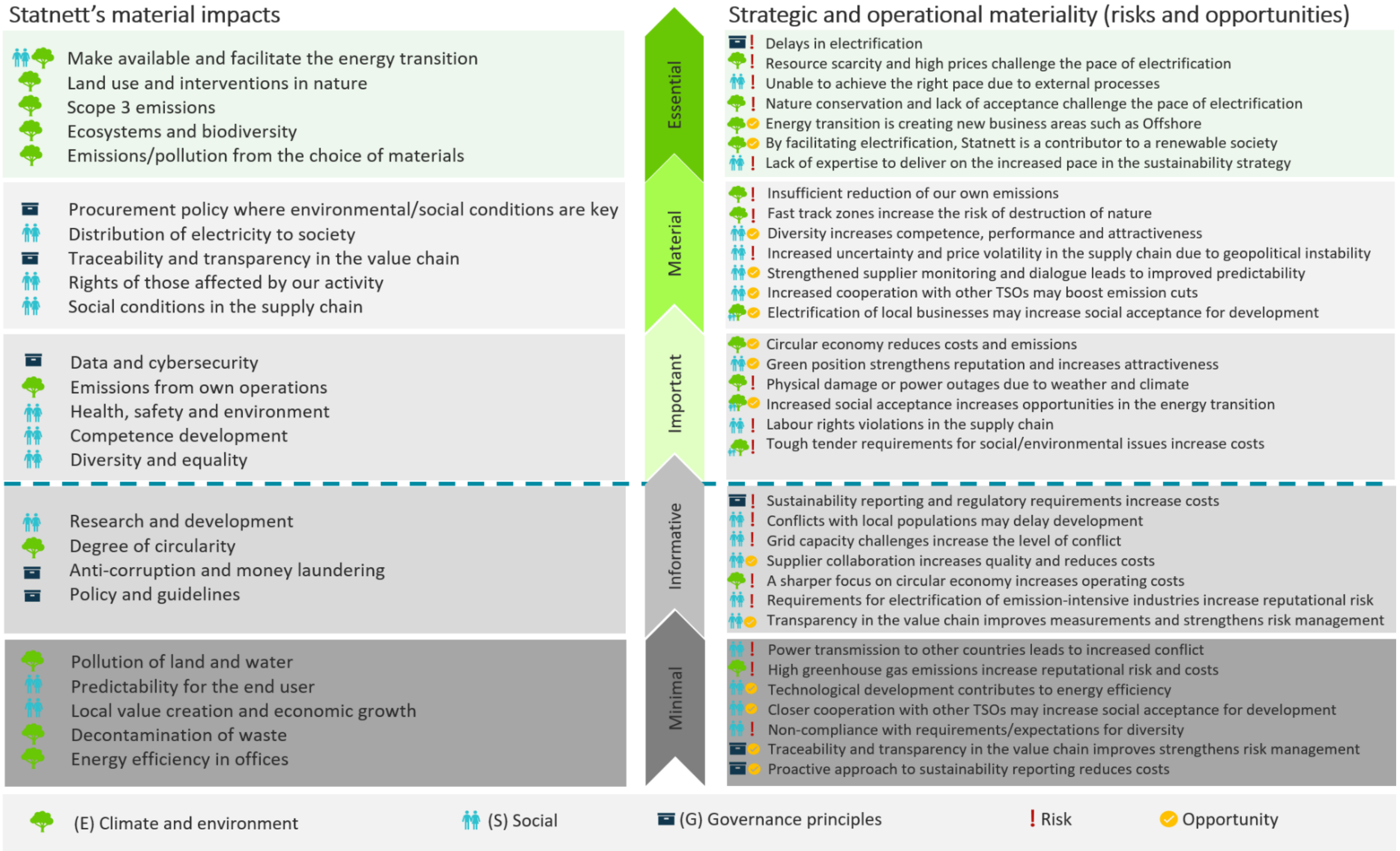
We have engaged Deloitte AS to review the report. Their statement is attached.

[2] Scope 1: Direct emissions (operating assets over which the company has operational control, e.g. the use of fossil fuels). Scope 2: Indirect emissions from purchased energy – electricity and district heating/cooling. - Scope 3: Indirect emissions from input factors (purchased goods or services)

[3] Directly influenceable emissions include: back-up power plants, diffuse emissions (SF_6), fuel consumption (vehicles), service and business trips, use of helicopters and our emissions from ships.

[4] The hierarchy of measures establishes a prioritised order for reducing impacts on nature. Firstly, we must assess how we can avoid negative impacts, then how any confirmed impacts can be mitigated and restored and finally, consider paying compensation. You can read more about "Preventing harmful effects on the environment and society" - Norwegian Environment Agency (miljodirektoratet.no) here.

Summary double materiality analysis



Our environmental and climate contributions

Climate change and the loss of biodiversity are two major global challenges. The UN has designated 2021–2030 as the world's decade for the restoration of ecosystems. We place particular emphasis on reducing greenhouse gas emissions and preserving nature. This is where our activities have the most impact.

We do this in order to protect nature

Our environmental work is based on legislation and political guidelines. Our developments take nature and the environment into account through choice-of-concept studies and licence processing, in addition to set environmental requirements on our suppliers and following these up during the construction phase.

In planning the development of the power system, we consider both voltage upgrades and refurbishment of the older power line grid. Voltage upgrades of existing power lines limit the need for new interventions in nature and reduce energy losses per transported MWh. The terms and conditions of licences for major projects require an environment, transport and construction plan (MTA plan) to be drawn up that describes environmental considerations and remedial measures in the construction and operation phases. Where licensing terms do not include the preparation of an MTA plan, we safeguard environmental considerations and mitigating measures during the construction and operation phases through internal control systems, in accordance with the requirements of the Energy Act Regulations.

On the way to nature positivity[5]

Statnett's construction activities can contribute to both loss of biodiversity and negative climate impacts. The scope of such impacts depends on the biodiversity assets present in the area, the amount of carbon in the soil and how we process the excavated masses.

Statnett's facilities can also negatively impact biodiversity under normal operating conditions, by creating both a dispersal route for invasive species and a migration barrier for vulnerable species. Throughout 2022, Statnett continued to survey alien species at our substations. Measures to combat invasive species that are expected to have an impact on biodiversity will be embedded in our operating and maintenance procedures for our facilities in 2023.

Our activities can negatively impact vulnerable plants. By the end of 2022, 29 observations of red-listed vascular plants, mosses, lichens or mushroom species had been recorded within a distance of 50 metres of our substation perimeters. The species are classified as vulnerable or higher. A total of 81 observations of red-listed species have been made within a distance of 20 metres of Statnett's more than 68,000 pylon sites, all classified as vulnerable or higher. None of the observed species are classified higher than near threatened.

Our facilities can provide a dispersal route for invasive species. Lupines near one of our facilities (Photo: J. Alvsvåg)

We avoid bogs and wetlands

Bogs and wetlands cover about 10 per cent of Norway and have an important ecological function as habitats for many species. At the same time, wetland areas regulate flooding and store large amounts of carbon. In recent years, Statnett has been working actively to avoid new interventions in bog areas, as well as to prevent bogs

[5] Adopting a nature-positive approach makes it possible to improve the natural environment, where the preservation and/or re-establishment of ecosystem services, habitats and functional areas for species are key considerations

from being drained after interventions, in order to maintain the water level.

We show consideration for the landscape

When we plan new facilities, we must always use best practice and find solutions that are a good aesthetic fit with the surroundings. Statnett uses laser scanning and three-dimensional modelling of the terrain to enable us to select options that take the form and features of the landscape into consideration. We have prepared a standard for forest clearance for power line routes to reduce the visual impact of power lines in forests.

In addition, we camouflage power lines, pylons and insulators, remove old equipment and use new types of pylons to reduce their visibility. In 2022, we built 10 km of camouflaged pylons and removed 28 km of power lines.

Coexistence between grid infrastructure and protected areas

In 2022, 68 new protected areas were created in Norway. Statnett's power lines run within the boundaries of the newly established Bandaksliane and Lynglifjell nature reserve in Tokke municipality. The Såta nature reserve in Flå municipality and Bergsåsen nature reserve in Snåsa municipality have been established in such a way that the prohibited zone for the construction of powe lines divides and runs along the edges of the respective protected areas. Statnett's facilities are not in direct conflict with the protected areas.

We survey life in the sea and the marine environment

Statnett has underwater cables in both fjords and in the sea between Norway and other countries. Extensive development of offshore wind power production will play a crucial role in the energy transition in Norway. Early mapping not only helps us plan new routes on land, but also enables us to minimise harm to vulnerable nature.

We work with circular economy, material reuse and recycling

Statnett generates waste during the implementation phase of projects, during operations and in our offices. In 2022, Statnett achieved a 95 per cent source sorting rate on all the group's construction projects, compared to a target rate of 80 per cent.

Statnett manages waste so that it causes as little harm as possible to people or the environment. The waste is appropriately managed and sorted so that materials can either be reused, recycled or used for energy recovery. We plan waste management such that the various components can be separated.

Waste management at Statnett's facilities is adapted to local conditions, and the expected volume of waste is included in assessments of areas such as space requirements and waste categories.

Mapping of lesser white-fronted geese in West Finnmark

Statnett has applied for a licence for a new 420 kV power line connecting Skaidi and Lebesby in Vest-Finnmark. The power line will cross an area of high importance for the critically endangered lesser white-fronted goose. The Norwegian breeding population is estimated to be in the region of 50–100. The birds must pass over the new power line to reach a wetland area where nearly the entire population gathers before and after nesting..

In 2022, together with the Norwegian Institute for Nature Research (NINA), Statnett tested radar mapping to learn more about the geese's flight behaviour in the area. The aim is to increase knowledge about where and how high the geese (and other species) fly in relation to the planned power line. This fieldwork will continue in 2023.

Lesser white-fronted geese are mapped with bird radar (photo: NINA)

We prevent pollution

Transformers contain large amounts of oil. To help prevent the oil from leaking into the ground in the event of any defects or accidents, we have installed catch basins with oil separators under all our transformers. All facilities we have taken over under the Third Energy Market Package will have oil separators installed if they have not already been installed.

Restoration measures following environmental impacts

Clean-up and restoration measures are carried out following construction work as standard on both external and internal projects. All incidents that cause serious or irreversible environmental impacts are reported in Statnett's system for handling non-conformances, regardless of who carries out work on behalf of the company.

We have a goal of zero major emissions and environmental harm.

In 2022, three major environmental incidents were registered at Statnett, two of which involved construction work inside the protected area for listed cultural monuments, and an oil leak with run-off towards bodies of water or watercourses. The incidents involving work near listed cultural monuments were notified to the responsible cultural heritage authority. No damage was detected, and the affected areas are being restored in collaboration with the responsible cultural heritage authority. The final incident involved an oil leak from a transformer catch basin. A flange failure led to run-off towards a stream leading to a protected nature reserve. The local fire service was notified in line with the local notification plan. No oil pollution was detected in the nature reserve.

In addition, two leaks from oil cables were registered. The leaks were stopped, and the necessary clean-up operations were carried out.

In 2022, three leaks of SF_6 were registered in Statnett's non-conformance system. Two of the leaks occurred during the installation of circuit breakers and one during operations. The two leaks during installation (during the project) resulted in a total discharge of 4.3 kg SF_6. The incident during operations resulted in a discharge of 5.2 kg SF_6.

We are cutting our greenhouse gas emissions

Stringent measures are required to achieve our greenhouse gas reduction targets.

We will reduce our emissions in line with the Paris Agreement's goal of limiting global warming to well below two degrees. This entails:

- A 25 per cent reduction in directly influenceable emissions[6] by 2025
- net zero emissions by 2050

To cut emissions, we are working systematically to reduce SF_6 leaks from our facilities, increase the number of electric cars in our vehicle fleet, deploy drones instead of helicopters and reduce business travel.

The net zero emissions target for 2050 will require a major shift, which will require us to evaluate new project design methods and how to engage in the circular economy, as well as the use of new materials and solutions with lower climate footprints during production, construction and operation.

We are further developing our data set

In 2022, Statnett carried out a major update of our greenhouse gas accounts, reclassifying our emissions in accordance with the GHG protocol. The updated greenhouse gas accounts also provide Statnett with a better overview of our indirect greenhouse gas emissions. The updated accounts show which emission categories have been reclassified and include updated historical data.

We are continually striving to improve our dataset. This is expected to result in further changes in next year's greenhouse gas accounts.

The updated greenhouse gas accounts for 2022 show that our biggest source of direct emissions (Scope 1) is leaks of SF_6. Statnett holds Norway's largest inventories of SF_6 and therefore has a special responsibility for reducing emissions and usage of the gas. Alternative technology with a greatly reduced climate impact is commercially available at facilities up to 145 kV, and this technology is expected to become commercially available for facilities at the highest voltage level (420 kV) in the coming years. We will adopt this technology when it is available and aim to become completely SF_6-free by 2050. To reduce SF_6 emissions from our existing facilities, we are systematically striving to reduce emissions from components with the highest risk of emissions and are installing monitoring equipment to detect leaks as early as possible.

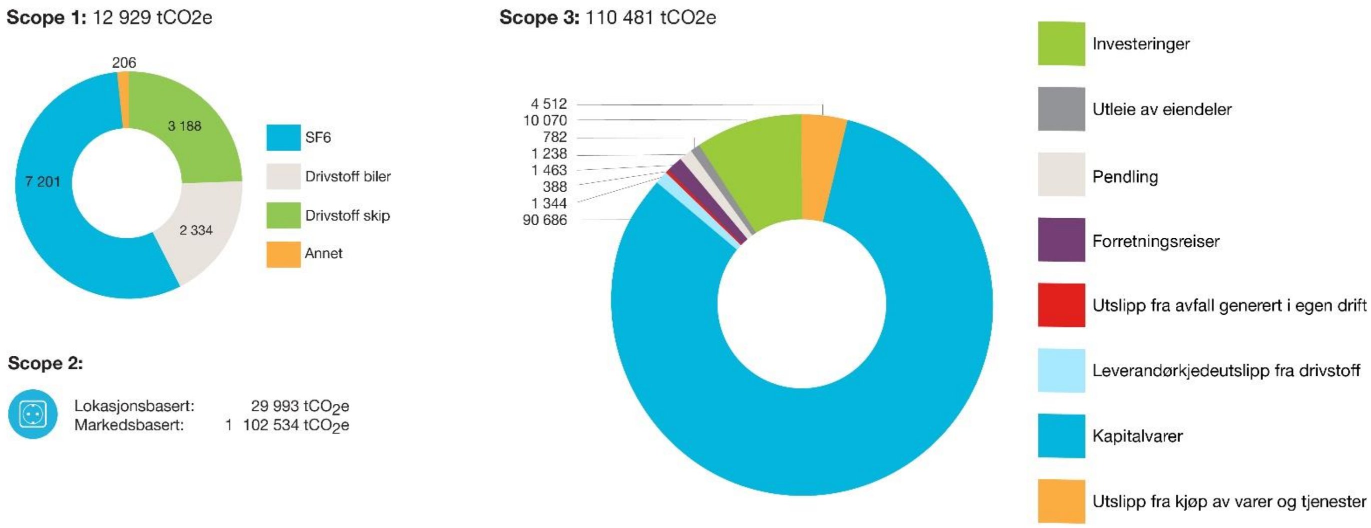
Scope 2 emissions in our greenhouse gas accounts include indirect emissions relating to grid losses and purchased electricity. Under the GHG protocol, indirect emissions are calculated and reported in two different

[6] Directly influenceable emissions include: Diffuse emissions of SF6, emissions from ships, fuel consumption for vehicles and helicopters at Statnett, service and business trips, as well as from back-up power plants.

ways[7]: 1) from a physical perspective (location-based) and 2) from a market-based perspective.

For our indirect emissions (Scope 3), purchased materials are our largest source of emissions. Power lines, pylons and materials and equipment for substations constitute the largest emission items in this category. In order to be able to map greenhouse gas emissions linked to the materials we purchase, we have introduced climate requirements in our contracts and require EPDs (Environmental Product Declarations) for the product categories that generate the largest emissions.

Our greenhouse gas accounts are included in the Sustainability accounts.



Overview of our emissions.

[7] From a physical perspective (location-based method), the emission factor is based on actual emissions linked to electricity production within a geographical area in the previous year. From a market-based perspective, the emission factor is calculated based on whether or not the enterprise has purchased guarantees of origin. Electricity that is not linked to guarantees of origin is assigned an emission factor based on the residual production after the guarantees of origin for the renewable share have been sold.. For more information on Norway's National Electricity Disclosure, see NVE's website: Where does the electricity come from? – NVE (in Norwegian).

How we address climate and nature risk

In line with the framework developed by the Task Force on Climate-related Financial Disclosures[8] (TCFD) and the proposed framework for the Taskforce on Nature-related Financial Disclosures[9](TNFD), we have documented opportunities and risks relating to climate and nature. The TNFD framework has not yet been fully developed, and the analysis of risks and opportunities relating to nature is based on a preliminary draft of the framework.

Our risk areas

Physical risk

Climate change means that we must prepare for more frequent occurrences of extreme weather and changes in precipitation patterns that can cause more operating stoppages. The number of operating stoppages on power lines has remained relatively stable at 60–90 per year over the past five years. This is lower than in the previous five-year period when we experienced several extreme weather events.

We work purposefully to improve our knowledge of climate impacts and climate change, and we are developing methods and technologies in order to build reliable power transmission facilities. The report, "The importance of climate changes for Statnett's transmission infrastructure" summarises the expected impacts on our facilities. Our assessments are based on the climate changes described in the UN Climate Panel's (IPCC) fifth assessment report[10] and the regional projections made by the Norwegian Centre for Climate Services[11]. This report shows that our facilities will experience increased, reduced or unchanged climate impacts, depending on their location. Planning and scenario analysis are important tools for preventing damage as a result of more extreme weather events. One example is that calculations of how wind, snow and ice strain our power lines provide guidelines for where to place pylons in the terrain, and for technical solutions on pylons and power lines.

Land use change linked to development and human activity represent a significant physical risk for maintaining a rich biodiversity. Interventions in nature negatively impact this biodiversity. Loss of biodiversity can affect various links in our value chain and have strategic or financial consequences. This risk is most prevalent in our raw material and production links, and it could cause a shortage of or delays in sourcing the raw materials we need.

Transition risk

We expect further requirements for more climate- and nature-friendly solutions to be included in future legislation and standards. Stricter climate and environmental legislation could reduce the availability of land and increase the price of raw materials. Our decision-making processes are based on a requirement that technology, choice of materials and solutions have a low impact on the climate and nature and our use of new knowledge and technology when it is available, both for new and existing facilities.

This year's state budget, Prop 1 LS (2022–2023), proposes a tax on SF_6 from 1 January 2023. We supported this proposal in our consultation response to the Norwegian authorities and have prepared for the introduction of such a tax. Several Norwegian municipalities where Statnett has activities have set themselves ambitious climate goals. Oslo and Bergen, for instance, have introduced requirements and new regulations for fossil-free and emission-free construction sites in recent years. At Statnett, we work to ensure that fossil-free and emission-free construction sites become standard in the long run.

[8] The Task Force on Climate-Related Financial Disclosures (TCFD), was established by the G20 countries' Financial Stability Board. The main goal of the TCFD framework is to assist companies in understanding and reporting on their own climate risk.

[9] You can read more about TNFD here: TNFD – Taskforce on Nature-related Financial Disclosures

[10] The UN's Intergovernmental Panel on Climate Change's (IPCC) reports can be found here: www.ipcc.ch.

[11] The Norwegian Centre for Climate Services (KSS) organises and disseminates climate and hydrological data for use in climate adaptation and in further research into the impacts of climate change on nature and society in Norway. You can read more here: https://klimaservicesenter.no/.

Opportunities the green transition offers Statnett

Innovation and new technology present new opportunities for Statnett's climate and nature-related initiatives. With the help of digital twins and BIM (Building Information Management) models, as well as new sensor technology and artificial intelligence, Statnett can carry out simulations and predict the status and development of facilities and the power system, as well as optimise the use of resources. Such technology will eventually enable us to test scenarios and analyses on twins without involving the physical facility. Both new technology and innovation are expected to realise increased resource efficiency.

Our social contributions

Both the development and operation of transmission grids involve a high inherent HSE risk. We have suppliers in several continents, and must manage risks relating to decent working life and human rights throughout our value chain. The faster pace of development also increases the risk of human rights violations

We are helping maintain Ukraine's electricity supply

The war in Ukraine has injured and killed civilians, caused significant material destruction and forced people to flee their homes. The effect on infrastructure such as energy supply has been one of the greatest impacts. In collaboration with the other members of ENTSO-E, Statnett has contributed materials to enable the power supply to be restored including materials specifically requested by the national DSO in Ukraine.

A safe workday

Statnett has always prioritised ensuring a safe working environment.

Statnett has a zero vision, which means that we must prevent any serious harm to people, property and physical assets through targeted work on a safety culture, prevention, risk management and handling. Our work on safety is embedded in policy and a strategic plan.

In 2022, we conducted an internal audit of our safety culture and operational HSE management. The internal audit was initiated due to the downward trend in reporting of incidents, as well as repeated non-compliance with specific requirements laid down in procedures and instructions. The audit revealed no serious non-conformances, but resulted in several recommendations for improvement measures that have since been implemented.

Statnett's "Nine Life-Saving Rules" have stood firm as basis for our safety culture. In 2022, the rules were revised and revitalised through updating governing documentation and internal communication.

As a construction client, we must contribute to safe workplaces

In 2022, we continued to develop our work on creating safe working conditions in our building and construction projects, inter alia through the *Safe Builder* and *Safe Contractor* initiative including training, assessment of risk and role clarity, dialogue and cooperation on safety at construction sites, as well as follow-up of Statnett's HSE requirements in our supplier contracts.

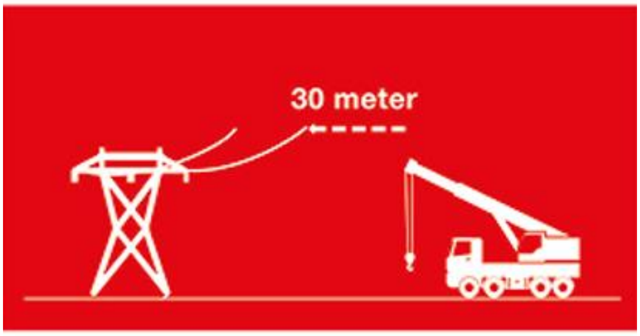
We have expectations towards our suppliers

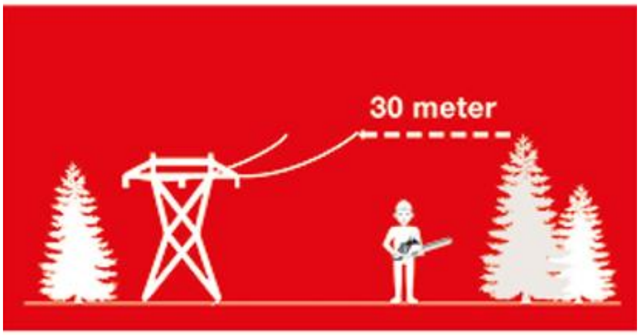
Statnett requires our suppliers and their subcontractors to respect human rights and requirements for decent working conditions. This is one of two main areas that we describe in our due diligence statement.

We will learn from unwanted incidents

An important contribution to our strategic goals within HSE is to convey experiences and learn from unwanted incidents and near misses. We work systematically to analyse and implement learning from undesirable incidents in both contractors and Statnett's operations. Continuous learning efforts were strengthened in 2022. In addition, serious incidents are examined or investigated in accordance with internal guidelines.

In 2022, particular focus was on increasing awareness of risks related to electrical safety risks in connection with activities in the vicinity of Statnett's installations. Information is sent out to landowners, the transport industry and the general public and through an industry forum on electrical safety.





When working with tall machinery and equipment or felling trees within 30 metres of power lines, Statnett must be contacted in advance to clarify necessary safety measures. The illustration is part of the information that was sent out to landowners and the transport industry, as well as to the public via NRK, in 2022.

We survey the working environment

Together with HR, safety representatives and occupational health services, managers play a key role in the following-up of sick leave. The Working Environment Committee and employee representatives also regularly follow-up sick leave. We customize physical work environment and work schedule for employees with special needs.

Statnett conducts regular employee surveys. In 2022, we conducted three surveys and subsequently implemented measures in units and at company level.

Statnett's Ethical Ombudsman

Statnett has an Ethical Ombudsman whose role is to help to uncover and deal with matters that are in breach of our ethical guidelines. The Ethical Ombudsman and the company's whistleblowing channel are described in our Due Diligence Statement.

We respect the right to privacy

Statnett respects the right to privacy and is committed to safeguarding people's privacy. Nevertheless, there are still some non-conformances and there is also a risk of future non-conformances, which underline the need to continue systematic work in this area.

In 2022, we registered five non-conformances. Three of the cases was related to data processing performed by Statnett, and two to external suppliers processing data on behalf of Statnett. None of the non-conformances were so serious that it was necessary to notify the Norwegian Data Protection Authority.

In 2022, measures to reduce the risk of non-conformances included early involvement of the Data Protection Officer in the introduction and follow-up of system services involving the processing of personal data, updating of routines and procedures and increase awareness through training and internal communication.

Close cooperation with trade unions and safety representatives

Statnett recognises and appreciates the value of the Norwegian working-life model. This includes the tripartite cooperation between the government, the trade unions and employer organisations, as well as the local bipartite cooperation. Good relations between management and employee representatives are crucial to further development and to Statnett's ability to adapt and streamline operations.

In 2022, a total of 80 per cent of our employees were members of a trade union, and we make arrangements to ensure that the unions can conduct their duties efficiently. Employee representatives shall have a genuine opportunity to exert an influence. This is achieved through an ongoing, open dialogue with the trade unions in order to exchange information and views on matters that are important to our employees.

The employees elect three members to Statnett's Board of Directors, with several of the trade unions drawing up lists of candidates. The employees are also represented on the board of the pension fund, the pensions steering group and the Working Environment Committee.

The occupational health service takes part in inspections and is represented on the Working Environment Committee.

Statnett's activities are divided into safety areas, and local safety representatives and deputies are elected for each safety area. In connection with the reorganisation in 2021, the safety areas were adjusted, and a total of 30 safety areas were established in 2022. These are located throughout the country, mainly in Statnett's emergency preparedness and operational areas as well as in administration buildings. The work performed by local HSE groups, where local safety representatives and employer representatives are represented, has continued with regular meetings and annual reporting to the Working Environment Committee.

We want a working environment characterised by diversity and inclusion

Statnett aims to promote equality and prevent discrimination. Increased diversity and an inclusive working environment are important aspects of this work. How we work with diversity, equality and inclusion is described in the Appendix chapter concerning The duty to engage actively in equality work and the duty to issue statements.

We must attract and develop tomorrow's expertise

Statnett is a competence-based company that is dependent on attracting and developing critical competencies for the future.

We must increase awareness of Statnett as an employer by targeted marketing of our company to those who possess critical expertise. All employees complete compulsory courses and can also participate in other relevant courses through our Competence Portal. Managers and employees jointly follow up employee development as part of mandatory performance dialogues.

Statnett aims to work more systematically to develop a framework for how we will develop critical competence to meet tomorrow's needs. Strengthened succession planning is also part of this work. We promote internal mobility and facilitate internal career paths by announcing all vacancies internally. Strategic workforce planning and internal mobility help provide professional development opportunities for our employees and equipping the company to meet tomorrow's competence needs.

Our governance principles for sustainable business

How we organise or sustainability work

Our work on sustainability is integrated into our processes through our management systems and strategy.

The Board of Directors has overarching responsibility for ensuring that Statnett fulfill our mission in a sustainable manner. Group Management is responsible for following up the company's goals and implementing necessary measures. Day-to-day implementation of this work is a management responsibility. Our framework for risk management and internal control contributes to meeting requirements and expectations.

Compliance with applicable laws and requirements is an essential part of our management, activities and decision-making processes. In addition, we follow internal obligations set out in our constitutive and governing documents, including:

- Ethical guidelines (Code of Conduct)
- Supplier Code of Conduct
- Sustainability policy, Security policy, Procurement policy
- Employee guidelines

Statnett's sustainability policy is part of our management system and is designed to adopt a unified approach to our responsibility related to sustainability.

We use recognised standards for reporting, and we are committed to following the UN Global Compact's ten principles for responsible business. Statnett is certified according to the international standards ISO 14001 for environmental management and ISO 55001 for asset management.

We have specified goals and measures in the area of sustainability in a dedicated action plan for sustainability in connection with updating Statnett's strategy in 2022.

We combat corruption and human rights violations and protect privacy

To fulfil our mission in a sustainable way, we must maintain high ethical standards and make clear demands of our own employees and our suppliers.

Through clear requirements in our Code of Conduct and dialogue with suppliers, we work against corruption and all forms of bribery, fraud and illegal business activities throughout the value chain. We have drawn up codes of conduct for our own employees and our suppliers.

Coexistence and dialogue

Statnett has a range of stakeholders in Norway and the rest of Europe with whom we engage in continuous dialogue. Our stakeholders extend from government authorities to local landowners, indigenous people and people living near our facilities. DSOs, power producers, existing industry, new climate-friendly industry, consortia and suppliers within offshore wind development, the transport sector, private persons and households are important stakeholders. Going forward, involvement of maritime stakeholders and stakeholders along the coast will be important for the development of offshore power grid. Internationally, Statnett works with suppliers, contractors, investors, lenders, government agencies, regulatory bodies in the Nordic region and the EU, and transmission system operators in countries with which we exchange power.

Statnett supplies critical infrastructure and administers public resources. Transparency about how we carry out our work is therefore important. Dialogue and collaboration with stakeholders and customers are central in the exercise of Statnett's two roles as transmission system operator and grid owner.

As part of the involvement process prior to projects under development, we establish open dialogue with rights holders and affected groups, among others reindeer herders, landowners and local communities. This is important to elicit suggestions on adjustments and measures that can reduce negative impact.

Development projects require close dialogue with affected parties such as local DSOs, local authorities, landowners and stakeholders looking to connect to the grid. Much of the dialogue is regulated through regulations on power system assessments and licensing processes.

We arrange meetings with stakeholders in the early phase of projects, both to generate acceptance for the measures being planned and to elicit suggestions for local adaptations such as construction traffic, noise, electromagnetic fields, landscape impacts and interventions in nature. Local mitigating measures are described in more detail in the licence requirements and in an environment, transport and construction plan (MTA plan). The plan describes how construction work is to be performed in line with the terms and conditions of the licence and with the least possible impact on the local community. In areas where reindeer herding is affected, information about the reindeer herding districts' use of the areas is utilised.

On our website, we provide information about individual projects in the form of notifications and news, for example, as well as by publishing various documents such as licence applications and reports.

In addition to an ongoing dialogue with stakeholders, we arrange and participate in various networks, initiatives and forums at national and international level. Statnett's customers are represented in the Market and Operations Forum, which holds regular meetings with Statnett's Board of Directors. The minutes from the forum's meetings are published on Statnett's website.

We also participate actively in Nordic and European collaborations, for example the European Network of Transmission System Operators (ENTSO-E).

In 2022, we prepared a double materiality analysis where stakeholder dialogue forms the basis for our priority sustainability areas going forward.

We contribute to local value creation and critical infrastructure throughout Norway

Statnett is present in large parts of the country and makes an important contribution to local value creation is a secure power supply and the connection of new production and consumption. In addition, we contribute to positive local ripple effects by utilising Norwegian suppliers of all sizes.

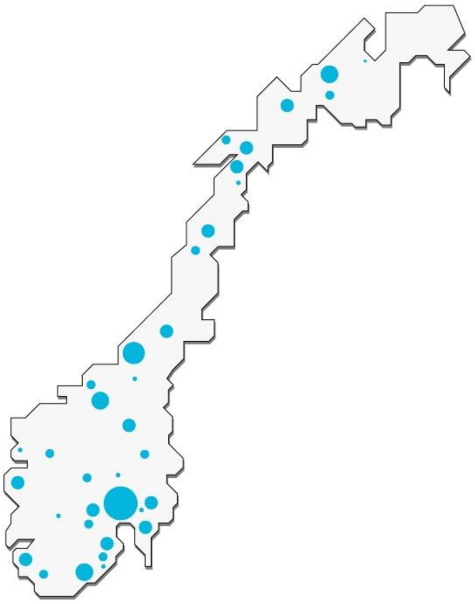
If something happens to one of our facilities, we must be able to respond quickly, around the clock. This means we must have employees in the vicinity of our facilities throughout Norway. In total, 40 per cent of our employees work elsewhere than at the head office in Oslo – from Kristiansand in the south to Kirkenes in the north.

Our green bonds finance sustainable projects

Good sustainability work can affect our financial framework and provide access to new lending markets.

We actively use results from ESG metrics as an indicator of our sustainability work and aim to be among the very best in our sector on relevant ESG metrics. We have been ranked by several specialised ESG rating agencies.

Green bonds are loans to finance environmentally positive initiatives. Our green loans are used to finance construction projects that have a positive effect on the climate. In 2020, Statnett received its first two green bond loans totalling NOK 3.6 billion, with a further NOK 1.4 billion in 2021. The funding from these loans was used to finance to the Smestad–Sogn project, which will help Oslo achieve its climate ambitions and improve security of supply in the capital, as well as to the North Sea Link interconnector, which facilitates increased production and consumption of renewable energy in Norway and the



Overview of workplaces and number of employees

UK. In January 2023, we issued a new green bond of SEK 3.1 billion with a maturity of five years.

Statnett has established a framework that describes which projects can be qualified as green. The framework has been qualified by CICERO (Center for International Climate Research). CICERO awarded Statnett the designation dark green, which is the highest grade it is possible to achieve. We have established a cross-functional committee to assess projects. It is made up of employees with expertise in sustainability, the environment and analysis, in addition to having financial expertise.

We safeguard digital security

The power transmission grid constitutes critical infrastructure. Cybersecurity is therefore a high priority and a precondition for our operations, data assets, personnel and reputation. Statnett's efforts in the area of cybersecurity focus on increasing our ability to predict, prevent, uncover and handle incidents involving digital security in the best possible way. In 2022, we focused on strengthening our ability to detect attacks at an early stage and increasing our expertise in digital security through exercises, frequent phishing tests and employee training.

Successful cybersecurity requires a holistic and systematic approach, across the entire organisation. It requires good cooperation within the organisation as well as cooperation with other TSOs, suppliers and partners. Statnett has implemented necessary measures to increase vigilance and preparedness in the context of the serious security situation in Europe.

We promote innovation and technology development

The goal of our focus on research, technology development and innovation in the energy area is to contribute to increased value creation and secure, cost-effective and sustainable utilisation of Norwegian energy resources.

The effort against climate change is creating a major need for new solutions and expertise in Statnett's core areas. We have planned a significant investment in R&D and innovation to identify good solutions for the grid of the future and various technology qualification and R&D measures relating to sustainability.

The key deliverables within innovation and technology development relate to automatic system protection and solutions for monitoring and controlling dynamic stability in a grid of the future that will be characterised by a high share of renewable and intermittent power. Studies have been carried out on optimal use of the community's power system through more optimal effect pricing as well as the sensitivity of households and businesses to levels and changes in price. Statnett has completed the BIRDPOL project (BIRDPOL – Bird friendly design of Power Lines) which demonstrated birds' use of the airspace. The project confirmed that bird repellents are effective and help keep the birds away from power lines.

Testing and piloting of digital substations are also important deliverables. Digital substations have a lighter footprint, reduce the need for documentation and increase flexibility and security. Strategic technology development for a potential offshore power grid is another important area. Given the large number of offshore cables, and associated converter stations on land, it is important to take a sustainable approach to the location of landing points and new consumption. Together with other European TSOs, Statnett is participating in InterOPERA – Enabling interoperability of multivendor HVDC grids. The project is part of the EU's research and innovation programme, Horizon Europe. The project's main purpose is to achieve interoperability between high-voltage DC converters from multiple suppliers to facilitate the creation of a European DC grid for offshore wind in the future.

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To the Board for Directors

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON STATNETTS' SUSTAINABILITY REPORTING FOR 2022

This Independent Auditor's Limited Assurance Report to the Board of Directors of Statnett SF (Statnett) relates to information in the sections "Sustainability Report", "Sustainability accounts", and "GRI tables" (the "Selected Information") within Statnetts Annual Report for the reporting period ended 31 December 2022.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as listed below has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Statnett engaged Deloitte AS to provide an Independent Limited Assurance Report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in the Annual Report, for the period ended 31 December 2022 is as follows:

Selected Information in the Annual Report	Applicable Criteria
Chapter: Sustainability Report Chapter: Sustainability accounts Other information: GRI tables	Reporting in accordance with the GRI Standards 2021, pursuant to Statnetts disclosures under the Global Reporting Initiative (GRI) Index in GRI tables within the other information section

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The Board of Director's responsibilities

The Board of Directors are responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.

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- Publishing the Applicable Criteria publicly, where it is not publicly available, in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the services.
- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Board of Directors.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), , and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out the limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Obtained an understanding of Statnetts systems and processes for the identification, processing and controls associated with the Selected information.
- Made inquiries with relevant personnel to obtain an understanding of the process for collecting and reporting the Selected Information, and relevant internal controls; but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Performed limited substantive testing on a selective basis of the Applicable Criteria to test whether data has been appropriately measured, recorded, collated and reported.

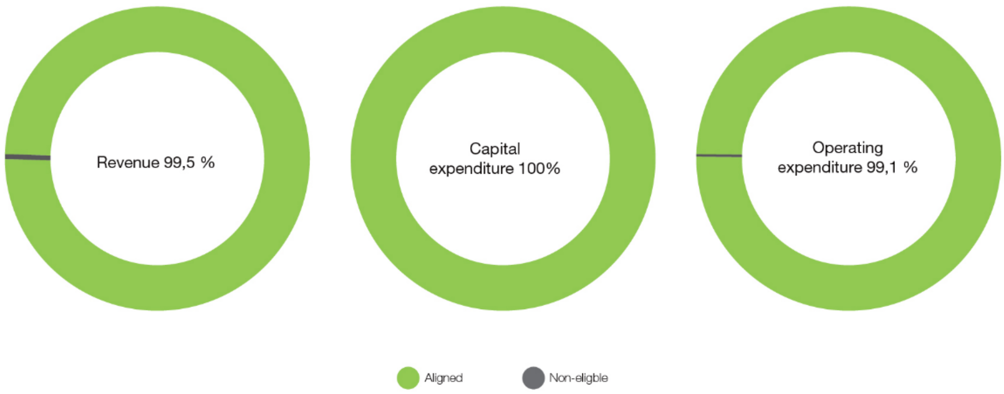
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 23 March 2023
Deloitte AS

Guro Magnetun Heimvik	**Frank Dahl**
State Authorised Public Accountant (Norway)	Sustainability expert

Note: Translation has been made for information purposes only.

Taxonomy



Statnett achieves a high proportion of taxonomy eligble and sustainable activities. All our activities are included in the activity transmission and distribution of electricity and our operations meet the criteria of the taxonomy.

Statnett is subject to taxonomy requirements starting in the 2023 financial year. We have chosen to include information on taxonomy in our annual report for the 2022 financial year as well.

Background

The classification system for sustainable economic activity (the EU Taxonomy Regulation)[12] is an important part of the EU action plan to shift capital flows towards a more sustainable economy, and it is an important step towards the goal of climate neutrality by 2050[13].

The Taxonomy Regulation defines six climate and environmental objectives that economic activities can contribute to achieving:

1. Climate change mitigation

2. Climate change adaptation

3. The sustainable use and protection of water and marine resources

4. The transition to a circular economy

5. Pollution prevention and control

6. The protection and restoration of natural diversity and ecosystems

In line with the taxonomy criteria, the extent to which an enterprise has economic activities that are eligible[14] and aligned[15] must be reported, as well as the proportion (KPI) of revenue, investments and operating costs associated with sustainable activities.

Our taxonomy eligible activities

Statnett's activity is taxonomy eligble, and our entire business is part of the energy sector: *activity 4.9 transmission and distribution of electricity*, in accordance with the Taxonomy Regulation. This means that we only have one activity to consider under the taxonomy.

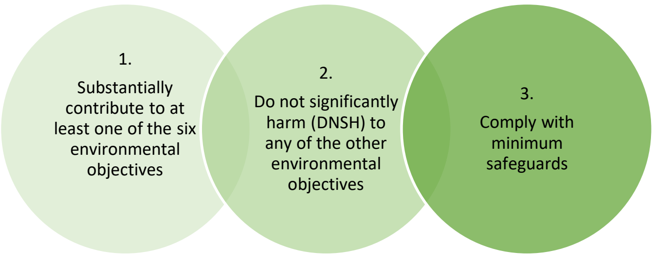
The interconnected European power system contributes significantly to the green transition. A well-integrated energy market and energy system are fundamental prerequisites for achieving Europe's energy and climate targets in a cost-effective manner. As the owner, developer and operator of the transmission grid and transmission system operator in the Norwegian power system, Statnett plays a key role in the transition to a renewable society.

How we have assessed whether our activity is aligned with the taxonomy

In order for a taxonomy eligible activity to be defined as aligned, it must meet the requirements in the figure below.

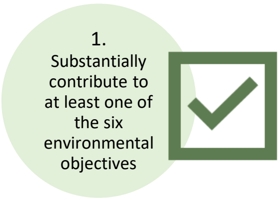
[12] Read the English version of the EU Taxonomy Regulation.
[13] Read more: Taxonomy for sustainable economic activity – regjeringen.no (Norwegian only)

[14] An activity is eligible according to the taxonomy if it is included in the list of activities covered by the delegated act.
[15] An activity is sustainable (aligned) according to the taxonomy when it meets all the criteria for a material contribution to at least one of the environmental objectives, does not do significant damage to the other five environmental objectives and meets a minimum of social and governance conditions.



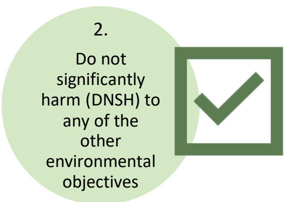
The European Commission has established criteria for when activities can be defined as sustainable for activity 4.9, i.e. when the activity is considered to make a substantial contribution to an objective and when it is not considered to have a significant negative impact on the other objectives. (Do not significantly harm; DNSH).

Our activity makes a substantial contribution



Statnett's activity 4.9 in the taxonomy meets the criterion of making a "substantial contribution" to the climate target "Climate change mitigation", because we are part of the interconnected European system and the activities related to 4.9 transmission and distribution of electricity are defined as an enabling activity[16].

Our activity has no significant negative impact on the other objectives in the taxonomy



Statnett has reviewed the criteria that apply to activity 4.9 in the taxonomy concerning significant negative impact on the other environmental objectives.

Our operations meet the DNSH criteria for the other environmental objectives, and we have carried out the necessary assessments and measures. The table below summarises our assessment of the DNSH criteria for our business activities in activity 4.9 of the taxonomy

Environmental objectives	Our assessment of the DNSH-criteria for activity 4.9 of the taxonomy.
Climate change adaptation	We have identified physical climate risks and conducted vulnerability assessments that are substantial for our activities[17]. The assessments shows that our facilities, depending on where in the country they are located, will experience both increased, reduced or unchanged climate impact.
The sustainable use and protection of water and marine resources	There are currently no criteria for water in relation to activity 4.9.
The transition to a circular economy	Statnett has plans for waste management, and our waste is processed so that as much as possible can be utilised as either material resources or energy resources.
Pollution prevention and control	Here are three different criteria we believe we meet: We follow the stated HSE guidelines. We follow the requirement related to electromagnetic fields. Here, we apply Norwegian legislation, the provisions in the Norwegian Radiation Protection Regulations and the authorities' advice on caution and good practice. PCB-containing power conduits have been taken out of use.
The protection and restoration of natural diversity and ecosystems	We comply with relevant requirements and carry out environmental impact assessments in accordance with applicable statutory requirements and expectations.

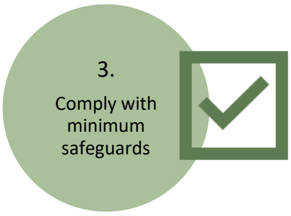
Our assessment of DNSH criteria for Statnett's activities

We comply with the criteria for minimum safeguards

Statnett's activities are carried out in accordance with the taxonomy requirements for minimum safeguards.

[16] The Norwegian and Nordic power markets are an integral part of the common European power market. The Norwegian power system is closely physically interconnected with other countries. Closer integration between countries and sectors, new technology and digital solutions are prerequisites for making the transition to a low-emission society possible. The interconnected Norwegian, Nordic and European power system, and its subordinate systems, meet the qualification criteria for activity 4.9 of the taxonomy. You can read more here: Transmission and distribution of electricity (europa eu)

[17] Read more in the report "The importance of climate changes for Statnett's transmission infrastructure".



Statnett's work and processes related to governance and social matters are discussed in the part "Other information".

Results, definitions and assumptions

Statnett has a high percentage of taxonomy eligble activities including 99.5 per cent of revenues, 100 per cent of capital expenditure and 99.1 per cent of operating expenditure since all our activities are included in the activity transmission and distribution of electricity.

Statnett has a correspondingly high percentage of aligned activities after reviewing and assessing that all criteria in the taxonomy related to "No significant negative impact on the environmental objectives" (Do No Significant Harm – DNSH) and that minimum safeguards are met.

Capital expenditure achieve 100 per cent, as there have been no investments linked to non-eligible activities.

Definitions of the KPIs are in line with the taxonomy requirements.[18]

Revenue (turnover)

The percentage of eligible and aligned revenue was 99.5 per cent for the 2022 financial year (99.6 per cent in 2021).

The denominator corresponds to the total operating revenue in Statnett's statement of comprehensive income. Total operating revenue is specified in Note 4 Operating revenue and amounted to NOK 22,993 million in 2022 (NOK 14,412 million in 2021).

The numerator includes all regulated revenue as well as a portion of other operating revenue currently considered eligible and aligned according to the taxonomy. Non-eligible activities relate to the leasing out of fibre optic networks, as well as revenue from customer projects that are considered not to be directly related to our core business, including commercial revenue relating to the leasing of ships. To ensure emergency preparedness, Statnett owns ships, which are leased out when we have available capacity. In 2022, Statnett also received gains on the sale of a gas-fired power plant, which are considered non-eligible according to the taxonomy[19].

Capital expenditure

The percentage of eligible and aligned capital expenditure was 100 per cent for the 2022 financial year (100 per cent in 2021).

The denominator corresponds to additions of tangible and intangible assets during the financial year, and is calculated as the sum of additions in Note 8 Tangible and intangible assets and Note 9 Plants under construction[20].

In 2022, the Group's total capital expenditure according to the taxonomy were NOK 5,164 million (NOK 6,197 million in 2021).

The numerator includes investments in grid facilities, cables and digital development. Since the Statnett Group only has one main activity, we have considered that all investments, including administrative investments, are included.

Operating expenditure

The percentage of eligible and aligned operating expenditure was 99.1 per cent for the 2022 financial year (98.5 per cent in 2021).

According to the taxonomy requirements, costs that are not capitalised and that relate to the activities of research and development must be reported, in addition to maintenance on buildings, short-term rental, maintenance and repair and any other direct costs necessary for the assets to function as intended.

The denominator therefore constitutes a smaller share of total operating costs in the income statement, including the accounting lines Other operating costs and Salaries and personell costs. [21]

In 2022, the Group's operating expenditure according to the taxonomy definition were NOK 529 million (NOK 533 million in 2021).

The numerator includes the part of the denominator that is essential for carrying out activities according to the taxonomy. Considering that Statnett only has one main activity, we have assessed that all costs related to research and development, maintenance and repair, cleaning and short-term rental are included, with the exception of maintenance costs related to the gas-fired power plant, which are considered non-eligible according to the taxonomy[6].

[18] Taxonomy-regulation-delegated-act-2021-4987-annex-1-5_en.pdf (europa.eu).
[19] The gas-fired power plant was procured as a contingency by a previous SAKS measure (SAKS is a Norwegian acronym for "severely strained power situation"). As of 31 December 2022, Statnett did not own any gas-fired power plants.
[20] Additions in notes 8 and 9 have been reduced by "Transferred to property, plant and equipment and other intangible assets" in Note 9.
[21]This means that other accounting lines in the income statement for other operating costs are not included, including system operating expenses, transmission losses and depreciation, amortisation and impairments.

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

KPI tables for EU taxonomy[11]

Revenue (turnover)

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria (Does Not Significantly Harm): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Mill. nok	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
4.9 Transmission and distribution of electricity	D35.12	22 875	99,5	100	-	-	-	-	-	NA	Y	NA	Y	Y	Y	Y	99,5	99,6	E	-
Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)		**22 875**	**99,5**	**100**													**99,5**	**99,6**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**22 875**	**99,5**														**99,5**	**99,6**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		**118**	**0,5**																	
Total (A + B)		**22 993**	**100,0**																	

[11] Standard format according to taxonomy-regulation-delegated-act-2021-4987-annex-1-5_en.pdf (europa.eu)

Capital expenditure

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Code(s) (2)	Abso-lute turn-over (3)	Propor-tion of turn-over (4)	Climate change miti-gation (5)	Climate change adap-tion (6)	Water and marine resour-ces (7)	Circular eco -nomy (8)	Pollu-tion (9)	Biodiv-ersity and eco-systems (10)	Climate change mitiga-tion (11)	Climate change adap-tion (12)	Water and marine resour-ces (13)	Circular eco-nomy (14)	Pollu-tion (15)	Biodiv-ersity and eco-systems (16)	Mini-mum safe-guards (17)	Tax-onomy aligned propor-tion of turn-over, year N (18)	Tax-onomy aligned propor-tion of turn-over, year N-1 (19)	Cate-gory (enabl-ing activ-ity or) (20)	Cate-gory (transiti-onal activity) (21)
		Mill. nok	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
4.9 Transmission and distribution of electricity	D35.12	5 164	100	100	-	-	-	-	-	NA	Y	NA	Y	Y	Y	Y	100	100	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		**5 164**	**100**	**100**													**100**	**100**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**5 164**	**100**														**100**	**100**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		**0**	**0,0**																	
Total (A + B)		**5 164**	**100,0**																	

Operating expenditure

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Code(s) (2)	Abso-lute turn-over (3)	Propor-tion of turn-over (4)	Climate change miti-gation (5)	Climate change adap-tion (6)	Water and marine resour-ces (7)	Circular eco -nomy (8)	Pollu-tion (9)	Biodiv-ersity and eco-systems (10)	Climate change mitiga-tion (11)	Climate change adap-tion (12)	Water and marine resour-ces (13)	Circular eco-nomy (14)	Pollu-tion (15)	Biodiv-ersity and eco-systems (16)	Mini-mum safe-guards (17)	Tax-onomy aligned propor-tion of turn-over, year N (18)	Tax-onomy aligned propor-tion of turn-over, year N-1 (19)	Cate-gory (enabl-ing activ-ity or) (20)	Cate-gory (transiti-onal activity) (21)
		Mill. nok	%	%	%	%	%	%	%	Y/N	Y/N	YN/	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
4.9 Transmission and distribution of electricity	D35.12	524	99,1	100	-	-	-	-	-	NA	Y	NA	Y	Y	Y	Y	99,1	98,5	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		**524**	**99,1**	**100**													**99,1**	**98,5**		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**524**	**99,1**														**99,1**	**98,5**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		5,0	0,9																	
Total (A + B)		**529**	**100**																	

Sustainability accounts

We have collected detailed information on the three main categories described in the Sustainability report.

Information on social conditions

Safety

Serious Incident Frequency SIF	2022 Number	2022 SIF value	2021 Number	2021 SIF value	2020 Number	2020 SIF value
Total	17	4,1	10	2,3	29	6,2

Lost-time injuries (LTI)	2022 Number of injuries	2022 LTI value	2021 Number of injuries	2021 LTI value	2020 Number of injuries	2020 LTI value
Employees	3	1,0	3	1,0	4	1,5
Subcontractors	9	7,2	6	4,0	13	6,6
Total	12	2,9	9	2,0	17	3,6

Injuries (TRI)	2022 Number of injuries	2022 TRI value	2021 Number of injuries	2021 TRI value	2020 Number of injuries	2020 TRI value
Employees	5	1,7	7	2,4	12	4,4
Contractors	15	12,0	19	12,7	23	11,7
Total	20	4,8	26	5,9	35	7,5

Fatalities	2022	2021	2020
Employees	0	0	0
Subcontractors	0	0	1

Lost day rate (LDR)	2022 Number of lost days	2022 LDR value	2021 Number of lost days	2021 LDR value	2020 Number of lost days	2020 LDR value
Employees	21	8	90	31	67	24
Subcontractors	24	19	167	112	258	131
Total	45	12	257	58	325	70

Total recordable injuries (TRI) and lost-time injuries (LTI) are not differentiated by gender or region. The lost-time injuries frequency (LTI) shows the frequency of work-related lost-time injuries per million working hours. The total recordable injury frequency (TRI) shows the total number of work-related injuries per million working hours. The serious incident frequency (SIF) indicator captures the most serious incidents/conditions involving injuries, near misses and environmental harm, as well as recorded hazardous conditions per million working hours relating to electrical safety and working at height. Lost day rate shows the absence rate or the frequency of absence due to the work injury per million hours worked. Absence days are defined as lost working days in relation to the total number of working days the injured person is away from the first day after the work injury occurred. A fatal accident is considered as 230 days absence. Differences in results between employees and subcontractors can be explained by the fact that the contractors work operationally, while employees also include administrative positions.

Sanctions, health and safety	Unit	2022	2021	2020
Cases where legal or administrative sanctions have been issued for serious breaches of health and safety legislation	Number	0	0	0
Fines or charges for serious breaches of health and safety legislation	MNOK	0	0	0

Supply chain

Payment to suppliers[1]	2022		2021		2020	
	MNOK	Number of suppliers	MNOK	Number of suppliers	MNOK	Number of suppliers
Development and operation	2 881	853	4215	948	5638	982
IT	652	412	1113	445	1072	428
Administrativt	634	2449	470	2390	463	2313
Consultants	1 083	474	718	438	982	397
Other	760	1012	764	1133	514	1338
Totalt (unique suppliers)	6 010	4405	7280	4597	8669	4382

1) Some suppliers deliver in several of the categories

Decent working life

Trade unions	Unit	2022	2021	2020
Percentage of employees with collective agreements as at 31.12	%	80	84	78

Penal sanctions, human rights	Unit	2022	2021	2020
Cases where legal or administrative sanctions have been issued for material breaches of human rights legislation[1]	Number	0	0	0
Fines or charges for material breaches of human rights legislation	MNOK	0	0	0

[1] Material legal sanctions for discrimination, forced labour, child labour or breaches of freedom of association, indigenous rights or employee rights.

Working environment

Employees	Unit	2022	2021	2020
Employees as at 31 Dec	Number	1579	1530	1530
Employees in subsidiaries as at 31 Dec[1]	Number	67	53	46
Employees in full-time positions as at 31 Dec[2]	%	98,5	98,9	98,6
Turnover	%	5,8	4,0	2,3
Apprentices as at 31 Dec	Number	39	30	28
Trainees as at 31 Dec	Number	11	11	9

Age distribution	Unit	2022	2021	2020
Employees under 30	%	7,0	6,7	8,0
Employees aged 30–50	%	46,0	47,6	47,2
Employees over 50	%	47,0	45,7	44,8
Average age, all employees	Years	47,7	47,4	46,9
Average age, men	Years	48,3	47,9	47,4
Average age, women	Years	46,3	45,8	45,4

Gender equality	Unit	2022	2021	2020
Female quota, Group	%	27,2	26,6	26,8
Female quota, management positions	%	31,0	29,5	24,7
Female quota, Group Management	%	62,5	50,0	28,6
Female quota, Board of Directors	%	44,4	44,4	44,4
Female quota, new employees	%	32,6	34,4	36,7
Female quota, new managers	%	61,5	57,9	28,7
Female quota, full-time employees	%	26,8	26,2	26,1
Female quota, part-time employees	%	50,0	53,8	68,1

Employees by group	Number of women	percentage women	average age women	Number of men	Percent age men	Average age men	Total number	Total average age	Average salary for women per cent in relation to average salary for all employees	Average salary for men per cent in relation to average salary for all employees
1	20	29,4	42,9	48	70,6	27,6	68	32,1	113,1	94,5
2	31	9,5	48,1	296	90,5	43,7	327	44,1	96,7	100,3
3	289	29,8	42,8	680	70,2	48,2	969	46,6	93,3	102,8
4	86	31,9	52,0	184	68,1	54,1	270	53,4	96,9	101,4
Total	**426**	**26,1**	**45,1**	**1 208**	**73,9**	**47,2**	**1 634**	**46,6**	**99,5**	**100,2**

In dividing the groups, we have taken Statnett's system of position groups as a starting point, where group 1 mainly consists of cleaners, younger skilled workers and unskilled workers. Group 2 largely consists of skilled workers with experience/additional education, engineers and mercantile positions. Group 3 largely consists of civil engineers, economists, senior engineers and managers at level 3 and level 4 in the organisation. Group 4 largely consists of specialists and managers at level 1 and 2 in the organisation.

Equal pay	Unit	2022	2021	2020
Average salary for women as a percentage of average salary for all employees	%	101,4	99,6	99,0
Average salary for men as a percentage of average salary for all employees	%	99,5	100,1	100,4
Average salary for female managers as a percentage of average salary for all managers	%	103,8	101,0	100,5
Average salary for male managers as a percentage of average salary for all managers	%	98,2	99,7	99,8

Sickness absence	Unit	2022	2021	2020
Short term, 1–16 days	%	1,9	1,1	1,1
Long term (>16 days)	%	2,2	1,8	1,7
Women	%	6,3	3,8	3,7
Men	%	3,3	2,7	2,4
Totalt	%	4,1	3,0	2,8

Statnett as employer	Unit	2022	2021	2020
Employee satisfaction and motivation				
Employee engagement[3]	Skala 0-10	7,2	-	-
Response rate	%	88	-	-
Employees who have had an annual appraisal	%	90,0	82	82

1) Figures for 2021 adjusted from 1560 to 1530. It was incorrectly reported

2) Elhub

3) From Statnett's quarterly organisation survey.

Environmental and climate information

Environment

Form of protection	2022 Number of protected areas	2022 Kilometres of power lines	2022 Areal (km2)	2021 Number of protected areas	2021 Kilometres of power lines	2021 Areal (km2)
Biotope protection under the Norwegian Wildlife Act	4	85	6	4	85	6
Animal protection area	11	44	3	11	44	3
Landscape protection area	14	141	14	14	141	14
National Park	0	0	0	0	0	0
Nature reserve	71	126	2	70	123	2
Protected plant area	0	0	0	0	0	0
Total	**100**	**396**	**25**	**99**	**393**	**25**

Waste type[1]	Unit	2022	2021	2020
Biological waste and sludge	tonnes	528	4 229	2 495
Paper and cardboard	tonnes	13	20	33
Glass	tonnes	16	7	1
Metals	tonnes	650	6 812	3 151
WEEE	tonnes	258	257	261
Soil and inorganic materials	tonnes	1 931	33 083	315
Plastics	tonnes	14	10	28
Chemicals	tonnes	0	0	0
Batteries	tonnes	10	3	7
Hazardous waste	tonnes	108	375	359
Total source-separated waste	tonnes	3 528	44 797	6 648
Mixed waste	tonnes	259	473	701
Source separation rate[2]	per cent	93	99	89
Estimated reported	per cent	85	85	85

1) Statnett clasifies waster in accordance to NS9431

2) An error has been detected in the source separation rate for the 2021 figures. Correct sorting rate in 2021 was 99%

Sanctions, environment	Unit	2022	2021	2020
Cases where legal or administrative sanctions have been issued for material breaches of environmental legislation	Number	0	1	0
Fines or charges for breaches of environmental legislation	MNOK	0	0,6	0

Environmental incidents	Unit	2022	2021	2020
Statnett				
Serious environmental incidents[1)]	Number	0	2	1
Less serious environmental incidents [2)]	Number	3	1	2
Contractors				
Serious environmental incidents	Number	0	1	4
Less serious environmental incidents	Number	18	7	7
Total	Number	21	11	14

1) Incidents that cause serious or irreversible environmental impacts.

2) Incidents that cause minor or moderate negative environmental impacts.

Climate

Energy consumption [1]	Unit	2022	2021	2020
Electricity				
Own consumption	GWh	27,1	24,3	20,4
Grid losses	GWh	2 695	2 609	2 336
Grid losses as percentage of power transported in the transmission grid	%	2,7	2,4	2,3
Fossil fuels				
Natural gas, gas-powered plants	Ton	25	82	5
Fuel, own cars and machinery	m^3	1 003	970	892
Fuel, ships	m^3	1 141	934	844
District heating and cooling				
Own consumption	MWh	2 712	2 663	2 545
Of which renewable	%	93	99	82

In 2022, Statnett has carried out a major analysis of the greenhouse gas accounts. In this work, Statnett has carried out a reclassification of emissions that were previously registered under direct emissions, which are now registered in the updated greenhouse gas accounts as indirect emissions in accordance with the GHG protocol. This has consequences for historical data, and in the greenhouse gas accounts we have marked which emission categories are affected by the reclassifications, as well as updated historical data.

Emission intensity	Unit	2022	2021	2020
Total greenhouse gas emissions	tCO_2	153 403	368 747	175 164
Total power transmission in the main grid	TWh	101	109	101
GHG emission intensity	**tCO_2/TWh**	**1 519**	**3 383**	**1 734**

Greenhouse gas emissions[1)]	Unit	2022	2021	2020
Direct emissions (Scope 1)	tCO_2 equivalents	**12 929**	**12 442**	**15 927**
From diffuse emissions (SF6)[2)]	tCO_2 equivalents	7 201	6 788	11 203
From fuel consumption, equipment[3)]	tCO_2 equivalents	138	147	165
From fuel consumption, cars[4)]	tCO_2 equivalents	2 334	2 275	2 188
From fuel consumption, vessels[5)]	tCO_2 equivalents	3 188	2 609	2 356
From reserve power facilities (natural gas)	tCO_2 equivalents	67	226	14
Indirect emissions (Scope 2)[6)]	tCO_2 equivalents	**29 993**	**21 068**	**40 067**
Electricity, offices	tCO_2 equivalents	299	195	347
Grid losses	tCO_2 equivalents	29 645	20 872	39 712
District heating and cooling[7)]	tCO_2 equivalents	49	1	8
Other indirect emissions (Scope 3)[8)]	tCO_2 equivalents	**110 481**	**335 237**	**119 169**
Category 1 - Purchased goods and services[9)]	tCO_2 equivalents	4 512	11 994	4 280
Category 2 - Capital goods[10)]	tCO_2 equivalents	90 686	314 839	111 216
Category 3 - Supply chain emissions from fuel consumption[11)]	tCO_2 equivalents	1 344	1 218	1 111
Category 5 - Emission from waste generated in own operations[12)]	tCO_2 equivalents	388	N/A	N/A
Category 6 - Business travel[13)]	tCO_2 equivalents	1 463	609	874
Category 7 - Employee commuting[14)]	tCO_2 equivalents	1 238	1 235	1 182
Category 13 - Downstream leased assets[15)]	tCO_2 equivalents	782	363	508
Category 15 - Investments[16)]	tCO_2 equivalents	10 070	4 979	-
Total emissions	tCO_2 equivalents	**153 403**	**368 747**	**175 164**

1) Greenhouse gas emissions are for Statnett. Consolidation method is operational control. Historical figures for Scope 1 have been updated as emissions related to employee travel and helicopter rental have been moved to Scope 3. Figures in the table are calculated according to the GHG protocol and show emissions using the location-based method for calculations. Total emissions for scope 2 according to market-based method, which corrects for the sale of guarantees of origin in 2022, are 1 102 534 tonnes CO2 (emission factor is 405 tonnes CO2/GWh from NVE). Of this, 10 994 tonnes were CO2 from offices, 65 tonnes CO2 from district cooling and 1 091 475 tonnes CO2 from grid losses.

2) Emission factor: United Nation GWP potential, GWP 23 900 tCO2e/tSF6. We are continuously working to improve our data. This may lead to adjustments in the greenhouse gas accounts for SF6 in 2023.

3) Equipment includes snowscooters, tractors and generators, emission factor: DEFRA

4) Source: Leaseplan

5) Changes from previous years since emissions associated with vessel rentals have now been separated to Scope 3 - cateogri 13. Estimated emission figures from 2020 have been updated to account for changes in assumptions and calculations, and follow the same methodology as for those for 2021 and 2022

6) Emission factor: NVE electricity declaration 2021. See also Note 1 for more information about our market-based Scope 2 emissions

[7] Production mix and emission factor from Nydalen Energi

[8] Historical Scope 3 emissions have changed due to Statnett now includes several categories in the calculations, in addition to two categories from Scope 1 being moved to scope 3, see note 1. There is a lot of variation in our scope 3 emissions, as these vary with our activity. 2021 was a year with a lot of activity and commissioning of both NSL and Nordlink, which in turn led to high category 2 emissions.

[9] Emissions associated with the purchase of goods and services, such as helicopter services and contractors. The data availability varies and is a combination of activity data from suppliers or spend data from our accounting systems. Emission factor is either EPD from supplier where available, or general factors from, e.g., DEFRA

[10] Capital goods include, in general, infrastructure for the transmission grid, e.g.; transmission lines, towers and cables. Emission factors are mainly from EPDs from our suppliers, where general factors from DEFRA and ICE Database, among others, are not available. The emissions are counted from the year the component is commissioned and entered in the balance sheet in Statnett's financial accounts

[11] Upstream emissions related to production of fuel Statnett consumes. We use Well-to-Tank emisison factor from DEFRA

[12] Source: Norsk Gjenvinning. Currently emissions related to waste and waste management for 16 of our locations is included. As of now, we do not have information about our 2021 and 2020 emisisons

[13] The emissions are mainly from air travel and driving (which are not commuting to offices). Information about flights, train journeys and hotel stays is provided by our travel operator, while driving is calculated on the basis of submitted travel expense reports. The calculations are based on the share of electric cars and the average krone exchange rate from SSB.

[14] Commuting-related emissions is a conservative estimate based on a study conducted in the UK in 2021, https://democracy.tmbc.gov.uk/documents/s53628/Annex%203%20-%20Working%20from%20Home%20Emissions%20Briefing%20Energise.pdf

[15] Emissions related to leasing of Statnett's two vessels, Elektron 1 and 2. These emissions were in previous years reported in Scope 1.

[16] Emissions related to our investments are based on reports from our fund managers. The fund managers use different approaches when calculating carbon intensity. One includes scope 3 emissions in the calculation of CO2e intensity, while the other only includes scope 1 and scope2. We had no investments in 2020

Levels and emissions, SF6	**Unit**	**2022**	**2021**	**2020**
Levels as of 31 Dec1)	kg	180 105	175 199	148 343
SF6 emissions	kg	302	284	469
Substations with gaseous components	Number	178	178	172
Of which gas-insulated substations	Number	35	35	31

[1] Inventory includes SF6 in stations and stock. Inventory per 31.12.2022 amounted to 7,817 kg

Sustainable economic information

Business ethics and anti-corruption

Whistle-blowing cases	**Unit**	**2022**	**2021**	**2020**
Total number of concerns reported	Number	46	58	55
Of which linked to business ethics and anti-corruption[1]	Number	25	28	26
Of which linked to working environment[2]	Number	21	30	29

Sanctions, business ethics and anti-corruption		**2022**	**2021**	**2020**
Cases where legal or administrative sanctions have been issued for material breaches of business ethics legislation[3]	Number	0	0	0
Fines or charges for material breaches of business ethics legislation	MNOK	0	0	0

[1] Concerns linked to business relationship, for example work-related crime and impartiality. There have been no inquiries related to corruption in the last three years (including 2022).

[2] Concerns linked to employees, for example conflicts of interest and discrimination.

[3] Material legal sanctions for accounting fraud, corruption.

Corporate management

Corporate management at Statnett complies with the government's corporate governance principles and the company declares its compliance in accordance with the Norwegian Code of Practice for Corporate Governance (www.nues.no).

1. Statement of corporate governance

Statnett SF is a state-owned enterprise owned by the Norwegian government through the Ministry of Petroleum and Energy (OED) and is organised as a group.

The Board ensures that Statnett is well managed and has adequate internal control. The Board adopts guidelines for Group Management. Together with Statnett's policies, process map and other internal governing documents this forms the management system's frameworks that drive risk reduction, continuous improvement and efficiency improvements.

2. Operational performance

Statnett has a sectoral political goal clarified in its Articles of Association.

Article 2 of Statnett's Articles of Association states that "Statnett SF is the operator of the transmission grid and the system operator of the Norwegian power system". As transmission system operator (TSO), Statnett is responsible for at all times ensuring instantaneous balance between production and consumption of electrical power in Norway. The role of transmission system operator is mainly regulated through TSO regulations and the TSO licence.

Article 2 further establishes that "The enterprise is responsible for operating and developing the transmission grid in a socioeconomically rational way. Statnett SF shall on its own or in conjunction with others, plan, design, build, own and operate transmission infrastructure. Statnett SF shall undertake the tasks incumbent upon it under the terms of legislation and licences. Statnett SF shall operate on commercial principles." Statnett's Articles of Association can be found on the Group's website.

The Government's Ownership White Paper clarifies the owner's expectations related to sustainability. The state places emphasis on Statnett's activities being conducted in a responsible manner, which entails acting in an ethically responsible manner and identifying and managing the company's impact on people, society and the environment.

3. Equity and dividends

The owner's dividend policy is established in the Norwegian national budget. Dividends are decided at the Annual General Meeting following each financial year. The owner's dividend policy for the financial years 2019–2022, is for a dividend payment corresponding to 50 per cent of the Group's underlying profit. The dividend basis is defined as the Group's profit for the year after tax, adjusted for the change in the year's post-tax higher/lower revenues. In other respects, the capital structure is managed through the raising and repayment of short-term and long-term debt, as well as changes in liquidity reserves. There have been no significant changes in the targets and guidelines for capital management throughout the year.

4. Equal treatment of owners and related-party transactions

Statnett SF is wholly owned by the Norwegian Ministry of Petroleum and Energy. As a result, the company does not have dedicated guidelines governing equal treatment of different owners. As required by statute, Statnett uses valuations prepared by independent third parties for material transactions between the company and related parties.

Statnett's Code of Conduct obliges employees, consultants and trustees who represent Statnett to notify any issues concerning their legal competence.

5. Tradeable shareholdings

Statnett is a state-owned enterprise with no tradable shareholdings. The sale of shares in the company would involve a change in form of incorporation which would require a change in legislation adopted by the Norwegian Parliament.

6. General Meeting

As sole owner, the OED exercises the ultimate authority in the company through the General Meeting. The Annual General Meeting considers the adoption of Statnett SF's income statement and balance sheet, including appropriation of the surplus for the year or coverage of the deficit for the year, adoption of the consolidated income statement and consolidated balance sheet. Other matters that fall to the General Meeting in accordance with legislation or the company's Articles of Association are also reviewed, including the election of the Board of Directors and remuneration of Board members and Board committees. The Board and the auditor participate in the General Meeting.

The Ministry of Petroleum and Energy's ownership authority in the company is exercised through the General Meeting. The General Meeting adopts Statnett's Articles of Association, including Statnett's purpose, which establish frameworks for Statnett's activities. The Annual General Meeting is held each year by the end of June.

7. Election of Board members

The Ministry of Petroleum and Energy elects the owner-elected Board members at the General Meeting. Employee-elected and any deputy members are elected by and from among the company's employees in accordance with the applicable regulations in the Norwegian Act relating to state-owned enterprises.

8. Board of Directors, composition and independence

Statnett does not have a corporate assembly. In accordance with the Articles of Association, the company's Board of Directors should comprise seven to nine members and any deputy members. Two, if relevant three, members and any deputy members are elected by and from among the company's employees in accordance with the applicable rules and associated regulations of Section 20 of the Norwegian Act relating to state-owned enterprises. In accordance with Section 21 of the Norwegian Act relating to state-owned enterprises, Board members are elected for a term of up to two years, but remain in office until a new Board member has been elected even if their term of office has expired.

In accordance with the Norwegian Act relating to state-owned enterprises, the CEO cannot serve on the Board of Directors. With the exception of employee-elected representatives, the Board members are independent of the enterprise and owner.

9. The work of the Board of Directors

The Board is responsible for ensuring appropriate management, governance and control of Statnett. The Board's work follows an annual plan and is performed in accordance with adopted rules of procedure for the Board. These rules clarify the allocation of roles and responsibility between the Board and the CEO, and help to ensure the Board remains independent in its work. The Board adopts Statnett's strategy, determines rules of procedure for the CEO and ensures that Statnett is appropriately organised. The Board is responsible for the management of Statnett and ensures that the company's activities are conducted in accordance with Statnett's purpose and Articles of Association, and that Statnett complies with laws, regulations and other formal requirements.

The Board helps to ensure that it is appropriately composed, and that the Board's work is based on transparency, trust, expertise and legal competence, and that the Board members' collective expertise effectively contributes to good long-term value creation and development at Statnett. Statnett's Code of Conduct instructs the Board members, on their own initiative, to disclose any matters that could affect their legal competence. Statnett satisfies statutory requirements for representation of both genders on the Board. For an account of the Board's work, please refer to the report of the Board of Directors in the annual report.

Audit Committee

The Board has established an Audit Committee to prepare matters for consideration by the Board. The Board has adopted a mandate for the Audit Committee. The Audit Committee's mandate is to prepare the Board's review of the financial reporting process and monitor the systems for risk management and internal control, including the company's internal audit function. The Audit Committee is maintaining ongoing contact with the company's elected auditor regarding the audit of the company, as well as assessing and monitoring the auditor's independence in accordance with the Norwegian Auditors Act. The Audit Committee is also responsible for preparing the Board's follow-up with regard to sustainability and for handling reports of censurable conditions.

Remuneration Committee

The Board has established a Remuneration Committee to assist the Board in establishing the CEO's terms of employment, together with the main principles and frameworks for remuneration of Statnett's Group Management. The Board has adopted a mandate for the Remuneration Committee.

Project Committee

The Board has established a Project Committee to prepare matters for consideration by the Board relating to the follow-up of Statnett's investment projects. The Board has adopted a mandate for the Project Committee. The Project Committee ensures sound governance of Board-approved projects and follows up projects after investment decisions are made in Statnett's project model. The Project Committee must present the result of its deliberations to the Board, but does not make decisions on behalf of the Board.

Owner meeting

In addition to the General Meeting, the Ministry of Petroleum and Energy holds owner meetings with the Board of Directors, which are intended to serve as an informal forum in which the Board and owner can exchange opinions and discuss matters of major economic or strategic importance for Statnett. Statnett's Board and administration duly consider the views expressed by the owner at these meetings. Items that require a decision from the owner must be discussed at the General Meeting.

10. Guidelines

Statnett is certified according to ISO 55001, *Asset management*, and ISO 14001, *Environmental management systems*.

Statnett's governing documents and key processes, together with the company's organisation and division of internal responsibility, form the basis for internal control in the company. Statnett's policies and Board-approved governing documents were reviewed and simplified in 2022.

Corporate governance report

Statnett complies with the government's principles for good Corporate Governance and the Code of Practice of the Norwegian Corporate Governance Board (NUES) to the extent they are relevant.

Ethical guidelines (Code of Conduct)

Statnett's Code of Conduct establishes conditions governing how employees shall relate to each other and their surroundings. Statnett has appointed an Ethics Representative who ensures compliance with the Norwegian Working Environment Act's provisions with respect to facilitating reporting of any censurable conditions, and serves as a whistleblowing channel for both employees and non-Statnett employees. Violation of the Code of Conduct can have varying consequences, depending on the nature and scope of the breach. Ethical guidelines apply to Board members, managers, employees, temporary personnel and other parties who act on behalf of Statnett.

Supplier Code of Conduct

Our Supplier Code of Conduct expresses Statnett's expectations and sets requirements for all partners, business associates and suppliers. This includes the supplier's employees, Board members, temporary personnel and consultants who have assignments for a supplier to Statnett. The Code's guidelines have been drawn up to clearly communicate our standards in this area. Statnett's requirements and standards must also be complied with by any subcontractor to a supplier throughout the contract chain. Breach of these guidelines is deemed to be a serious matter and may result in sanctions. Compliance with the Code's guidelines is followed up by means of checks on and audits of the suppliers.

11. Remuneration paid to the Board of Directors

Remuneration paid to the Board of Directors is determined by the Ministry of Petroleum and Energy. A detailed overview of the remuneration paid to the Board of Directors is disclosed in the annual financial statements.

12. Remuneration paid to senior executives

Statnett complies with the principles on remuneration of senior executives in state-owned enterprises. The Board issues a declaration on remuneration of senior executives in accordance with Article 8 of the company's Articles of Association, the Norwegian Public Limited Liability Companies Act, the Norwegian Accounting Act and the guidelines for state-owned enterprises This declaration is presented at the General Meeting. A detailed overview of remuneration paid to senior executives is disclosed in the annual financial statements.

In June 2022, the General Meeting adopted guidelines for remuneration of senior executives at Statnett. These form the basis for the for the 2023 declaration on remuneration paid to senior executives.

13. Information and communication

Statnett is subject to the Norwegian Freedom of Information Act and complies with the rules on the provision of information to the power market and legislation on safety and emergency preparedness. Statnett distributes financial and operational information in accordance with legislation and practises both open governance and transparency. Financial and operational information, as well as the company's financial calendar, can be found on Statnett's website.

14. Auditor

The external auditor is elected by the General Meeting and is independent of Statnett. The auditor presents an annual work plan to the Audit Committee. The auditor meets the Audit Committee when relevant items are due for review. The auditor participates in a Board meeting to review the annual financial statements. The auditor holds an annual meeting with the Board without management being present. The Audit Committee evaluates and issues recommendations concerning the election of the external auditor and is responsible for monitoring the auditor's independence. As an important element of work to ensure the auditor's independence, the Board has established guidelines concerning employment of the auditor for services other than auditing. The auditor reviews the company's internal control each year with the Audit Committee. Details of the auditor's remuneration split between audit and other services are disclosed in the annual financial statements.

15. Guidelines for gender equality and diversity

The employer's duty to engage actively in equality work and the duty to issue statements (ARP) describes how Statnett works with diversity, gender equality and inclusion

Risk management and internal control

Statnett's risk management and internal control safeguard Statnett's mission of a rational operation and development of the transmission grid. Risk management and internal control processes cover the entire business, including market, operational and financial matters. Integrated risk management should ensure that risks are kept at an acceptable level. Risks that must be managed relate to HSE, supply of electricity, facilitation of value creation and financial framework conditions

Responsibility

Statnett's Board has the overall responsibility for ensuring that the company has good internal control and appropriate risk management systems. The Board supervises relevant processes and monitors key risk areas.

The Audit Committee prepares matters for deliberation by the board, including preparing the Board's accounting reporting processes, following up the external and internal audit functions s and monitoring the systems for risk management and internal control.

Group Management is responsible for the operationalisation of the company's risk management and internal control, including ensuring the correct handling of material risks in line with Statnett's targets and corporate social responsibility. It is an established principle that risk is owned and managed at the lowest possible organisational level.

Framework and implementation

The framework for risk management and internal control builds on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on guidelines for risk management given in ISO 31000.

Internal control is an integral part of corporate governance and is based on the principle of three lines of defence. Following this principle, the first line is responsible for operational management and operations; the second line is responsible for management and control, as well as monitoring compliance; and the third line is responsible for independent and objective verification of controls.

The status of goals and risk is reviewed at least quarterly. The status of goal attainment is assessed and significant risks are identified, managed and communicated across the organisation. The Board is provided with a balanced presentation of all material risks, in addition to risk mitigation plans.

Principles for financial risk management are set by the Board through the adopted financial policy. The company's finance policy establishes specific frameworks for financial management, including for credit risk, settlement risk and counterparty risk.

Operational risk

Operational risk is associated with people, machines and processes. Statnett works continuously to minimise operational risk, for example through further development of management systems and internal control, including strengthening operational planning and risk assessments.

Risk of personal injuries

Statnett's project activities and operational tasks are associated with a high inherent risk of personal injury. We must actively endeavour to ensure that all employees enjoy safe working conditions, as well as to minimise the risk of personal injury to contractors in our building and construction projects.

Statnett's safety policy aims to prevent any serious personal injury through targeted work on safety culture, prevention and risk management.

Sustainability, nature and climate

The ongoing nature crisis and a social and equitable transition must be taken into account in our development of the transmission grid. The need for new transmission capacity must be solved, but with limited use of natural areas, as well as the least possible impact on natural diversity and landscape values, individuals and local communities. Greenhouse gas emissions from our own operations must be kept to a minimum.

Our work is based on the precautionary principle, focusing on a holistic approach to our responsibility for nature and the climate in planning, constructing and operating our facilities. There are potential conflicts of interest in many areas where it is relevant to expand the transmission grid, and Statnett has extensive experience concerning early and thorough dialogue with various stakeholders.

Statnett has established systems for internal control in accordance with the Norwegian Energy Act Regulations, and these are followed up through internal procedures and systems.

More extreme weather and a greater focus on climate policy, with ensuing stricter legal requirements in Europe and Norway are increasing risk and uncertainty for our operational work. We must prepare for more frequent occurrences of extreme weather and changes in precipitation patterns as a result of climate change, including increased risk of landslides and floods in the vicinity of our facilities. We design new facilities to take account of potential extreme weather scenarios.

Our work on climate and nature risk is discussed in the Sustainability Report, and our work to reduce the risk of negative impacts on human rights and decent working conditions is described in more detail in Statement on Due Diligence of this report.

Security of supply

Statnett safeguards the supply of electrical power to customers, a well-functioning power market and a rational grid development. This requires a good understanding of risk factors, continuous monitoring and good risk assessments in both system and facility operations.

In the short term, we reduce risk through sound operational planning, proper maintenance of our facilities and good preventive work relating to cyber security. We regularly conduct risk assessments of physical damage to facilities, which may affect security of supply. Strong and prioritised emergency preparedness reduces downtime and the consequences of faults. The company's emergency response plans have recently been revised as one of several measures to address the changed risk landscape as a result of the war in Ukraine.

The grid normally operates at an N-1 level of security. This means that failure of one individual component will not result in a power outage. In situations with a normal level of operational security, multiple simultaneous faults could cause outages. Some regions are deemed to be particularly vulnerable. Weather-related incidents and extreme weather events, equipment failures, attacks on or hacking of operational control systems and acts of terrorism against physical installations are events that constitute a risk to the security of supply. A change in the security situation as a result of the war in Ukraine also affects Statnett's risk landscape.

In the slightly longer term, a more pressed power balance will affect security of supply, developments in consumption and transmission requirement. In addition, increasingly more complex operations will increase risk.

System operation will be subject to significant change in the coming years, partly due to the connection of new renewable power generation and more flexible consumption. Major variations in production and changes in power exchange with other countries will challenge both system operations and operations at our facilities. Statnett works continuously to improve solutions for efficient system operation, including new and automated solutions for handling congestion and imbalances. The development towards a greater degree of automation is taking place in close cooperation between TSOs, regulators and market participants.

Statnett works actively to develop analyses and has ten area plans that cover all of Norway, which address the totality of all instruments within reinvestment and new investment. The area plans and an overall system development plan are important for the correct prioritisation and implementation of measures.

Cyber security

The cyber risk situation for 2022 has largely been influenced by the political situation following the invasion of Ukraine. The Norwegian National Security Authority and other key stakeholders have called for society to prepare for Russian attacks. It is expected that this situation will persist in the near future, and that increased vigilance will be necessary for a long time to come. In such a threat situation, we must expect Statnett to be an attractive target, and we must act accordingly. Statnett has implemented necessary measures to increase vigilance and prepare for increased emergency preparedness in light of the current serious security situation in Europe.

Robust cyber security is a high priority. We still consider ransomware to be one of the most likely threats, and we envisage an increase in attacks on subcontractors who could be exploited as a stepping stone.

The Covid-19 pandemic

Statnett's main goal throughout the pandemic has, as usual, been to maintain a secure power supply.

Our Covid-19 emergency response group, which was established in January 2020, continued its work into 2022. After more than two years of high activity levels, the group completed its work in March 2022

Financial risk

Statnett is exposed to several kinds of financial risk, and we work continuously to develop and strengthen our policies, processes and procedures for dealing with these risks.

Market risk

Statnett's costs include transmission losses and system operating costs, both of which are affected by power prices. However, risks linked to power prices are mitigated through revenue regulation, and increased costs from volume increases in transmission losses and system services are included in Statnett's revenue cap with a two-year time lag. Power prices also affect congestion revenues, but this is also taken care of through regulation that offsets higher/lower revenue over time.

Interest rate risk

The Group is exposed to interest rate risk through its debt portfolio, liquidity portfolio and financial hedging activities. Statnett SF is also exposed to the interest element of the revenue cap (NVE interest rate). Statnett seeks to correlate interests on its debt to the interest part of the regulated revenues, and thereby reduce net interest risk. Statnett reduces residual interest rate risk and fluctuations in results by entering into interest rate swaps for associated liabilities. Guidelines have been established for the appropriate share of floating rate interest on Statnett's debt.

Liquidity risk

Liquidity risk for the Group relates to the maturity of operational and financial payment obligations. Statnett's available liquidity is intended to secure financing of operations and investments on a 12-month rolling basis, without having to issue new debt. This reduces the risk of Statnett being unable to refinance its debt in periods of limited capital availability.

Statnett has access to multiple debt markets and has a diversified debt maturity structure. Access to debt is supported by a credit rating for long-term debt of A+ and A2 from, respectively, Standard & Poor's and Moody's Investor Service.

Foreign exchange risk

Foreign exchange risk arises when the Group has revenues or costs, issues debt, has bank accounts or makes investments in securities in foreign currency. Some of this foreign exchange risk is inherently hedged, but the Group is exposed to currency risk in major investment projects through material procurements and through major debt issues in foreign currency. Statnett's revenues are mainly denominated in NOK, though some of the Group's costs are incurred in foreign currency.

Foreign exchange risk is reduced by hedging currency exposure to major procurements in investment projects using forward foreign exchange contracts or similar, and through the company's revenue regulation. All Statnett's foreign-currency debt issues are converted to NOK using currency swaps.

Credit risk

Statnett is exposed to credit risk through investment of surplus liquidity in banks and fixed income and money market funds. The Group has established requirements for counterparty creditworthiness and maximum exposure for each individual deposit of surplus liquidity.

Statnett also assumes credit risk through its role as the entity responsible for settlement in the regulatory market. Credit risk for the entity responsible for settlement is minimised through established procedures for follow-up and collateral for participants in this market.

Statnett is exposed to counterparty risk through its derivatives counterparties.

Statnett enters into CSA agreements to reduce this risk.

Risk related to framework conditions

Regulatory risk

The Norwegian Energy Regulatory Authority (NVE-RME) determines Statnett's revenue cap. The revenue cap is adjusted as a result of an efficiency analysis, where Statnett's costs are compared with a historic cost level for the company. If Statnett is more efficient than at the point of comparison for the analysis, the company's revenue ceiling will be increased. If Statnett is less efficient, the revenue ceiling will be reduced.

The revenue cap is affected by a number of factors, including inflation and new requirements for sustainability, which affect costs. Ongoing assessments are made of how this affects Statnett's revenue cap.

Framework conditions in Norway and Europe

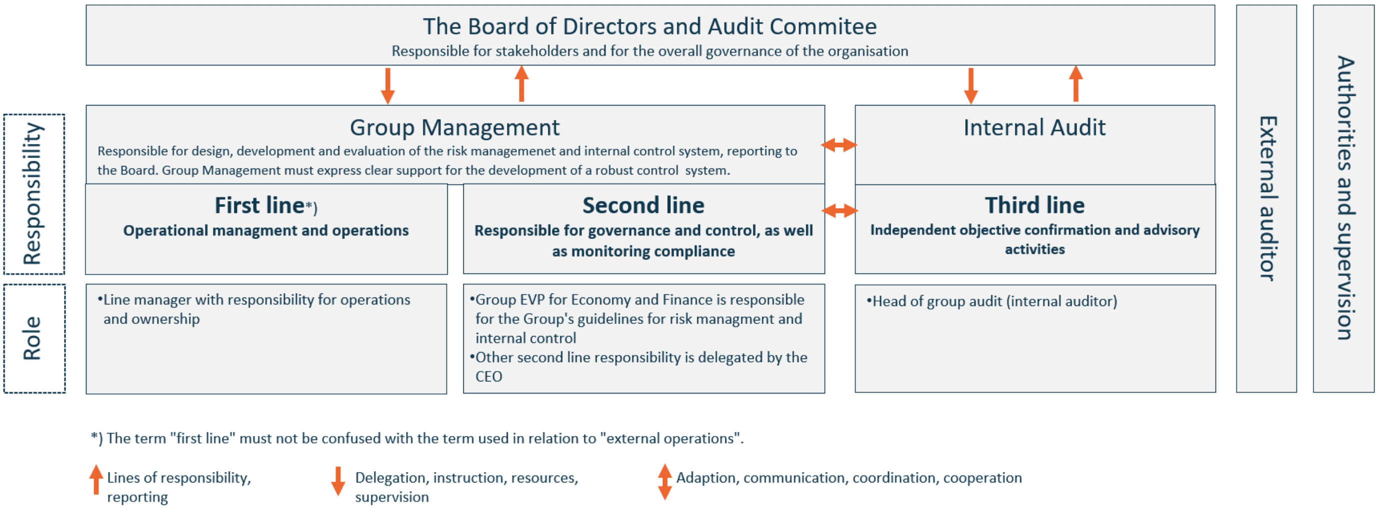
The war in Ukraine is putting pressure on the European energy system and is resulting in a shortage of gas and high prices. Energy independence from Russia is high on the European agenda. The most important thing in the short term in Europe is to secure access to gas and to limit the effects of high prices on consumers and businesses. In the longer term, the development of more renewable energy is necessary both to achieve energy independence and to achieve climate targets.

The EU is working on amendments to regulations with a view to streamlining licensing processes related to renewable production, as well as various support schemes. This has accelerated the pace of development and introduction of new rules and framework conditions.

There is an increasing need to operationalise co-operation in the Nordic region and for active participation in the European TSO organisation ENTSO-E. At the same time, Statnett, together with TSOs in the Nordic region and Europe, has continued to work on market and system development, including through joint IT projects, to meet adopted rules and to handle future operations.

In Norway, high prices, combined with a pressed energy situation in the southern part of the country, have generated debate around both market design and access to power. In response, the government has introduced support for Norwegian households. An energy commission has assessed how Norway is affected by changes in the energy market, prospects for consumption and production and perspectives for security of supply. Measures to streamline the licensing process have also been proposed.

The effective development of the power system and grid at national level requires a rational distribution of tasks between Statnett and the regional DSOs. In consultation with the Norwegian authorities, Statnett is working with the regional DSOs with respect to system and grid development in Norway.



Overview of roles and responsibilities

Regulatory framework conditions

Operating revenues, regulated activities

Statnett regulated income comprises the tariffs paid by customers of the transmission grid, balancing fees received and congestion revenues. Congestion revenues arise when power is transmitted from areas with a low power price to areas with a high power price in Norway and to other countries via interconnectors. The tariff is decided ahead of the calendar year. Statnett also receives revenues from fees it charges as the balancing and settlement coordinator within the Norwegian power system and as operator of the data hub Elhub.

Permitted revenue, regulated activities

Since grid operations are natural monopolies, revenues are regulated and controlled by the Norwegian Energy Regulatory Authority (RME). The RME determines the annual permitted revenue. It is intended to cover the costs of system responsibility and grid operations, in addition to providing a reasonable return on investments, provided that the grid is built, operated and utilised in a cost-efficient manner. In order to give Statnett incentives to be cost-effective, the permitted revenue is adjusted by applying an efficiency factor. In this analysis, Statnett's costs, adjusted for development in the size of the grid are compared with a historic cost level. In addition, the revenue cap is adjusted by a general productivity requirement, of 2 per cent in relation to the historic cost level (0.3 per cent per year). System responsibility is similarly regulated via productivity requirements of 0.3 per cent per year. The fees determined for the entity responsible for settlement is supposed to cover operating costs and provide a reasonable return on invested capital, provided efficiency is maintained.

The development in income and profit for Statnett is mainly driven by commissioned assets and activity level. More assets provide increased permitted income. Operating costs are recognised in permitted income with a time lag. Changes have an accrual effect on permitted income and the underlying profit.

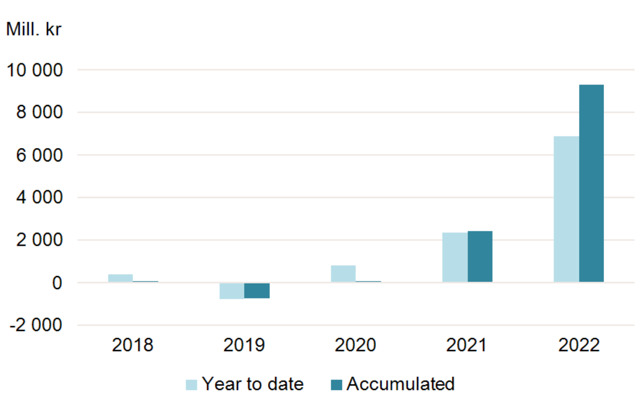
Higher/lower revenues

During a year, the revenues received from regulated operations will differ from the permitted income that RME sets after the year's close. These differences are known as higher or lower revenue, which in accordance with tariff regulations are equalised over time through adjustment of future transmission charges. Consequently, higher/lower revenues represent temporary amounts in Statnett's financial statements, which in accordance with IFRSs are not capitalised.

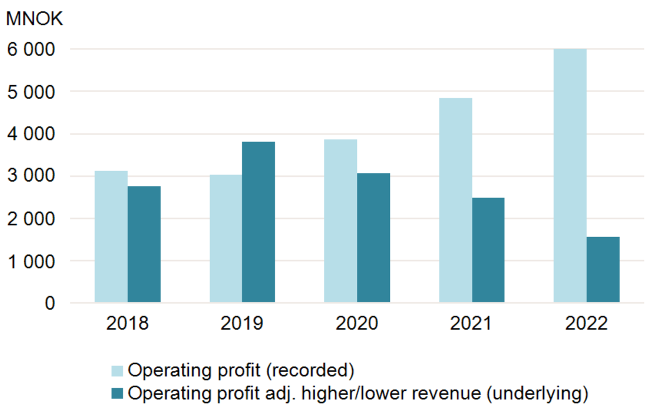
In recent years, variations in congestion revenues have resulted in substantial higher/lower revenues and fluctuations in Statnett's operating income and profit. Revenues and profits adjusted for higher/lower revenues show that underlying activities are more stable than is reflected in the financial statements, but still volatile in the event of major changes in the basis for permitted income.

Statnett emphasize stable and predictable tariffs. Extraordinarily high congestion revenues in 2021 and 2022 resulted in regulated income exceeding permitted income. Statnett therefore reduced tariff revenues significantly in 2022. In addition, RME has adopted a price cap for the energy component and enabled Statnett to compensate owners of underlying grids for high costs of transmission loss in 2022 and 2023. Tariff reductions and compensation paid resulted in lower regulated income of NOK 11 billion for 2022. Nevertheless, Statnett had accumulated higher revenue of NOK 9.2 billion at the end of 2022. Statnett expects that permitted income and compensation to underlying grid will exceed regulated income in 2023 and that the accumulated higher revenue balance will be significantly reduced.

Changes in higher/lower revenues, Group



Group EBIT adjusted for higher/lower revenues



Comprehensive income

Parent company				Group	
2021	**2022**	*(Amounts in NOK million)*	**Note**	**2022**	**2021**
		Operating revenue			
13 082	21 285	Regulated operating revenue	4	22 243	13 944
476	710	Other operating revenue	4	750	468
13 557	**21 995**	**Total operating revenue**		**22 993**	**14 412**
		Operating costs			
1 505	3 788	System services	5	3 788	1 505
1 746	3 920	Transmission losses	5	3 920	1 746
1 165	1 305	Salaries and personnel costs	6, 7, 23	1 354	1 201
2 833	2 849	Depreciation, amortisation and impairment	8, 9	3 070	3 119
1 905	2 238	Other operating costs	27	2 427	1 995
9 154	**14 101**	**Total operating costs**		**14 560**	**9 566**
4 403	**7 894**	**Operating profit**		**8 433**	**4 846**
293	456	Financial income	10	180	37
607	989	Financial costs	10	983	644
-314	**-533**	**Net financial items**		**-803**	**-607**
4 089	**7 361**	**Profit before tax**		**7 630**	**4 239**
888	1 620	Tax	19	1 680	932
3 201	**5 741**	**Profit for the year**		**5 949**	**3 307**
		Other comprehensive income			
298	524	Changes in fair value of cash flow hedge reserve	15, 28	524	298
-66	-115	Tax effect	19, 28	-115	-66
233	**409**	Other comprehensive income to be reclassified to profit or loss in subsequent periods		**409**	**233**
36	-142	Changes in estimate deviations of pensions	7, 28	-142	36
-8	31	Tax effect	7, 19, 28	31	-8
28	**-111**	Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-111**	**28**
260	**298**	**Total other comprehensive income**		**298**	**260**
3 461	**6 039**	**Total comprehensive income**		**6 248**	**3 567**

Balance sheet

Parent company				Group	
31.12.2021	31.12.2022	*(Amounts in NOK million)*	Note	31.12.2022	31.12.2021
		Assets			
		Non-curent assets			
1 244	1 327	Intangible assets	8	1 807	1 737
59 246	60 881	Tangible assets	8	68 247	66 768
6 108	6 131	Plants under construction	9	6 291	6 197
2 376	2 373	Investment in subsidiaries	20	-	-
74	189	Investment in jointly controlled company and associates	20	169	57
127	32	Pension assets	7	33	127
4 500	3 333	Derivatives	15	3 333	4 500
4 814	4 615	Other non-current financial assets	14	122	128
78 489	**78 881**	**Total non-current assets**		**80 002**	**79 513**
		Current assets			
3	8	Inventories		8	3
1 761	2 578	Trade accounts and other short-term receivables	11	1 930	1 134
994	2 263	Market-based securities	12	2 725	1 407
1	13	Derivatives	15	13	1
2 308	2 432	Cash and cash equivalents	13	2 507	2 387
5 067	**7 294**	**Total current assets**		**7 182**	**4 934**
83 556	**86 174**	**Total assets**		**87 184**	**84 446**
		Equity and liabilities			
		Equity			
5 950	5 950	Contributed capital		5 950	5 950
73	482	Hedge reserve		482	73
14 708	19 601	Other equity accrued		20 546	15 444
20 731	**26 033**	**Total equity**		**26 978**	**21 467**
		Long-term liabilities			
3 950	5 656	Deferred tax liability	19	5 805	4 055
264	247	Pension liabilities	7	247	266
473	650	Other liabilities	24	654	495
169	838	Derivatives	15	838	169
46 900	38 407	Long-term interest-bearing debt	16	38 407	46 903
51 756	**45 798**	**Total long-term liabilities**		**45 951**	**51 888**
		Current liabilities			
6 990	9 203	Short-term interest-bearing debt	16	8 969	6 831
4 063	4 915	Trade accounts payable and other short-term debt	17	5 016	4 202
17	226	Derivatives	15	226	17
-	-	Tax payable	19	45	40
11 068	**14 343**	**Total current liabilities**		**14 255**	**11 090**
83 556	**86 174**	**Total equity and liabilities**		**87 184**	**84 446**

Oslo, 23 March 2023
Statnett SF's Board of Directors

Changes in equity

Parent company					Group			
Contributed capital	**Hedge reserve**	**Other equity accrued**	**Total equity**	*(Amounts in NOK million)*	**Total equity**	**Other equity accrued**	**Hedge reserve**	**Contributed capital**
5 950	**-159**	**12 518**	**18 309**	**01.01.2021**	**18 938**	**13 147**	**-159**	**5 950**
-	-	3 201	3 201	Profit/loss for the year	3 308	3 308	-	-
-	233	28	260	Other comprehensive income, note 28	260	28	233	-
-	-	-1 039	-1 039	Dividends declared	-1 039	-1 039	-	-
5 950	**73**	**14 708**	**20 731**	**31.12.2021**	**21 467**	**15 443**	**73**	**5 950**
5 950	**73**	**14 708**	**20 731**	**01.01.2022**	**21 467**	**15 443**	**73**	**5 950**
-	-	5 741	5 741	Profit/loss for the year	5 949	5 949	-	-
-	409	-111	298	Other comprehensive income, note 28	298	-111	409	-
-	-	-737	-737	Dividends declared	-737	-737	-	-
5 950	**482**	**19 601**	**26 033**	**31.12.2022**	**26 978**	**20 546**	**482**	**5 950**

Cash flow

Parent company				Group	
2021	**2022**	*(Amounts in NOK million)*	**Note**	**2022**	**2021**
		Cash flow from operating activities			
4 089	7 361	Profit before tax		7 630	4 239
-8	-56	Loss/gain(-) on sale of fixed assets	8	-56	-8
2 833	2 849	Depreciation, amortisation and impairment	8	3 070	3 119
-	-	Reversal of write-down shares	20	-	-
-	-	Net paid taxes	19	-4	-8
456	682	Interest recognised in the income statement	10	814	542
15	100	Interest received	10	109	20
-528	-742	Interest paid, excl. construction interest	10	-889	-528
303	503	Proceeds from sale of market-based securities	12	723	426
-	-1 750	Purchase of market-based securities	12	-1 973	-113
-250	-65	Changes in trade accounts receivable	11	-63	-261
239	372	Changes in trade accounts payable	11, 17	329	246
813	-415	Changes in other accruals	11, 17	-416	536
7 963	**8 837**	**Net cash flow from operating activities**		**9 274**	**8 211**
		Cash flow from investing activities			
172	480	Proceeds from sale of tangible assets	8	480	276
-5 927	-4 795	Purchase of tangible and intangible assets and plants under construction	8, 9	-4 926	-6 533
-120	-176	Construction interest paid	9	-176	-120
-	-7	Cash flow form acquisition of shares in subsidiaries	20	-	-
-10	-22	Cash from changes in investment in associates, jointly controlled and other companies	20	-22	-10
-274	-83	Cash flow from long-term loan receivables	14	-	-
42	270	Cash flow from short-term loan receivables	11	-	2
52	141	Received dividends and group contributions	10, 20	7	50
-6 064	**-4 192**	**Net cash flow from investing activities**		**-4 637**	**-6 335**
		Cash flow from financing activities			
16 782	1 000	Proceeds from new interest-bearing debt	16	1 000	16 782
-13 719	-2 769	Repayment of interest-bearing debt	16	-2 766	-13 716
-2 576	-2 014	Changes in collateral under CSA (Credit Support Annex) agreements	18	-2 014	-2 576
-1 039	-737	Dividends paid		-737	-1 039
-552	**-4 521**	**Net cash flow from financing activities**		**-4 518**	**-549**
1 347	**124**	**Net cash flow for the period**		**120**	**1 327**
961	2 308	Cash and cash equivalents at period start	13	2 387	1 058
2 308	**2 432**	Cash and cash equivalents at period close	13	**2 507**	**2 387**

Note 1 General information and basis for preparation of financial statements

General information

Statnett SF (the parent company) is a Norwegian state-owned enterprise that was formed on 20 December 1991. The sole owner of Statnett SF is the Norwegian State, represented by the Ministry of Petroleum and Energy (MPE). Statnett has issued bond loans listed on Oslo Stock Exchange and London Stock Exchange. The head office is located at Nydalen allé 33, 0484 Oslo.

The consolidated financial statements for the Statnett Group and the financial statements for the parent company, Statnett SF, have been prepared in compliance with the current International Financial Reporting Standards (IFRS), as adopted by the EU, and the Norwegian Accounting Act.

All subsequent references to “IFRS” imply references to IFRS as adopted by the EU.

The financial statements have been prepared on the basis of the historical cost principle, with the following exceptions:

- Derivatives, financial assets and liabilities are classified as fair value carried through profit or loss, amortized cost or fair value through other comprehensive income.
- The carrying value of hedged assets and liabilities is adjusted in order to register changes in fair value as a result of the hedging.
- Assets are measured at each reporting date with a view to impairment. If the recoverable amount of the asset is less than the carrying value, the asset is written down to the recoverable amount.

Consolidation policies

The Group financial statements comprise the financial statements of Statnett SF and its subsidiaries, presented as if they were one entity.

The consolidated financial statements have been prepared using uniform accounting principles for equivalent transactions and other events under otherwise equal circumstances. The classification of items in the income statement and balance sheet has taken place in accordance with uniform definitions. The consolidated financial statements are prepared in accordance with the acquisition method of accounting and show the Group as if it was a single entity. Balances and internal transactions between companies within the Group are eliminated in the consolidated financial statements.

Associates are companies where Statnett has significant influence, i.e. Statnett can influence financial and operational decisions in the company, but does not have control of the company. Investments in associates are accounted for using the equity method.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operations are accounted for on the basis of proportional consolidation.

Joint ventures are arrangements where the parties that have joint control, have agreed to share the net assets of the arrangement. Joint ventures are accounted for using the equity method.

Investments in companies in which the Group does not have significant influence (usually when the Group owns less than 20 percent of the voting capital) are carried at fair value in the balance sheet. Value changes are recognised through profit or loss. These investments are not specified in the notes to the financial statements.

Classification of items in the balance sheet

An asset is classified as short-term (current asset) when it is related to the flow of goods, receivables expected to be paid within one year, and “assets that are not intended for permanent ownership or use in the operations”. Other assets are fixed assets. The distinction between short-term and long-term loans is drawn one year before maturity. The first year’s instalments on long-term loans are reclassified as current liabilities.

Dividends

Dividends paid are recorded during the period in which they are approved by the General Meeting. If the approval and payment occur in different periods, the amount will be allocated to current liabilities until payment is made.

Foreign currency

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the parent company's functional currency.

Transactions in foreign currency are recognised at the current exchange rates prevailing at the date of the transaction. Monetary items in currencies are translated into NOK at the exchange rate in effect on the balance sheet date. Non-monetary items measured at acquisition cost are translated into NOK at the exchange rate in effect on the transaction date. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate in effect on the balance sheet date. Changes in exchange rates are recorded on a current basis in the income statement during the reporting period and presented as financial items.

The Group uses hedge accounting for all foreign currency long-term debt.

Provisions

Provisions for liabilities are recognised in the income statement when the Group has an existing liability (legal or assumed) as a result of an event that has taken place and it can be demonstrated as probable (more likely than not) that a financial settlement will be made as a result of the liability, and the amount can be reliably measured. Provisions are reviewed on each balance sheet date, and the level reflects the best estimate of the liability. If there is a substantial time effect, the liability will be accounted for at the present value of future liabilities.

Government grants

Government grants are not recorded in the accounts until it is reasonably certain that the Group will meet the conditions stipulated for receipt of the grants and that the grants will be received. Grants are recorded as a deduction in the expenses that they are meant to cover.

Statement of cash flows

The cash flow statement has been prepared based on the indirect method. Cash includes bank deposits. Restricted cash consists of employees' tax deductions restricted under Norwegian Law and security deposits related to power sale on the power exchange market.

Segment reporting

Statnett has identified its reporting segment based on the risk and rate of return that affect the operations. The Group's assessment is that there is only one segment. This due to that Statnett is organized, governed, reported and measured as one segment. Statnett's revenues are mainly based on tariff model set by guidelines provided by the Norwegian Water Recourses and Energy Directorate (RME). The business is followed up as a single geographical segment. Subsidiaries do not qualify as separate business segments subject to reporting based on IFRS criteria.

Other information

Following the war in Ukraine and the reduced flow of Russian gas to Europe, the energy security in Europe has been pressed. For information related to Statnett' risk assessments and measures taken, see the management report. The ongoing situation in Ukraine causes increased uncertainty. Our initial assessments of the increased risks is that we do not expect any material effects on the reported values on assets and liabilities. We have not identified any needs for impairment as of year-end.

Note 2 Amended accounting principles and new accounting standards

Standards entering into force this year

The Group has identified the following standards that may have an impact on the accounts:

Changes to IFRS 9, IAS 39 and IFRS 7 as a consequence of the reference rate (IBOR) reform

Phase 2 – changing IFRS 9 Financial Instruments, IAS 39 Financial Instruments – Recognition and Measurement, IFRS 7 Financial Instruments - Disclosure, IFRS 4 Insurance Contracts and IFRS 16 Leases, finishes IASB's response to the ongoing reform of interbank rates (IBOR) and other interest rate indexes. The standard changes are relevant for Statnett where hedge accounting has been established and where the hedging relationship includes interest rates affected by future changes in reference rates. Statnett has opted to apply the standard changes in the two phases from 2019 and 2020, respectively, and thereby ensuring the continuation of established hedge accounting.

IAS 16 Property, Plant and Equipment

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
The amendments are not expected to have a material impact on the financial statements.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contract. The amendments are not expected to have a material impact on the financial statements.

Changes to standards with a future implementation date

The Group has not identified other significant changes to standards or interpretations with a future implementation date. However, some minor amendments are identified:

IAS 1 Presentation of Financial Statements

The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, and is not yet adopted by the EU. The amendments are not expected to have a material impact on the financial statements.

IFRS 17 Insurance Contracts

IFRS 17 requires that all insurance contracts be accounted for in a consistent manner. Insurance liabilities shall be assessed on the basis of the conditions on the balance sheet date ("current values") instead of historical cost, and the information shall be updated regularly. Furthermore, the profit element in the insurance contracts must be recognized over the period in which the insurance service is provided. Statnett Forsikring AS (captive subsidiary) is not obliged to utilize the IFRS 17, but can elect to do so. IFRS 17 is approved by the IASB and the EU and will take effect from 2023.

Note 3 Accounting estimates and assumptions

The preparation of the financial statements in compliance with IFRS requires that the management prepares assessments and estimates and assumptions that affect the application of accounting principles. This affects recognised amounts for assets and liabilities on the balance sheet date, reporting of contingent assets and liabilities, as well as the reported revenues and costs for the period.

This note provides an overview of areas of financial reporting with a higher degree of estimates and professional judgements as a basis for the book values. No estimates with a significant risk of material adjustments within the next financial year have been identified

Principle
Accounting estimates are used to determine certain amounts that have an impact on the Group's financial statements. This requires that management prepares assumptions relating to values or uncertain conditions at the time of preparation. Key accounting estimates are estimates that are important to the Group's financial performance and results, requiring management's subjective and complex assessment, often related to factors encumbered by uncertainty. Statnett assesses such estimates continuously based on previous results and experiences, consultations with experts, trends, prognoses and other methods which management deems appropriate in the individual case.

Sources of estimation uncertainty

Useful life of tangible fixed assets
Statnett owns, develops and maintain the Norwegian transmission grid which consists of transformers, power lines, interconnectors and other assets necessary for transferring power. The useful life for all components which in total make up the transmission grid is dependent on multiple factors like technological progress, regulatory requirements, climate- and environmental risks. As a consequence, there is a substantial risk that the useful life may be subject to change, which may have a significant impact on depreciation costs and book value of tangible fixed assets. Statnett revises the useful life for all material assets groups on a yearly basis, which includes reviewing the economic useful life compared to technical lifetime of such assets in project planning activities, investments decisions etc. A retrospective analysis is also performed in connection with retirement of assets and of fully depreciated assets still in use. There have been no adjustments to useful life of tangible fixed assets in 2022.
A change in the useful life may have a material impact on the book value of tangible fixed assets and depreciation costs. The table below contains an estimate of changes in the yearly change in depreciation for the top three assets group in Statnett at the end of the year.

Sensitivity useful life (NOK mill)

Asset group	Book value 31.12	Useful life	Depreciation per year	-5 years useful life	+ 5 years useful life
Overhead lines	18 301	55	442	44	-37
Transformers	3 924	50	100	11	-9
Circuit breaker	17 919	40	58	8	-6
Total	40 144	145	600	63	-52

Uncertain tax positions
On November 3 2022 Statnett received a draft decision from the Norwegian Tax Authorities regarding changes to the 2018 tax reporting on maintenance costs related to the replacement of certain components of the transmission grid. Following the draft decision there has been further dialogue with the tax authorities. The case has not yet been concluded. A change as implied may cause a shift in the basis of deferred tax asset from carried forward losses to temporary tax reducing differences on tangible fixed assets. For further information, see note 19.

Climate risk
Our strategy is closely linked to the green transition from fossil fuel energy to sustainable energy solutions. This entails development of new and existing transmission capacity within limitations of use of untouched land areas and emissions. The increasing degree of extreme weather and the political environment around climate change actions are simultaneously creating increased risk for the operational activities in Statnett.
Climate risks that can affect the operational risk and the financial results of the group consists of both physical risks and transition risks. Physical risks relate to risks that climate changes cause disruptions on Statnett' ability to transfer electricity following extreme weather and other physical manifestations of global climate change. Transition risks relates to risks that Statnett' abilities to fulfill its objectives are

limited by legal and/or political requirements, technological development, changes in the market segment or other impacts that can affect the operational ability of Statnett. All climate risks as such entail risks for material adjustments on the book value of assets and liabilities in Statnett, including but not limited to, economical useful life of tangible fixed assets, impairment of assets and revisions of asset retirement obligations.
Statnett founds its activities with developing and expanding the transmission grid on the precautionary principle, which entails a wholistic approach to nature and climate in our planning, construction and operation of our facilities.

Additional information on can be found in the sustainability report.

Measurement of financial instruments
The Group uses the following measuring hierarchy to measure and present the fair value of financial instruments:

Level 1: Fair value are measured using listed prices from active markets for identical financial instruments. No adjustments are made regard to these prices.
Level 2: Fair value is measured using other observable input than used at level 1, either directly (prices) or indirectly (derived from prices).
Level 3: Fair value is measured using input that is not based on observable market data.

Information on the measurement hierarchy is provided in the relevant notes for the various financial instruments (note 11 to note 17).

Significant items relating to Statnett's use of estimates:

			Group
Item	**Note**	**Estimate/assumptions**	**Carrying value**
Other intangible assets	8	Estimate of recoverable amount and remaining useful life	1 807
Tangible fixed assets	8	Estimate of recoverable amount and remaining useful life	68 247
Deferred tax liability	19	Outcome of ongoing case with the tax authorities	5 805

Note 4 Operating revenue

Statnett holds a license as transmission grid owner in Norway, and revenues mainly derive from operations regulated by the Norwegian Water Resources and Energy Directorate (RME). Operating revenue related to the license as grid owner is reported as “Regulated operating revenue”.

Statnett SF also holds a license to settle the regulated power market in Norway, regulated by RME. Statnett has a national responsibility to coordinate measurement and settlement of all power sales as well as correct settlement of input and outtake of power to ensure financial balance in the power market. Operating revenue related to this license is reported as “Reguled operating revenue”.

Statnett SF and NordLink Norge AS have the revenue from grid operations. Statnett SF and Elhub AS have the revenue from the imbalance settlement.

Other operating revenue is revenue related to other activities than regulated operations. Other operating revenue mainly consists of revenue from consultancy assignments, construction on behalf of distribution grid owners (customer projects) and rental income.

Statnett’s revenues are mainly regulated, and Statnett has in 2022 seen material effects on congestion revenues following the ongoing war in Ukraine and the tightened supply of energy in Europe. In combination with lower rainfall in the first half of 2022, this caused rising prices and a pressed supply of electricity in the southern part of Norway. In the northern and mid-parts of Norway there has been an abundant supply of electricity which has led to significant price differences. Price differences within the domestic market and also between Norway and foreign countries has led to material congestion revenues during 2022.

The significantly increased congestion revenues in 2022 led to total revenues exceeding the permitted revenues as regulated by RME. Any higher/lower revenue in the tariff model shall be transferred to our customers through reduced/increased tariffs in the future, and Statnett reduced the tariff revenue fixed element to 0 from April. From October 31 the tariff revenue energy element was reduced to a maximum price of 0,35 kr/kWh. Additionally, RME has passed a temporary regulation related to disbursement of congestion revenues where Statnett is directly compensating local grid owners for transmission losses above a defined level.

Principle

Regulated operating revenue from grid operations
Operating revenue are calculated based on a tariff model set by guidelines provided by the Norwegian Water Recourses and Energy Directorate (RME).

a) *Tariff revenue fixed element generation is recognised evenly throughout the year, based on the tariff set for the year in question.*
b) *Tariff revenue energy element is recognised according to the customer’s measured input and outtake from the grid*
c) *Other grid income is mainly recognised based on the customer’s measured use of the grid.*
d) *Congestion revenue is recognised based on measured input and outtake from the grid between different price areas and on each side of interconnectors.*
e) *Income to other owners in the grids is recognised evenly throughout the year based on estimates for the other owners’ permitted revenue.*
f) *Extraordinary compensation to grid owners is recognized in the same period as which the grant for RME relates to.*

Permitted revenue
Permitted revenue is based on a tariff model in accordance with guidelines from the RME. Statnett’s actual regulated operating revenue is tariff revenue in the transmission and distribution grid and congestion revenue.

Due to deviation between each year's actual revenues and final permitted revenue, which the NVE decides after year-end, a difference arises annually between Statnett's actual regulated operating revenue and Statnett's permitted revenue. This difference is called higher or lower revenue.

Higher/lower revenue grid operation
Higher revenue occurs when actual revenue is higher than permitted revenue for the year. Lower revenue occurs when actual revenue is lower than permitted revenues. Higher revenue, including interest, must be returned to the customers in the form of lower future tariffs, whereas lower revenue, including interest, can be recouped from the customers in the form of higher future tariffs. This follows from the regulation "Forskrift 1999-03-11-302 om økonomisk og teknisk rapportering, inntektsramme for nettvirksomheten og tariffer

(kontrollforskriften)". The obligation to reduce future tariffs and the opportunity to collect increased tariffs do not qualify for balance sheet recognition according to IFRS, and represents a contingent liability (in the event of accumulated higher revenue) or a contingent asset (in the event of accumulated lower revenue). Consequently, an annual change in these items will not be included in the IFRS income statement.

W*here Statnett mainly acts as a settler for the common grid and power trading, revenues are reported net.*

Regulated operating revenue from balance settlement
The settlement operator is responsible for balance settlement in the Norwegian power system, operation and development of the data hub Elhub, and issuance of electricity certificates and guarantees of origin. Elhub AS, a 100 percent owned subsidiary, operates the data hub and performs system support for Ediel. Operating revenue related to the settlement operator is accounted for essentially in line with the actually measured feed and withdrawals from the grid.

Higher/lower revenue balance settlement
In some years, there may be discrepancies between actual fees in these business areas, and the target which the regulator allows for the fees. This affects the level of future fees, and is referred to as higher/lower revenue. Higher/lower revenues are not recognized as income, but is included in the calculation of the underlying results, as with higher/lower revenue from regulated grid operations.

The RME prepared a proposal for a regulatory model of the fee income of Elhub in connection with the settlement operator setting the fees for the first fee period (2019-2022). To provide incentives for cost-effective operation and further development of Elhub, the RME has developed a model for regulation of revenues. This is a so-called "Cap & Floor" model, where Elhub is given incentives to reduce its costs in order to increase returns. This regulation will only come into force from the second fee period, starting on 1 January 2023. Higher/lower revenue from balance settlement operations in Elhub is calculated according to the proposal, and includes both start-up costs from 2015 - 2018, which can be collected in 2019-2022, and returns under the floor in 2019 and 2020, which can be collected in the next fee period from 2023-2025.

Other operating revenue
Revenue from customer projects is recognised in accordance with transfer of control to the customer. When Statnett performs consulting assignments, control is considered to be transferred to the customer simultaneously as the service is performed. When Statnett constructs facilities on behalf of distribution grid owners, the contractual terms dictates whether control is transferred on an on-going basis during the construction period, or when the construction is complete. Both invoiced and recognised customer project revenues are included in trade accounts and other short-term receivables. When customer projects are expected to incur a loss, the total expected loss is recognised.

Permitted revenue – monopoly-regulated operations
Statnett owns transmission facilities and is the transmission system operator. These are monopoly-regulated operations, implying that the RME sets an annual limit for Statnett's revenues - a permitted revenue. The basis for Statnett's permitted revenue is the revenue cap. The revenue cap is based on expenditures, including capital expenditures, for a retrospective period of two years. Costs related to transmission losses and this year's system services are also included. The transmission losses included in the permitted revenue are based on measured actual loss (MWh) for a retrospective period two years and this year's regulated reference price based on the elspot for the current permitted revenue year. Statnett's revenue cap is regulated to ensure that the enterprise has incentives for efficient operations. In addition to the revenue cap, Statnett's permitted revenue consists of the following: This year's property tax, transit costs and a supplement for investments. The supplement for investments shall ensure that capital expenditure is reflected in the permitted revenue for the year in which the investment is ready to be used. Furthermore, Statnett's permitted revenue is adjusted for interruptions through KILE (quality-adjusted revenue cap for energy not supplied).

Tariff revenue
Statnett is the operator of the transmission grid and common regional grids. As operator, Statnett is responsible for setting the annual tariffs for each common grid.

As the operator of the transmission grid and common regional grids, Statnett is responsible for invoicing the users for received services. The invoicing takes place based on a tariff model prepared in accordance with guidelines provided by the RME. The price system consists of fixed elements and variable elements; energy elements. Fixed elements are invoiced evenly throughout the year, while the energy element is invoiced concurrently with the customers' measured input or outtake of power from the grid.

Congestion revenue

Congestion revenue occurs due to price differences between Norway and trading partners abroad, both when power is imported and exported. The price differences occur when the market wants to transfer more power than the existing capacity. The congestion revenue is a result from multiplying the price difference with the transferred power volume, hour by hour. The owners of the interconnector share the congestion revenue, usually 50/50. For Norway, Statnett SF owns all interconnectors, and receives all of the revenues. Domestic congestion revenue occurs when the market wants to transfer more power between domestic price areas than the capacity allows. This congestion revenue is calculated in the same way as for interconnectors, and Statnett receives this revenue.

Congestion revenue increased to NOK 22 662 million in 2022, compared to NOK 5 658 million in 2021. The increase is due to substantial price differences with Sweden and Europe, and also domestically.

Extraordinary transfers to grid owners

The significantly increased congestion revenues in 2022 led to total revenues exceeding the permitted revenues as regulated by RME. Any higher/lower revenue in the tariff model shall be transferred to our customers through reduced/increased tariffs in the future. RME has passed a temporary regulation related to disbursement of congestion revenues whereby Statnett is directly compensating local grid owners for transmission losses above a defined level. This amounts to NOK 5,9 billion in 2022. The transfer is specified as a separate item in the note below.

Operating revenue

(Amounts in NOK million)

Parent Company 2021	Parent Company 2022	Operating revenue from regulated grid operations	Group 2022	Group 2021
6 452	3 393	Tariff revenue fixed element generation	3 393	6 452
534	457	Other grid revenue	457	533
1 193	1 372	Tariff revenue energy element	1 372	1 193
5 658	22 662	Congestion revenue	22 662	5 658
-	-5 918	Extraordinary transfer to grid owners	-5 918	-
-656	-726	Income from other owners in the grids	-4	-23
13 181	**21 239**	**Total operating revenue from regulated grid operations**	**21 963**	**13 813**
299	462	Fee revenue from imbalance settlement	695	529
-398	-415	Fee revenue covered by imbalance settlement	-415	-398
-99	**46**	**Total fee revenue**	**280**	**131**
13 082	**21 285**	**Total operating revenue from regulated activities**	**22 243**	**13 944**
476	710	Other operating revenue	750	468
13 557	**21 995**	**Total operating revenue**	**22 993**	**14 412**

Permitted revenue regulated operations

(Amounts in NOK million)

Parent Company 2021	Parent Company 2022	Permitted revenue grid operations	Group 2022	Group 2021
8 679	12 665	Revenue cap	13 344	9 188
1 963	1 773	Supplement to revenue cap	1 811	2 087
10 642	**14 438**	**Total permitted revenue grid operations**	**15 154**	**11 275**
		Permitted revenue imbalance settlement		
74	70	Permitted fee revenue imbalance settlement	371	327
10 716	**14 508**	**Total permitted revenue grid operations and imbalace settlement**	**15 525**	**11 602**

Higher/lower revenue -This year's changed and total balance

(Amounts in NOK million)

Parent Company 2021	Parent Company 2022	Regulated grid operations	Group 2022	Group 2021
-2 538	-6 805	This year's higher/lower revenue (-/+), not recognized	-6 810	-2 538
-10	-160	This year's provision for interest higher/lower revenue (-/+), not recognised	-160	-11
-2 549	**-6 965**	**This year's changed balance for higher/lower revenue (-/+)**	**-6 970**	**-2 549**
-110	-2 659	Balance higher/lower revenue (-/+), incl. interest as at 1 Jan.	-2 659	-110
-2 549	-6 965	Changed balance for higher/lower revenue (-/+), incl. Interest	-6 970	-2 549
-2 659	**-9 624**	**Balance higher/lower revenue (-/+), incl. interest as at 31 Dec.**	**-9 629**	**-2 659**

Parent Company				Group
2021	**2022**	**Imbalance settlement**	**2022**	**2021**
173	24	This year's higher/lower revenue (-/+), not recognized	91	194
-	1	This year's provision for interest higher/lower revenue (-/+), not recognised	11	5
173	**26**	**This year's changed balance for higher/lower revenue (-/+)**	**102**	**199**
-129	44	Balance higher/lower revenue (-/+) incl. interest 1 Jan.	249	50
173	26	Changed balance for higher/lower revenue (-/+) incl. interest	102	199
44	**70**	**Balance higher/lower revenue (-/+) incl. interest 31 Dec.**	**351**	**249**

Parent Company				Group
2021	**2022**	**Total balance higher/lower revenue**	**2022**	**2021**
-239	-2 615	Balance higher/lower revenue (-/+) 1 Jan.	-2 410	-60
-2 538	-6 805	Change in balance for Grid operations, excl. interest	-6 810	-2 538
173	24	Change in balance for Imbalance settlement, excl. interest	91	194
-10	-159	Interest on change in balances	-149	-6
-2 615	**-9 554**	**Total balance higher/lower revenue (-/+) 31 Dec.**	**-9 278**	**-2 410**

Operating profit within and outside grid operations and return on invested grid capital

(Amounts in NOK million)

Operating profit within and outside grid operations

Parent company			Group	
2021	**2022**		**2022**	**2021**
4 512	7 896	Operating profit within grid operations	8 391	4 878
-109	-2	Operating profit outside grid operations	42	-32
4 403	**7 894**	**Total operating profit**	**8 433**	**4 847**
-2 549	-6 965	This year's higher/lower revenue (-/+) from grid operations, incl. interest, not recognised	-6 970	-2 549
1 854	**929**	**Underlying operating profit from grid operations**	**1 463**	**2 298**

Underlying operating profit from grid operations are the operating profit adjustet for the non-recognized change in higher/lower revenue from grid operations.

Basis for return on invested grid capital

The regulatory asset base is defined as the average of the incoming and outgoing balance for invested grid capital, plus one percent of net working capital. The invested grid capital is defined as the initial historical acquisition cost. The share of common fixed assets is included.

Parent company			Group	
2021	**2022**		**2022**	**2021**
56 987	61 494		69 024	64 697

Return on invested grid capital

Return is defined as the operating profit/loss compared to the regulatory asset base. The reported operating profit/loss is given as the annual permitted revenue from own grid less costs of own grid. The difference is explained by the current year's change in higher/lower revenue not recognised under IFRS.

Parent company			Group	
2021	**2022**	*(Return in percentage)*	**2022**	**2021**
3%	2%		2%	4%

Note 5 System services and transmission losses

System services are costs relating to the exercise of Statnett's system responsibility as defined in the Regulations relating to the system responsibility in the power system (FoS). The frequency in the power grid must be 50Hz. Statnett, as Transmission System Operator (TSO), is responsible for ensuring that this frequency remains stable. The requirement to maintain a reserve capacity for regulating purposes imposes limitations on the producers as they are unable to generate and sell the full generator capacity. The reserve capacity is distinguished between primary-, secondary- and tertiary reserves. Statnett acquires reserves in agreed capacity markets for electricity spot and regulating power markets. Prices are affected by available power, regulatory options and prices in the regulatory markets.

System services costs have increased in 2022 compared to previous years. The reasons are increased prices for electricity, greater price spreads between market areas and requirements for increased volume has contributed to increased costs in the capacity market.

Statnett buys transmission losses (volume) at spot price (market price) at marked exchanges for the hour the transmission loss applies. In case of all the transformation or transfer of energy, part of the energy will be lost in the process. The size of the transfer loss will vary, among other things, depending on the temperature, load in the grid and the electricity price. The main grid transmission loss result is distributed between the grid owners in accordance with their proportionate shareholding in the main grid. More than 99 percent of the facilities are owned by Statnett SF.

The transmission losses have increased compared to last year due to strongly increasing electricity prices.

Principle
Costs for system services and transmission losses are recognised when acquired.

System services can be divided into the following categories:

Primary reserves
The primary regulation is automatic and is activated immediately if any changes occur in the power grid frequency. This takes place by using a pre-agreed reserve capacity. The requirement to maintain a reserve capacity for regulating purposes imposes limitations on the producers as they are unable to generate and sell the full generator capacity. Primary reserves are costs Statnett incurs by buying reserve capacity from the producers. The extent of primary reserves is determined by agreements at Nordic level and the reserves are acquired through market solutions.

Secondary reserves
Automatic secondary reserves are activated to release the primary reserves so that they in turn can quickly handle any new faults or imbalances. Automatic secondary reserves function by the TSO sending a signal to a market player/power plant, which will then change the plant's generation. Secondary reserves are also referred to as Automatic frequency regulating reserve (aFRR), and in the Nordic countries they are mainly used to handle frequency deviations. The extent of secondary reserves is determined by agreements at Nordic level, and the reserves are acquired through market solutions.

Tertiary reserves
In Norway, there is an options market for regulating power. This is used to ensure that we have sufficient regulating resources available in the Norwegian section of the regulating power market, also during periods of demand for increased output, such as in the winter months. In the winter, the TSO sets up a market where they purchase a guarantee ensuring that market members submit bids for the regulating power lists for the subsequent week. The guarantees can apply for both consumption and production.

Transit costs
Transit costs are compensation for the use of grids abroad. The power system in Europe is connected through transmission lines/cables crossing international borders.

Special adjustments
In some cases, there are restrictions in the transmission capacity (congestion revenues) which may entail that the bids in the regulating power market cannot be utilised in the "correct" price order. Activated regulations that are not in price order are categorised as special adjustments and are compensated for by the associated price of the bid without this affecting the stipulation of the regulating power price. Thus, Statnett will incur a cost equal to the difference between the price of activated bids used for special adjustments and the current hourly price mainly aimed at the regulating power market multiplied by the especially adjusted volume.

Spesification of system services

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
71	275	Net regulating and peak power	275	71
273	538	Primary reserves	538	273
229	1 316	Secondary reserves	1 316	229
429	589	Tertiary reserves	589	429
205	413	Transit costs	413	205
214	529	Special adjustments	529	214
84	128	Other system services	128	84
1 505	**3 788**	**Total system services**	**3 788**	**1 505**

Spesification of transmission losses

Parent company			Group	
2021	**2022**		**2022**	**2021**
2 567	2 707	Volume (GWh)	2 707	2 567
680	1 448	Price (NOK/MWh)	1 448	680
1 745	3 921	Transmission losses	3 921	1 745
1	-1	Transmission losses other grid owners	-1	1
1 746	**3 920**	**Total transmission losses**	**3 920**	**1 746**

Note 6 Salaries and personnel costs

Salaries and personnel cost are the total cost relating to remuneration of personnel by the Group and Group officers. These expenses concern only the Group's own employees, not contract manpower. Ordinary salaries can be both fixes pay and hourly wages and are paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday month the following year. The employer's national insurance contribution is normally paid in arrears every other month.

Principle

Salaries are expensed when they are earned. Ordinary salaries are earned on a regular basis. Holiday pay is earned on the basis of the ordinary pay. The employer's national insurance contribution is calculated and expensed for all pay-related cost. Pensions are earned in accordance with a separate set of rules (see note 7). Compensation to the Board of Directors is earned on an ongoing basis in accordance with special agreements approved by the General Meeting. The salaries and personnel cost are reduced with direct wage cost and a percentage of directly attributable overhead expenses.

Specification of salaries and personnel costs

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
1 432	1 477	Salaries	1 531	1 473
225	236	Employer's national insurance contributions (NICs)	245	232
229	259	Pension costs (Note 7)	266	235
128	148	Other benefits	152	131
2 013	**2 120**	**Total salaries and personnel costs**	**2 194**	**2 071**
-848	-815	Of which own investment projects	-840	-871
1 165	**1 305**	**Net salaries and personnel costs**	**1 354**	**1 200**
1 548	1 569	Number of full-time equivalents	1 635	1 601

Loan to employees

Employees had loans in the company totalling NOK 1 million as at 31 December 2022. The loans are repaid by salary deductions over a period of up to two years. The loans are interest-free for the employee. The interest gain of loans exceeding 3/5 of the basic amount of the national insurance is taxed in relation to the current standard interest rate set by the authorities.

Note 7 Pensions

The parent company and subsidiaries have pension schemes that gives the employees future pension benefits in the form of defined benefit and defined contribution plans. All defined benefit plans are closed, and the defined contribution plans are the Group's main pension schemes for all new employees. The Group's pension plans meet the requirements in the Norwegian Mandatory Occupational Pension Act. For the defined contribution plans, the Group pays an agreed annual contribution to the employee's pension plan, but any risk for the future pension is borne by the employee. The future pension will be determined by the amount of the regular contributions and the return on the pension savings. In a defined benefit plan, the Group is responsible for paying an agreed pension to the employee based on his or her final salary. The cost for the accounting period equals the employee's increase of entitlement of the agreed future pension in the financial year.

Principle

Contribution pension plan

In the defined contribution pension plan the company is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, and there is no liability to record in the statement of the balance sheet. The pension costs related to the defined contribution plans will be equal to the contributions to the employees' pension savings for the reporting period.

The AFP plan is a defined-benefit multi-employer plan and the pension costs will be equal as for contribution pension plan, since the there are no allocation between the participating companies.

Defined benefit pension plans

The defined benefit pension plans are based on a promise by the company to the employees that they will receive a certain level of pension upon retirement, normally defined as a percentage of final pay. The company is responsible for the amount of the future pension benefit, and the financial value of this obligation must be reported in the income statement and the balance sheet statement.

The accrued liability is calculated on a straight-line basis, and is measured as the present value of the estimated future pension payments that are vested on the statement of financial position date. The capitalised net liability is the sum of the accrued pension liability minus the fair value of associated pension fund assets.

Changes in the liability for defined benefit plans due to changes in pension plans are reported in their entirety in the income statement in the case of changes that give a rise to an immediate paid-up policy entitlement. Other variances from estimates are recognised in equity through other comprehensive income in the period in which they arise. The discount effect of the pension liability and expected return on assets are presented net under "Salaries and personnel cost" as this is assumed to give the best information regarding the Group's pension cost.

More information about the pension plans

Contribution pension plan

Employees in the Group are mainly covered by pension plans classified as defined contribution plans. The defined contribution plan has a contribution level based on the maximum level in accordance with the "Defined pension contribution Act (Lov om innskuddspensjon)". Defined contribution plans also comprise pension plans that are common to several companies and where the pension premium is independent of the demographic profile in the individual companies (multi-employer plans).

The Group is a member of the private contractual early retirement scheme (AFP plan) The AFP plan entails that employees will receive a life-long supplement to the national insurance retirement pension. The pension can be drawn from age 62, also if an employee decides to stay employed. The AFP plan is a defined-benefit multi-employer plan, organised through a general office and financed through premiums stipulated as a percentage of the salaries. The premium level has increased every year since the plan was established, and thus the premiums are expected to increase in the years to come.

Defined benefit pension plans
The Group has one closed defined benefit plan that is classified as a funded contribution plan in addition to two closed defined benefit plans that are unfunded. For employees at a certain age at the time of transition to a contribution plan, a compensation plan was established. This plan is an unfunded defined benefit plan, with a yearly increase in compensation until 67 years of age or earlier if the employee resigns.

A part of the Group management has supplemental pension agreements. For more information on pension arrangements for each member of Group management, see Note 23 Remuneration/benefits to the Group management.

The net pension liabilities in the balance sheet statement are determined after adjustment for deferred recognition in other comprehensive income of the effect of changes in estimates. The net pension liabilities are reported as provisions for liabilities. When a plan has funds exceeding pension liabilities, net pension assets are reported as fixed assets.

Accrued pension rights are mainly secured through pension schemes in Statnett SF's Pensjonskasse. In addition, the parent company has early retirement pension obligations that are funded through operations.

Employees who leave the Group before retirement age, receive a paid-up policy. These paid-up policies are managed by Statnett SFs Pensjonskasse and Storebrand Livsforsikring AS. From the date the paid-up policy is issued, Statnett is exempt from any obligation to employees to which the paid-up policies apply. Assets and liabilities are measured at the date of issue of the paid-up policies, and are separated from pension assets and liabilities.

An external actuary calculates the pension liabilities. When calculating the pension liabilities, the National Insurance contributions that the company is required to pay as part of the payment of direct pensions or the payment of premiums for fund-based schemes are taken into account.

Assumptions defined benefit pension plans
The Group uses Norsk Regnskapsstiftelse’s assumptions as a basis for making the assessment as to whether these are applicable for the Group.

The discount rate is based on the corporate covered bonds (OMF). Statnett considers the OMF market to represent a sufficiently deep market to be used in the calculation of the discount rate.

The value of the Premiefond in Statnett SF' Pensjonskasse is included in actuary calculates of the pension liability from 01.01.2021 for The Group. When the pension assets are higher than the pension liabilities there is a cap "Assets Ceiling" for the recognized asset. The Group reports balance sheet values based on financial and actuarial assumption and "asset ceiling" and the financial assumptions for this actuary calculation. The effect is a part of the "total changes in estimate variances for the year as "Effect of asset ceiling"

Pension costs

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
78	97	Defined benefit plan	98	79
3	-	Interest cost -(income)	-	3
127	139	Defined contribution plan	144	130
22	23	Defined multi-employer plan	24	23
229	259	**Pension costs**	266	235
26	29	Employer's contributions	30	26
255	**288**	**Total pension costs, incl. employer's contribution**	**296**	**261**
-36	**142**	**Changes in estimate variances in other comprehensive income**	**142**	**-36**

Net estimated pension liabilities

Parent company			Group	
31.12.2021	**31.12.2022**	*(Amounts in NOK million)*	**31.12.2022**	**31.12.2021**
2 751	3 116	Estimated pension liabilities	3 120	2 757
-2 614	-2 901	Pension assets	-2 906	-2 618
137	**215**	**Net pension liabilities**	**214**	**139**
-127	-32	Net pension assets - funded plan	-33	-127
264	247	Unfunded pension	247	266
137	**215**	**Net pension liabilities**	**214**	**139**

Funded and unfunded pension liabilities

Parent company			Group	
31.12.2021	**31.12.2022**	*(Amounts in NOK million)*	**31.12.2022**	**31.12.2021**
		Change in gross pension liability		
2 595	2 754	Gross pension liability at 1 Jan.	2 755	2 600
88	109	Present value of the year's pension contributions	111	89
-	-	Effect of business transfer	-	-
49	94	Interest costs of pension liability	95	49
-230	250	Actuarial gains and losses	250	-231
330	-	Effect of asset ceilling **	-	330
-19	-20	Employer's contribution on premium paid	-20	-19
-64	-71	Disbursed pension/paid-up policies	-71	-64
2 751	**3 116**	**Gross pension liabilities as at 31 Dec.**	**3 120**	**2 757**

Funded and unfunded pension liabilities

Parent company			Group	
31.12.2021	**31.12.2022**	*(Amounts in NOK million)*	**31.12.2022**	**31.12.2021**
		Change in gross pension assets		
2 349	2 611	Fair value of pension assets at 1 Jan.	2 615	2 352
53	99	Interest income on pension assets	99	53
-	-	Effect of business combinations	-	-
134	108	Actuarial gains and losses	108	134
155	165	Premium paid	165	156
-77	-81	Pension/paid-up policies disbursed	-81	-77
2 614	**2 901**	**Fair value of pension assets as at 31 Dec.**	**2 906**	**2 618**
137	**215**	**Net pension liabilities as at 31 Dec.**	**214**	**139**

Changes in estimate variances for the year

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
-230	-696	Change in discount rate	-696	-230
-134	-108	Interest income on pension assets	-108	-134
-	946	Salaries growth *)**)	946	-
-	-	Pension adjustments	-	-
329	-	Effect of asset ceiliing **)	-	329
-	-	Effect of experience adjustment *)	-	-
-36	**142**	**Total changes in estimate variances for the year**	**142**	**-36**

**) No changes in assumptions for 2021. Pension adjustment is included in "Salaries growth".*

***) Effect of experience adjustment is included in "Salaries growth" in 2022.*

Financial/actuarial assumptions, parent company and Group	**2022**	**2021**
Discount rate corporate covered bonds (OMF)	3,20%	2,10%
Interest income on pension assets	3,20%	2,10%
Expected wage adjustments*	3,75%	2,00%
Expected pension adjustments*	3,50%	1,00%
Expected adjustment of basic amount (G) under NIS	2,75%	1,75%
Mortality table *	K2013FT	K2013FT

Sensitivity analysis

The figures below give an estimate of the potential effect of a change in certain assumptions for defined-benefit pension schemes. The following estimates and estimated pension costs for 2022 are based on the facts and circumstances at 31 December 2022. Actual results may differ significantly from these estimates.

Sensitivities decrease (increase) benefit obligation as of year-end:

(Amounts in NOK million, except percent)

Parent company			Group	
256	6,9 %	Discount rate increase 0.5 percent *	256	6,9 %
-278	-1,4 %	Expected salary increase 0.5 percent	-278	-1,4 %
-290	-6,2 %	Expected pension increase 0.5 percent	-290	-6,2 %

Percentual breakdown of pension assets into investment categories, parent company and Group as at 31 December	2022	2021
Property	10%	8%
Held-to-maturity bonds	8%	6%
Nordic bonds	12%	12%
Alternative bonds	0%	5%
Foreign bonds	26%	26%
Bank deposits	2%	3%
Nordic money market	1%	2%
Emerging markets shares	7%	5%
Foreign shares	23%	21%
Norwegian shares	11%	11%
Total	**100%**	**100%**

Members of the defined-benefit plan

Parent company				Group
2021	**2022**		**2022**	**2021**
806	792	Members of the pension fund	795	809
517	527	Of which pensioners	528	518
289	**265**	**No. of active pension scheme members**	**267**	**291**

Pension disbursement flow Statnett SF

The average weighted maturity for pension liabilities, related to the main scheme in Statnett SF, is estimated at 13 years based on the pension assumptions at 31 Dec. 2022. Statnett SF' Pensjonskasse does not compare the pension assets against the date of payments for the pension liabilities at 31 Dec. 2022.

Note 8 Tangible and intangible assets

Tangible assets comprise power lines, stationary equipment, buildings, land, ICT equipment etc. that are necessary for the Group's operations. Intangible assets are mainly related to proprietary software and are classified as "ICT equipment" in the table below. Goodwill totals a small amount and is classified as «Other».

Principle

Tangible assets
Tangible assets are carried at cost less accumulated depreciation and write-downs. The initial cost of an asset comprises its purchase price, including non-refundable taxes related on purchases, costs directly attributable to bringing the asset into intended use with deductions for any discounts. Cost directly attributable comprises for example salary, assembly and installation costs, delivery costs, building loan interest, document fees and transaction costs. The depreciation reduces the carrying value of tangible assets, excluding building lots, to the estimated residual value at the end of the expected useful life. Tangible assets are depreciated in a straight line from the time when the assets were ready to be used. This applies correspondingly to tangible assets acquired from other grid owners. Significant components of tangible asset are assessed separately for depreciation purposes. The significance is assessed based on the acquisition cost of the components in relation to the acquisition cost of the whole asset.

The value of work carried out and facilities is transferred from plants under construction to tangible or intangible assets when the asset is ready for use. In projects where there are significant components that are ready for use at different times, the finished components are transferred to tangible or intangible assets, as they are ready. The timing for when a component is considered ready for use, is described in note 9 Plants under construction.

Cost estimates for removal of tangible assets are recognised as part of the acquisition cost at the time when the Group is considered to have a legal or actual removal obligation. The estimate is assessed as the present value of the expenditure expected to incur at a future point in time. The annual interest cost that incurs as a result of the liability being one year closer to settlement, is recognised as a cost. The estimate may be amended later as a result of a change in the estimate of the size of the expense, change in the expected schedule and/or change in the discount rate. The amendments are recognised in the balance sheet as an increase or reduction of the carrying value of the asset. If a potential reduction is higher than the carrying value of the asset, the excess amount is recorded in the income statement.

Gains or losses on the divestment or scrapping of tangible assets are calculated as the difference between the sales proceeds and the assets' carrying value. Gains/losses on divestment are recorded in the income statement as other operating revenues/expenses. Losses on scrapping are recognised in the financial statement line item "depreciation, amortisation and impairment".

Lump sum payments in connection with the acquisition of land etc. are included in the acquisition cost of the asset. Current payments are minor amounts and are recognised in the income statement in the year in which the payment is disbursed.

Maintenance expenses are recognised in the income statement when they incur. No provisions are made for the periodic maintenance of the grid (transformer stations or power lines/cables). Even though maintenance is periodic for the individual transformer station or power line, it is not considered periodic for the entire grid as the grid as a whole is regarded as a single cash-generating unit.

If the tangible asset is replaced, any residual financial value will be recorded in the income statement as a loss on scrapping. Expenses that significantly extend the life of the fixed asset and/or increase its capacity are capitalised.

Intangible assets
Intangible assets are measured at acquisition cost on initial recognition. In later periods, intangible assets are recognised at acquisition cost less accumulated amortisations and write-downs. Intangible assets with a fixed useful life are amortised over the asset's useful life which is assessed at least once a year. Intangible assets are amortised in a straight line as this best reflects the use of the asset.

Right-of-use assets
Right-of-use assets are presented within tangible asset; that is the same line item as that within which the corresponding underlying assets would be presented if they were owned.

At initial recognition of leases, right-of-use assets are measured at cost comprising the amount of initial measurement of the lease liability, initial direct costs incurred by Statnett and an estimate of costs to be incurred by Statnett in restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are reduced by any lease incentives received.

After the commencement date, right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciations are linear during the lease term. The cost of right-of-use assets is adjusted to reflect any changes resulting from reassessments of the lease liabilities.

Statnett has elected to apply the recognition exemptions in IFRS 16 for short-term leases and for leases for which the underlying asset is of low value. Statnett only recognizes right-of-use assets and lease liabilities for intangible assets when required by the standard. For leases containing non-lease components, Statnett accounts for any such non-lease components separately.

Research and development

Research expenses are recognised on a current basis.

Expenses related to development activities are capitalised in the balance sheet if the product or process is technically and commercially feasible and the Group has adequate resources to complete the development. Expenses capitalised in the balance sheet include material expenses, direct wage costs and a percentage of directly attributable overhead expenses. Capitalised development expenses are recorded at acquisition cost, less any accumulated depreciation and write-downs.

Goodwill

Goodwill is not amortised, but is tested for impairment annually. Write-downs are conducted if the carrying value is lower than the recoverable amount. The recoverable amount is the higher of the net sales value and the value in use. When assessing impairment, goodwill is allocated to fixed assets at the lowest identifiable level of cash-generating units. Write-downs of goodwill cannot be reversed in subsequent periods.

Depreciation

Depreciation is based on the management's assessment of the useful life of property, plant and equipment. The assessments may change owing, for example, to technological developments and historical experience. This may entail changes in the estimated useful life of the asset and thus the depreciation. It is difficult to predict technological developments, and the management's view of how quickly changes will come, may change over time. If expectations change significantly, the depreciation will be adjusted with effect for future periods. The estimated useful life, depreciation method and residual value are assessed at least once a year. For most assets, the residual value is estimated at zero at the end of the useful life.

Write-downs

On each reporting date, the Group considers whether there are any indications of impairment in value for tangible and intangible assets. If there are any indications of impairment in value, the Group will estimate the recoverable amount for the assets and evaluate potential write-down. Estimates of recoverable amounts are in part based on management assumptions, including estimation of the asset's income-generating capacity and probability of gaining licenses for construction projects. Changes in circumstances and in the management's assumptions can lead to write-downs. Tangible assets in the parent company and the subsidiary NordLink Norge are considered as one cash-generating unit for each company and are assessed combined. For the Group's other companies, each part of tangible and intangible assets are assessed individually.

Climate risk

Statnett is affected by climate risk, both due to climate change, which can have consequences for the plants, and stricter climate policies. In order to prepare against extreme weather, Statnett has implemented measures at its plants. New plants are designed for extreme weather scenarios. When it comes to plants with SF6 gas, Statnett is continuously working to switch to alternative solutions without SF6 gas. Statnett has not detected any indications that climate risk has affected the valuation of existing tangible or intangible assets, including estimates of the remaining useful life and residual value in both depreciation and write-down assessments.

Parent company

(Amounts in NOK million)	Power lines	Land and subsea cables	Main circuit equip-ment	Control and auxiliary equip-ment	ICT equip-ment	Buildings and land	Other	Total
Acquisition cost at 1 Jan. 21	**24 000**	**6 948**	**16 442**	**4 848**	**4 796**	**15 071**	**1 436**	**73 540**
Additions, acquisition cost	563	5 006	1 750	424	1 142	1 105	99	10 088
Disposals, acquisition cost	-121	-7	-210	-80	-20	-115	-38	-589
Reclassification to Assets held for sale	-	40	21	-	-	44	989	1 094
Acquisition cost at 1 Jan. 22	**24 441**	**11 987**	**18 003**	**5 193**	**5 918**	**16 105**	**2 486**	**84 133**
Additions, acquisition cost	1 293	667	647	423	570	1 295	94	4 989
Disposals, acquisition cost	-261	-17	-292	-68	-49	-19	-767	-1 474
Reclassification to Assets held for sale	-	-	-	-	-	-	-	-
Acquisition cost at 31 Dec. 22	**25 473**	**12 636**	**18 358**	**5 547**	**6 438**	**17 381**	**1 814**	**87 648**
	-	-	-	-	-	-	-	-
Accumulated depreciation and amortisation at 1 Jan. 21	**6 289**	**1 658**	**4 373**	**1 922**	**2 817**	**2 495**	**909**	**20 462**
Depreciation and amortisation	513	234	538	280	658	472	99	2 793
Disposals, depreciation and amortisation	-38	-1	-179	-63	-20	-34	-118	-452
Reclassification to Assets held for sale	-	40	14	-	-	44	742	840
Accumulated depreciation and amortisation at 1 Jan. 22	**6 764**	**1 931**	**4 746**	**2 139**	**3 455**	**2 976**	**1 632**	**23 643**
Depreciation and amortisation	486	316	494	289	642	506	92	2 825
Disposals, depreciation and amortisation	-213	-3	-194	-42	-47	-12	-516	-1 028
Reclassification to Assets held for sale	-	-	-	-	-	-	-	-
Accumulated depreciation and amortisation at 31 Dec. 22	**7 036**	**2 244**	**5 046**	**2 386**	**4 050**	**3 471**	**1 207**	**25 440**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying value at 31 Dec. 21	**17 677**	**10 056**	**13 257**	**3 054**	**2 463**	**13 129**	**854**	**60 490**
Carrying value at 31 Dec. 22	**18 437**	**10 392**	**13 312**	**3 162**	**2 389**	**13 910**	**607**	**62 208**
Of which intangible fixed assets								
Carrying value at 31 Dec. 21	-	-	-	-	1 240	-	3	**1 244**
Carrying value at 31 Dec. 22	-	-	-	-	1 308	-	19	**1 327**
Of which right-of-use assets								
Carrying value at 31 Dec. 21	-	-	-	-	195	244	-	**439**
Carrying value at 31 Dec. 22	-	-	-	-	190	229	-	**419**
Of which asset retirement obligations								
Carrying value at 31 Dec. 21	57	4	92	-	-	-	-	**153**
Carrying value at 31 Dec. 22	78	65	82	-	-	-	2	**227**
Acquisition cost for tangible fixed assets fully depreciated, but still in use	271	200	746	770	2 352	462	835	**5 636**
Depreciation rate (straight-line)	2%	2-7%	2-5%	3-13%	5-33%	0-7%	0-33%	

Purchase of grid facilities

Additions in 2022 include the purchase of grid facilities due to the third energy package for an amount of NOK 73 million.

Group

(Amounts in NOK million)	Power lines	Land and subsea cables	Main circuit equip-ment	Control and auxiliary equip-ment	ICT equip-ment	Buildings and land	Other	Total
Acquisition cost at 1 Jan. 21	**24 246**	**12 440**	**17 795**	**4 956**	**5 466**	**15 957**	**1 524**	**82 385**
Additions, acquisition cost	561	4 964	1 740	423	1 152	1 098	101	10 041
Disposals, acquisition cost	-121	-7	-210	-80	-20	-115	-44	-595
Reclassification to Assets held for sale	-	40	21	-	-	44	989	1 094
Acquisition cost at 1 Jan. 22	**24 685**	**17 438**	**19 346**	**5 300**	**6 599**	**16 986**	**2 570**	**92 924**
Additions, acquisition cost	1 293	655	644	422	625	1 305	94	5 038
Disposals, acquisition cost	-261	-17	-292	-68	-49	-19	-767	-1 474
Reclassification to Assets held for sale	-	-	-	-	-	-	-	-
Acquisition cost at 31 Dec. 22	**25 744**	**17 858**	**19 828**	**5 759**	**7 185**	**18 224**	**1 892**	**96 490**
	-	-	-	-	-	-	-	-
Accumulated depreciation and amortisation at 1 Jan. 21	**6 295**	**1 840**	**4 443**	**1 940**	**2 953**	**2 528**	**956**	**20 955**
Depreciation and amortisation	517	370	583	292	732	489	96	3 080
Disposals, depreciation and amortisation	-38	1	-179	-63	-21	-36	-122	-458
Reclassification to Assets held for sale	-	40	14	-	-	44	742	840
Accumulated depreciation and amortisation at 1 Jan. 22	**6 774**	**2 250**	**4 861**	**2 169**	**3 665**	**3 025**	**1 673**	**24 418**
Depreciation and amortisation	495	419	481	319	726	513	92	3 046
Disposals, depreciation and amortisation	-213	-3	-194	-42	-47	-12	-516	-1 028
Reclassification to Assets held for sale	-	-	-	-	-	-	-	-
Accumulated depreciation and amortisation at 31 Dec. 22	**7 056**	**2 665**	**5 148**	**2 446**	**4 345**	**3 527**	**1 248**	**26 437**
Carrying value at 31 Dec. 21	**17 911**	**15 188**	**14 484**	**3 131**	**2 934**	**13 958**	**898**	**68 504**
Carrying value at 31 Dec. 22	**18 688**	**15 192**	**14 680**	**3 313**	**2 840**	**14 698**	**643**	**70 054**
Of which intangible fixed assets								
Carrying value at 31 Dec. 21	**-**	**-**	**-**	**-**	**1 681**	**-**	**56**	**1 737**
Carrying value at 31 Dec. 22	**-**	**-**	**-**	**-**	**1 736**	**-**	**72**	**1 807**
Of which right-of-use assets								
Carrying value at 31 Dec. 21	**-**	**-**	**-**	**-**	**195**	**244**	**-**	**439**
Carrying value at 31 Dec. 22	**-**	**-**	**-**	**-**	**190**	**229**	**-**	**419**
Of which asset retirement obligations								
Carrying value at 31 Dec. 21	**57**	**4**	**92**	**-**	**-**	**-**	**0**	**153**
Carrying value at 31 Dec. 22	**78**	**65**	**82**	**-**	**-**	**-**	**2**	**227**
Acquisition cost for tangible fixed assets fully depreciated, but still in use	**271**	**200**	**746**	**770**	**2 362**	**462**	**713**	**5 524**
Depreciation rate (straight-line)	**2%**	**2-7%**	**2-5%**	**3-13%**	**5-33%**	**0-7%**	**0-33%**	

Expenditure on research and development

Research and development activities that have been carried out and do not meet the criteria for being capitalized in 2022 and 2021 have been expensed with NOK 41 million and NOK 55 million respectively.

Note 9 Plants under construction

Statnett is currently undertaking substantial investments. For the most part, this is done through projects that are recorded in the balance sheet as plants under construction until the assets are ready for use.

Principle
Plants under construction are recognised in the balance sheet at acquisition cost less any accumulated losses from impairments. Plants under construction are not depreciated.

Development projects starts with a feasibility and alternative study. Project costs are recognized through profit or loss until the conclusion from the study is available, and the main development concept has been selected. After this, project costs are capitalized. At this point, a licence has not been granted and no final investment decision has been made. Statnett's experience is that once a main concept has been selected for development, it is highly probable that the project will be fulfilled. Should Statnett no longer deem project completion as probable, the capitalized project costs are impaired.

Accrued costs in development projects are measured according to the progress in the project. Deliveries from suppliers where Statnett has gained control are included in the accrued costs.

Ongoing assessments are made of whether licensing conditions or other causes necessitate a full or partial write-down of project expenses incurred. Write-downs are reversed when there is no longer any basis for the write-down.

Construction loan costs related to the company's own plants under construction are capitalised in the balance sheet. The interest is calculated based on the average borrowing interest rate and scope of the investment, as the funding is not identified specifically for individual projects.

When plants under construction are available for use, plants under construction are reclassified as tangible or intangible assets. The term "available for use" means that the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. For grid infrastructure, available for use means the grid infrastructure is ready to operate in the power grid.

Spesification this year's change of plants under construction

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
9 955	6 108	Aquisition cost at 1 January	6 197	10 081
5 669	4 661	Additions	4 789	5 570
120	189	Capitalised construction interest	189	120
-9 596	-4 803	Transferred to tangible and other intangible fixed assets	-4 859	-9 534
-40	-24	Write-offs	-24	-40
6 108	**6 131**	**Acquisition cost at 31 December**	**6 291**	**6 197**
-	-0	Hedge accounting effects	-0	-
6 108	**6 131**	**Plants under construction at 31 December**	**6 291**	**6 197**

Average capitalisation rate used to determine the loan expense that can be capitalised:	**2022**	**2021**
	2,41%	1,41%

Contractual obligations
Contractual obligations as at 31 December 2022 amounts to NOK 2.2 billion. The reported obligation includes investment projects where future contractual obligations exceed NOK 50 million.

Note 10 Financial income and cost

Financial income and financial costs mainly comprise interest income and interest expenses relating to the Group's financing. Other financial items not attributable to operating conditions are also included

Principle

Interest income and interest expenses on loans and receivables are calculated using the effective interest method and are recognised when they are earned/accrued.

Interest income, unrealised and realised changes in value of market-based securities are presented net as Net gain/loss from market-based securities.

Interest expenses relating to asset retirements obligations are presented under Other interest costs. The interest element in the asset retirements obligations is discussed in more detail in note 24 Other liabilities.

Interest expenses relating to plants under construction are recognised in the balance sheet together with the plants under construction, see note 9 Plants under construction.

Currency gains or losses deriving from operating assets and liabilities, and hedging of these items, are classified as Other operating costs, see note 27 Other operating costs. Unrealised currency gains or losses relating to hedging of loans are presented net as a change in value derivatives. Other currency effects are presented net as Net currency exchange gain/loss.

The interest element in pension costs is recognised in pensions, see note 7 Pensions.

For the Group:
Investments in associates are recognised in accordance with the equity method for the Group. Shares of profits/losses and impairment of shares for associates are recognised net under Net financial income from associates or Net financial costs from associates, see note 20 Investments in subsidiaries, jointly controlled company and associates.

For the parent company:
Investments in subsidiaries and associates are recognised in accordance with the cost method in the parent company accounts. Group contribution and dividends received are recorded in the income statement as financial income, as long as the Group contribution and dividends are within the earnings accrued during the period of ownership. Group contributions and dividends are recorded in the year they are adopted. Impairments and impairment reversals of shares in subsidiaries and gains/losses on the sale of shares in subsidiaries are presented as Net financial income from subsidiaries or as Net financial costs from subsidiaries.

Specification of financial income and financial costs

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
		Financial income		
148	124	Group contribution and dividend from subsidiaries	-	-
-	-	Net financial income from subsidiaries	-	-
52	7	Net financial income from associates	5	-9
95	146	Interest income from subsidiaries	-	-
14	99	Other interest income	100	15
6	21	Net gain/loss from market-based securities	20	5
-22	-	Change in value of derivatives	-	13
-	-	Net currency exchange gain	-	-
-	58	Other financial income	55	14
293	**456**	**Total financial income**	**180**	**37**
		Financial costs		
-	-	Net financial costs from associates	-	-
1	5	Interest costs from subsidiaries	-	-
696	1 134	Other interest costs	1 133	696
-120	-176	Capitalised construction interest	-176	-120
11	6	Net currency exchange loss	5	13
19	21	Other financial costs	21	54
607	**989**	**Total financial costs**	**983**	**644**

Note 11 Trade accounts and other short-term receivables

This note presents trade and other receivables relating to the Group's operating activities. Other current receivables can be either interest-bearing or non-interest-bearing.

Principle

Trade receivables are recognised and presented at the original invoice amount (the transaction rate) at the invoicing date. Subsequently, trade and other current receivables are measured at amortised cost using the effective interest method. The interest element is ignored since it is deemed to be immaterial for the Group's receivables.

Impairment losses

Trade and other current receivables are assessed for potential impairment on an ongoing basis. Impairments for losses on trade receivables follow the simplified method and are measured in an amount corresponding to the expected loss over the asset's lifetime. Loss provision is recognised on a separate provision account if the loss potential is material and it is deemed highly probable that the receivable will not be redeemed. An impairment is immediately recognised for the receivable if attempts to recover the receivable do not succeed and there are objective criteria that a loss-inducing event has occurred that can be reliably measured and will affect repayment of the receivable. For other current receivables, credit risk relating to individual assets is assessed on an ongoing basis. If there is deemed to be a significant increase in expected credit risk for the asset, a loss provision is recognised in an amount corresponding to the expected loss over the asset's lifetime.

Spesification of trade accounts and other short-term receivables

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
450	515	Trade account receivables	516	453
325	316	Short-term receivables group companies	-	-
986	1 747	Other short-term receivables *	1 414	681
1 761	**2 578**	**Total trade accounts and other short-term receivables**	**1 930**	**1 134**

Age distribution trade account receivables

(Amounts in NOK million)	**Not due**	**1-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total trade acc. rec.**
Parent company	472	43	0	-	1	515
Group	430	85	0	-	1	516

Impairment assessment

Trade and other current receivables account for a relatively small share of the Group's balance sheet, and errors in the valuation of customers'/debt owners' ability to pay will normally not result in material errors in the financial statements. A material share of the Group's income (around 85 percent) derives from the Group's grid agreements with grid customers for connection to and use of the central grid. Stringent sanctions and requirements for pledging of collateral mean that the risk of losses on these trade receivables is deemed extremely low. A specific assessment is made on material overdue other trade receivables.

As of 31 December 2022, the group recognised NOK 0,1 million as a provision for loss on trade receivables and other current receivables. No such provision is made in the parent entity.

Note 12 Market-based securities

This note presents the size of the Group's liquidity surplus invested in market-based securities.

Principle
Market-based securities that are a part of a trading portfolio or debt instruments that are held for cash flows consisting of payments of more than principal amounts and interest and are classified at fair value with changes in value through profit or loss.

Market-based securities

Parent company			Group	
Acquisition cost	**Carrying value**	*(Amounts in NOK million)*	**Acquisition cost**	**Carrying value**
		Bonds and interest rate funds		
-	-	Government	-	-
-	-	Municipality/municipal operations	37	36
-	-	Financial institutions, including banks	294	290
-	-	Covered bonds	72	69
2 275	2 263	Norw. interest rate and money market fund	2 275	2 263
2 275	**2 263**	**Total bonds**	**2 678**	**2 658**
		Equity funds		
-	-	Norwegian equity funds	16	33
-	-	Foreign equity funds	16	34
-	**-**	**Total equity funds**	**32**	**67**
2 275	**2 263**	**Total market-based securities**	**2 710**	**2 725**

Market-based securities are recognised at fair value at valuation level 1, since the securities are listed on a stock exchange and freely tradable, and are measured at the most recent quoted price. Please see description of the measurement hierarchy in note 3 Accounting estimates and assumptions.

Note 13 Liquid Assets

This note presents the Group's liquid assets.

Principle
Cash and cash equivalents comprise cash and bank deposits. Bank deposits include deposits under Credit Support Annexes (CSAs) that freely can be used by the Group. Restricted funds are funds that the Group may only use to a limited degree. Restricted funds comprise tax withholdings, deposits from power trading and subordinated capital in relation to the settlement of the regulated power market.

Specification of liquid assets

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
1 605	815	Bank deposits	887	1 681
703	1 617	Restricted bank deposits	1 619	706
2 308	**2 432**	**Total liquid assets**	**2 507**	**2 387**

Unused credit facilities of NOK 8 billion and undrawn loans of EUR 130 million are not included in liquid assets.

Note 14 Other non-current financial assets

This note presents financial items of a non-current nature and includes both interest-bearing and non-interest-bearing items

Principle
Financial assets are classified as non-current when they include amounts expected to be recovered more than 12 months after the reporting period. Non-current receivables and non-current loans to Group companies are recognised at fair value at the agreement date with the addition of transaction costs and subsequently measured at amortised cost using the simplified effective interest rate method. Shares that are not part of a trading portfolio are recognised at fair value through profit or loss.

Impairment losses
Impairments of non-current receivables and non-current loans to Group companies are assessed on an ongoing basis. If the expected credit risk is deemed to have materially increased, a loss provision is recognised in an amount corresponding to the expected loss over the asset's lifetime.

Specification of other non-current financial assets

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
53	47	Long-term receivables	45	51
4 683	4 490	Long-term loans Group companies	-	-
75	75	Subord. capital in Statnett SF's pension fund	75	75
3	3	Shares and funds	3	3
4 814	**4 615**	**Total Other non-current financial assets**	**122**	**128**

Subordinated capital in Statnett SF's Pension Fund and Shares and funds are recognised at fair value at valuation level 3. Please see description of the measurement hierarchy in note 3 Accounting estimates and assumptions. There were no transfers between the respective levels in 2021 and 2022. There were no changes in level 3 in 2022.

Long-term loans to Group companies account for a material share of non-current financial assets. The risk of default for these loans is deemed to be extremely low both in the short and long term due to the company's non-distributable equity, its various regulated activities, including deliveries to the parent company, and financing agreements and guarantees with the parent company. The credit risk for the loans is deemed to be low.

Long-term receivables account for an immaterial share of the company's balance sheet. Impairments are assessed on an ongoing basis and loss provision is recognised for material changes in the items' credit risk.

Based on the assessment at the end of the year, no loss provisions were recognised for non-current receivables or loans to subsidiaries at the reporting date.

There is an insignificant difference between carrying value and fair value for other non-current financial assets.

Note 15 Derivatives and hedge accounting

This note describes which of the Group's risk exposures are hedged using derivatives in accordance with hedge accounting principles. The description includes how the risk exposures arise, which derivatives are used as hedging instruments and the Group's hedging policy when using derivatives. Information and tables will be the same for the parent company and the Group due to the fact that only the parent company uses financial derivatives and hedge accounting.

Principle

Derivatives are initially recognised at fair value at the date the contract is entered into, and subsequently on an ongoing basis at fair value. Derivatives with a positive value are classified as assets, while derivatives with a negative value are classified as liabilities in the financial statements. Changes in fair value and gains/losses on realisation are immediately recognised in profit or loss if the derivative is not part of a hedging relationship that satisfies the criteria for hedge accounting. Embedded currency derivatives in major procurement contracts are separated from the host contract and measured individually. Derivatives that hedge the Group's borrowings are classified as interest-bearing, and derivatives that hedge currency risk for procurements are classified as non-interest-bearing. Derivatives are accounted for and presented on an individual bases. Derivatives that expire within 12 months are classified as current, while derivatives that are settled after more than 12 months are classified as non-current.

Spesification of derivatives

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
4 500	3 333	Derivatives, interest-bearing	3 333	4 500
-	-	Derivatives, non-interest-bearing	-	-
4 500	**3 333**	**Total derivatives, non-current assets**	**3 333**	**4 500**
-	13	Derivatives, interest-bearing	13	-
1	-	Derivatives, non-interest-bearing	-	1
1	**13**	**Total derivatives, current assets**	**13**	**1**
4 501	**3 346**	**Total derivatives, assets**	**3 346**	**4 501**
169	838	Derivatives, interest-bearing	838	169
-	-	Derivatives, non-interest-bearing	-	-
169	**838**	**Total derivatives, non-current liabilities**	**838**	**169**
10	226	Derivatives, interest-bearing	226	10
7	-	Derivatives, non-interest-bearing	-	7
17	**226**	**Total derivatives, current liabilities**	**226**	**17**
186	**1 064**	**Total derivatives, liabilities**	**1 064**	**186**
4 316	**2 281**	**Total derivatives, net asset (+) / liability (-)**	**2 281**	**4 316**

Derivatives are measured at fair value at valuation level 2, see description of the measurement hierarchy in note 3.

Description of risk exposure hedged in accordance with the rules for hedge accounting

Currency risk

Currency risk is the risk of fluctuations in exchange rates affecting Statnett's income statement and balance sheet. Currency risk arises when the Group has income or expenses, raises loans, has bank accounts or makes investments in securities in foreign currency. Some of this currency risk is inherently hedged, but the Group is exposed to currency risk in some major investment projects through material procurements and through new loans in foreign currency. The Group's finance policy defines frames within which the currency risk of loans and major procurement contracts, should be hedged.

Interest rate risk
The Group is exposed to interest rate risk through its loan portfolio, liquidity holdings, placements in interest and money market funds and derivative contracts. Interest rate risk relating to the loan portfolio is hedged using interest swaps. Interest on loans can be hedged both from fixed to floating and from floating to fixed interest rates. Limits have been established providing guidelines on how much of Statnett's loans should be at floating interest rates as well as criteria for hedging interest on loans.

Description of derivatives used in hedging relationships
The Group uses different types of derivatives to manage currency risk and interest rate risk deriving from procurement contracts and new loans. Forward exchange contracts are used to manage currency risk in procurement contracts. Interest swaps or combined currency and interest swaps are used to manage currency and/or interest rate risk in loan contracts.

Hedge accounting
The Group applies the rules for hedge accounting when derivatives are used to hedge interest and currency risk.
A hedging relationship satisfies the requirements for hedge accounting only if the following criteria are satisfied:

1. *The hedging relationship consists solely of hedging instruments and hedged items that satisfy the criteria*
2. *Satisfactory documentation has been established on the entering into of the hedge that describes the hedging relationship, the nature of the risk being hedged and how the Group will assess whether the hedging relationship satisfies the requirements for hedge effectiveness*
3. *The requirements for hedge effectiveness are as follows:*
    a. *There is an economic relationship between the hedged item and the hedging instrument*
    b. *The effect of credit risk does not dominate changes in value deriving from the economic relationship*
    c. *Ineffectiveness in the hedge does not affect the hedge ratio*

The Group uses the following types of hedging relationships
Fair value hedge
A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognised asset, liability or binding agreement that can be attributed to a particular risk and can affect profit or loss. Changes in the fair value of the derivative designated as a hedging instrument are recognised in profit or loss on an ongoing basis. Changes in the fair value of the hedged item are similarly recognised in profit or loss within the same line item. For fair value hedges of hedged items recognised at amortised cost, the change in value is amortised in the income statement over the residual term to maturity.

For loans that are hedged using interest swaps or combined currency and interest swaps, critical terms match, incurring cash flows from both the hedged object and the hedging instrument to coincide. Despite the matching terms of the contractual cash flows a change in basis spread in the derivative contract will cause changes in fair value of the hedging instrument that is not equally reflected in the hedging object. Hence an ineffectiveness in the hedge occurs and is recognized over profit and loss. A gain of NOK 58 million was recognized in 2022.

In fair value hedging of major procurement contracts in foreign currency, fair value is calculated for both the hedging instrument and the hedged item. Different maturity dates for the hedging instrument and hedged item and rolling of the hedging instrument will result in ineffectiveness that is recognised in profit or loss under Other operating expenses. Realised effects of the hedge for the hedging instrument and the hedged item affect profit or loss in the same period.

The Group discontinues fair value hedging if:
1. The hedging instrument expires, or is sold, terminated or exercised,
2. The hedge does not satisfy the terms for hedge accounting, or
3. The Group cancels the hedge for other reasons

Should a hedging relationship expire, the change in value of the hedged item that has been recognised in the balance sheet, is amortised over the residual term using the effective interest rate method.

Cash flow hedge
A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognised asset or liability or a highly probable forecast transaction, which could also affect profit or loss. All derivatives defined as hedging instruments in cash flow hedges are recognised at fair value in the balance sheet. The effect is recognised as cash flow hedge reserve as part of equity. The effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income, and reclassified through profit or loss on implementation of the transaction that the derivative is hedging, and is

presented on the same line as the hedged transaction. If changes to fair value for the hedging instrument is greater than that for the hedging object, the ineffective portion is recognised in profit or loss on an ongoing basis. If the forecast future transaction is no longer expected to be implemented, the amount previously recognised in other comprehensive income is recognised under financial income or financial costs. If the hedging instrument expires or is sold, terminated or exercised, or Statnett elects to cancel the hedging relationship, despite the fact the hedged transaction is expected to take place, accumulated gains or losses remain in other comprehensive income and are recognised in profit or loss when the transaction is implemented. If the hedged transaction is no longer expected to take place, the accumulated unrealised gains or losses are immediately recognised in profit or loss.

Economic hedge - derivatives not included in hedge accounting
Statnett also holds derivatives that does not qualify for hedge accounting under IFRS. These derivatives are measured at fair value and all changes in value are recognized in profit or loss as Financial income or costs. This type of derivatives are referred to as "Free standing derivatives".

Embedded currency derivatives
For major procurements contracts, Statnett will separate embedded derivatives if agreed payment is in a currency different from the contract parties own functional currency, and that the contract is not considered to be commonly used for the relevant economic environment defined as the countries involved in the transaction. Embedded derivatives are recorded at fair value in the income statement under Other operating costs.

The Group's hedging strategy

The table describes how the Group hedges different categories of risk exposure:

Risk exposure category	***Hedged item***	***Hedging instrument***	***Hedging strategy***	***Type of hedge***
Currency risk in major contracts with uncertain payment milestones	Major procurement contracts with foreign suppliers in foreign currency. The contract has multiple milestones that are invoiced in accordance with the degree of project completion. The exact payment date for each individual milestone is unknown at the time the contract is entered into, but final completion and the total contract amount is defined as a "firm commitment".	Forward exchange contract in an amount corresponding to the total hedged contract amount. The forward exchange contracts mature after more than one year. A new forward exchange contract is established to hedge residual contract payments.	All or part of the contract is hedged. Ineffectiveness is recognised through profit or loss and classified as Other operating expenses. To achieve an adequate economic relationship, the hedged item is hedged at the forward exchange contract's spot rate. The forward points (forward premiums) are recognised through profit or loss under Other operating expenses.	Fair value hedge
Currency risk in major contracts with fixed payment milestones	Major procurement contracts with foreign suppliers in foreign currency with fixed payment dates.	Forward exchange contract with the same amount and payment date as the hedged cash flow.	All or part of the contract is currency hedged. In essence, no changes are expected in the payment plan. For minor changes in the payment plan, the forward contract is rolled over to the bank account. For major changes in the payment plan, the forward contract is rolled over to a new forward contract. Hedging rate: The forward exchange rate (spot rate plus forward points).	Fair value hedge
Currency and interest rate risk in loan contracts	Loans with fixed or floating interest in foreign currency.	Interest and currency swaps that hedge the loan in NOK at a floating NOK interest rate.	Currency and interest rate risk is hedged in accordance with frameworks for financial management.	Fixed-interest loans: Fair value hedge Floating-interest loans: Fair value hedge
Interest rate risk on Norwegian loans	Floating-rate loans in NOK.	Interest swap with floating interest switched to fixed interest.	Interest rate risk is hedged in accordance with frameworks for financial management.	Cash flow hedge
Interest rate risk on Norw. loans	Fixed-rate loans in NOK.	Interest swap with fixed interest switched to floating interest.	Interest rate risk is hedged in accordance with frameworks for financial management.	Fair value hedge

Description of hedge effectiveness and how this is measured for various risk categories:

Risk category	***Assessment of effectiveness***	***Measurement of effectiveness***
Currency risk in major contracts with multiple uncertain payment milestones	Different settlement dates for milestones in the hedged item and hedging instrument create ineffectiveness that must be measured.	Dollar offset method
Currency risk in major contracts with fixed payment milestones	Qualitative assessment based on the Principal Terms Match method provided that critical factors in the hedged item and hedging instrument are matched. Critical factors: • currency • amount • payment date Provided that critical factors are matched, the hedge is considered to be approximately 100 per cent effective. Ineffectiveness arises when the payment date is changed and the hedging instrument must be rolled over.	When critical factors are not matched: Dollar offset method
Interest rate and currency risk on loans	Qualitative assessment based on the Principal Terms Match method provided that critical factors in the hedged item and hedging instrument are matched. Critical factors: • principal amount (amount and currency) • maturity date • interest dates Provided that receipts from the interest and currency swap match payments on the loan, the hedge will be 100 per cent effective.	When critical factors are not matched: Dollar offset method

Fair value measurement

Foreign exchange forward contracts are measured at fair value based on observable forward rates on contracts with similar terms on the balance sheet date. Fair value for interest and currency swap contracts is the present value of future cash flows based on observable market rates and foreign currency rates at the balance sheet date. Fair value of interest swap contracts is the present value of future cash flows based on observable market rates on balance sheet day. Starting in 2020, the Group is using market data from Bloomberg to calculate fair value of interest and currency swap contracts and interest swap contracts. By using marked data from only one source, the Group ensures that the fair value can be calculated on the same point of time during the balance sheet day for all contracts.

Repayment profile for derivatives related to debt

Parent Company and Group

Amounts in NOK million	Under 1 year	1 to 5 years	5 to 10 years	10 to 15 years	> 15 years	Total market value	Type of hedge accounting
Assets							
Interes swap fixed to floating	4	35	-	-	-	39	Fair value hedge
Interest rate floating to fixed	-	108	-	-	-	108	Cash flow hedge
Interes swap fixed to floating	-	-	-	-	-	-	Free standing derivatives
Interest and currency swap	9	676	1 131	695	178	2 689	Fair value hedge
Interest and currency swap	-	-	509	-	-	509	Cash flow hedge
Interest and currency swap	-	-	-	-	-	-	Free standing derivatives
Total assets 31.12.2022	**13**	**819**	**1 640**	**695**	**178**	**3 345**	
Total assets 31.12.2021	**-**	**1 060**	**1 566**	**1 568**	**306**	**4 500**	
Liabilities							
Interes swap fixed to floating	-	-	-137	-	-	-137	Fair value hedge
Interest rate floating to fixed	-	-	-	-	-	-	Cash flow hedge
Interest and currency swap	-226	-	-702	-	-	-928	Fair value hedge
Total liabilities 31.12.2022	**-226**	**-**	**-838**	**-**	**-**	**-1 064**	
Total liabilities 31.12.2021	**-10**	**-158**	**-10**	**-**	**-**	**-178**	

The table below presents the effect of cash flow hedges that are presented as a hedging reserve in equity (negative figures reduce the Group's equity). During 2021 and 2022, no effects relating to hedge ineffectiveness or hedging instruments that no longer qualify for hedge accounting were recognised in the income statement.

Development in cash flow hedge reserve

Amounts in NOK million	31.12.2022	31.12.2021
Cash flow hedge reserve before tax at 1 January	94	-204
Change in market value	524	298
Cash flow hedge reserve before tax at 31 December	**618**	**94**
Deferred tax on cash flow hedge reserve	-136	-21
Cash flow hedge reserve after tax at 31 December	**482**	**73**

Derivatives related to investments in foreign currency

Forward exchange options

Statnett uses forward exchange contracts in order to hedge the currency risk on major acquisitions in currencies other than NOK.

Overview of derivatives related to investments in foreign currency
Parent Company and Group

Amounts in NOK million	Currancy	Nominal amount currency	Hedging rate	Market rate	Under 1 year	1 to 5 years	Total market value
Assets							
Fair value hedge	EUR	-	-	-	-	-	-
Total assets		-			-	-	-
Liabilities							
Fair value hedge	EUR	-	-	-	-	-	-
Embedded derivatives	EUR	-	-	-	-	-	-
Embedded derivatives	SEK	-	-	-	-	-	-
Total liabilities		-			-	-	-
Net value of foreign currency derivatives					-	-	-

Changes in market value and income statment effects of currency hedging derivatives related to procurement contracts

Parent Company and Group	Hedging instrument			Hedged item			Income statement effects		
Amounts in NOK million	31.12.2022	31.12.2021	Change in market value	31.12.2022	31.12.2021	Change in market value	Unrealised ineffectivenes	Realised ineffectiveness	Realised forward premium
Currency hedging derivatives	-	-4	4	-	1	-1	-3	1	-

Embedded derivatives in procurement contracts in foreign currency

As of year-end 2022, the Group has no significant embedded derivatives in its procurement contracts. NOK 2 million was recognized as a gain related to realized and unrealized changes in value in 2022.

Effects from the IBOR reform (changes of interest reference rates)

During two phases, certain amendments have been made to IFRS 9, IAS 39 and IFRS 7 in terms of reliefs that can ensure continued hedge accounting under the transition to new interest reference rates under the IBOR reform. Statnett has chosen to early adopt the amendments from phase 1 as from 2019 and from phase 2 as from 2020.

In 2021, Statnett adhered to the ISDA «Fallback Protocol» that provides replacement rates for IBOR rates that will go out of use. All of Statnett's derivative counterparties in 2021, have either adhered to the ISDA «Fallback Protocol», or have entered an equivalent bilateral agreement with Statnett. No active financial instrument are so far been affected by the changes, only interest on collateral (CSA). The transition to new reference rates has not caused changes to accounting of or cash flows related to financial instruments. Nor, have the amendments impacted Statnett's hedge accounting, and none of the hedge accounting relationships have been cancelled following the amendments. The IBOR reform has not changed Statnett's approach to financial risk management. Please see note 16 Interest-bearing liabilities for a specification of interest-bearing debt and derivatives pr. currency.

Statnett has issued bond loans and entered derivative agreements with NIBOR as reference rate. On the date of reporting, Statnett has not identified reliable indicators suggesting that NIBOR will be replaced by a new reference rate, all though alternatives have been discussed, including a transition to a rate based on NOWA (Norwegian Overnight Weighted Average). Consequently, Statnett has no ongoing process for replacing NIBOR with a new reference rate in affected agreements.

Note 16 Interest-bearing liabilities

This note presents current and non-current interest-bearing liabilities for the Group. The composition and level of interest-bearing liabilities are managed through the company's financing activities and are described in more detail in note 15 Derivatives and hedge accounting

Principle

Interest-bearing liabilities are recognised at fair value of received funds, net after transaction costs. Loans are subsequently recognised at amortised cost using the effective interest method, where the difference between net funds and the redemption value is recognised in profit or loss over the loan term.

At initial recognition lease liabilities are recognized at the present value of the lease payments that are not paid at that date. Such payments include fixed payments and qualifying variable lease payments. The recorded lease liability is subsequently measured at amortised cost over the lease period. Payments related to expected termination penalties, exercise of payment options and residual value guarantees are included if considered applicable. Under leases that include options to extend or terminate the lease, the lease term is determined on the basis of reasonably certain exercises of such options. Payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. Otherwise are payments discounted using Statnett's incremental borrowing rate. The lease liabilities are adjusted by changes in expected lease payments resulting from changes in indices determining variable lease payments, changes in lease terms or changes in the assessment or exercise of options. The first year's instalments are reclassified as current liabilities.

Specification of interest-bearing debt

Parent company *(Amounts in NOK million)*	2022		2021	
Debt	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Long-term interest-bearing debt	38 275	37 620	46 690	45 664
Long-term interest-bearing debt Group companies	-	-	19	18
Long-term lease liabilities	132	132	191	191
Total long-term interest-bearing debt	**38 407**	**37 752**	**46 900**	**45 874**
Short-term interest-bearing debt	8 888	8 911	6 799	6 798
Short-term interest-baring debt Group companies	234	234	158	21
Short-term lease liabilities	80	80	33	33
Total short-term interest-bearing debt	**9 203**	**9 226**	**6 990**	**6 853**

Group *(Amount in NOK million)*				
Debt				
Long-term interest-bearing debt	38 275	37 620	46 712	45 667
Long-term lease liabilities	132	132	191	191
Total long-term interest-bearing debt	**38 407**	**37 752**	**46 903**	**45 858**
Short-term interest-bearing debt	6 799	6 823	6 799	6 798
Short-term lease liabilities	80	80	33	33
Total short-term interest-bearing debt	**8 969**	**8 992**	**6 831**	**6 831**

Interest-bearing debt measured at fair value due to hedge accounting, is measured at fair value at valuation level 2. A description of the measurement hierarchy can be found in note 3 Accounting estimates and assumptions.

Changes in liabilities arising from financing activities

Parent company 2021	Parent company 2022	*(Amounts in NOK million)*	Group 2022	Group 2021
56 529	54 068	Liabilities in debt portfolio 01.01. - previously reported	53 903	56 130
16 782	1 000	Borrowing of new debt (cash flow, received)	1 000	16 782
-13 719	-2 769	Repayment of debt (cash flow, paid)	-2 766	-13 719
-2 576	-1 944	Changes in CSA liabilities (cash flow, received)	-1 944	-2 576
-2 561	-1 736	Changes in fair value (non-cash flow)	-1 736	-2 561
-180	9	Amortizations (non-cash flow)	9	-180
-	-	Changes in intercompany liabilities (cash flow, paid)	-	-
-3	-3	Changes in intercompany liabilities (cash flow, received)	-	-
-219	61	Changes in intercompany liabilities (non-cash flow)	-	-
16	-12	Other (non-cash flow)	-26	27
54 068	**48 674**	**Liabilities in debt portfolio 31.12.**	**48 440**	**53 903**

Repayment profile for interest-bearing debt

Parent company

The loans are measured at amortised cost adjusted for the effect of fair value hedging.

Maturity date *(Amounts in NOK million)*	**Under 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**	**15 years +**	**Total**
Fixed rate loans						
Certificate issues	1 000	-	-	-	-	1 000
Bond issues	4 076	9 659	15 974	1 935	555	32 199
Lease liabilities	80	68	51	6	7	212
Total fixed rate loans 31.12.2022	**5 156**	**9 727**	**16 025**	**1 941**	**562**	**33 411**
Total fixed rate loans 31.12.2021	**1 533**	**13 244**	**16 686**	**4 366**	**710**	**36 539**
Floating rate loans						
Collateral under CSA agreements*	2 089	-	-	-	-	2 089
Other interest-bearing debt	234	-	-	-	-	234
Bond issues	1 250	2 550	-	-	-	3 800
Loans from financial institutions	473	1 817	3 798	1 611	378	8 077
Total floating rate loans 31.12.2022	**4 046**	**4 367**	**3 798**	**1 611**	**378**	**14 200**
Total floating rate loans 31.12.2021	**5 466**	**5 885**	**3 130**	**2 621**	**427**	**17 529**
Total interest-bearing debt 31.12.2022	**9 202**	**14 094**	**19 823**	**3 552**	**940**	**47 611**
Total interest-bearing debt 31.12.2021	**6 999**	**19 129**	**19 816**	**6 987**	**1 137**	**54 068**

* Debt related to collateral under CSA agreements (Credit Support Annex) reflecting unrealised gains/losses on derivatives.
The agreements are settled weekly based on change in market value of the derivative exceeding defined limits.

Group

The repayment profile for interest-bearing debt of the Group differs from the parent company's repayment profile with intra-group loans. Within "Other interest-bearing debt" Statnett SF has two intra-group long-term loans, totalling NOK 37 million, payable on demand. In addition, Statnett SF has intra-group debt of NOK 234 million, concerning the Group cash pool arrangement. The loans are eliminated in the Group statement. Please refer to the analysis of liqudity risk in note 18 Financial risk management.

Maturity of fixed interest of the loan portifolio *(Amounts in NOK million)*	**Under 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**	**15 years +**	**Total**
Interest-bearing debt 31.12.2022	37 783	5 468	4 346	6	7	47 611
Interest-bearing debt 31.12.2021	43 995	5 660	4 365	18	30	54 068

Specification of interest-bearing debt and derivatives	**Principal debt Currency**	**Principal debt NOK**	**Principal swap NOK**	**Interest rate loan**	**Interest rate swap**	**Fair value swap**
Secured liabilities - fair value hedging	*(Amounts in million)*	*(Amounts in NOK million)*	*(Amounts in NOK million)*			*(Amounts in NOK million)*
NOK	-4 000	-4 000	-4 000	4,10%	4,15%	-97
SEK	-3 750	-3 690	-3 690	0,75%	4,09%	-217
USD	-1 080	-7 208	-7 208	3,17%	4,13%	1 823
EUR	-1 070	-10 025	-10 025	1,15%	4,21%	155
Secures liabilities - cash flow hedging						
NOK	-1 400	-1 400	-1 000	4,15%	2,31%	21
USD	-360	-3 039	-3 039	2,79%	4,39%	509
EUR	-312	-4 813	-3 000	0,88%	2,49%	87
Unsecured liabilities						
NOK - floating interest rate	-8 500	-8 500	-	2,94%	-	-
NOK - fixed interest rate	-8 078	-8 078	-	4,00%	-	-
CSA						
NOK	-1 064	-1 064	-	*	-	-
EUR	-97	-1 024	-	**	-	-
Total						**2 281**

* *NOWA (Norwegian Overnight Weighted Average rate) - daily interest for deposits in NOK*
** *EONIA overnight - daily interest rates announced by the European Banking Federation (EBF)*

Note 17 Trade accounts payable and other short-term debt

This note presents trade payables and other current non-interest-bearing liabilities. Trade payables are directly related to operational activities, while other current liabilities relate to other payables such as public taxes and charges, salaries and holiday pay, accrued interest, etc.

Principle

Non-interest-bearing liabilities are classified as current when they are part of ordinary operations, are used for trading purposes and due by 12 months. Other liabilities are non-current. Trade and other current liabilities are measured at amortised cost using the effective interest method. The interest element is ignored since it is deemed to be immaterial for the overwhelming majority of the Group's current non-interest-bearing liabilities.

Specification of trade accounts payable and other short-term liabilities

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
1 551	1 885	Trade accounts payable	1 893	1 564
9	16	Short-term liabilities Group companies	-	-
691	355	Public fees	368	701
300	310	Payroll	319	308
262	433	Accrued interest	433	262
188	96	Asset retirement obligations	96	188
1 063	1 820	Other short-term debt	1 908	1 180
4 063	**4 915**	**Total Trade accounts payable and other short-term debt**	**5 016**	**4 202**

Provisions related to progress measurement of investment projects are classified as other current liabilities. Such progress measurement is further described in note 9 Plants under construction.

Note 18 Financial risk management

Financial risk

The objective of Statnett SF's financial policy is to ensure that the enterprise achieves the necessary financing of planned operational and investment programmes in accordance with external legal requirements and internal risk tolerance. A detailed framework is developed for the execution of the finance function in order to minimize the enterprise's credit, interest rate and foreign exchange risks. Statnett SF uses financial derivatives to manage the financial risks.

Capital management

The main objective of Statnett's capital management structure is to ensure that the enterprise has a sound financial position, which enables the enterprise to operate and develop the main grid in a socioeconomically profitable manner in line with plans and the owner's expectations. It is a priority with the Statnett Board of Directors to maintain a robust A rating or better. The dividends are decided upon by the company meeting on a yearly basis. The owner's dividend policy is to distribute 50 percent of the Group's underlying result. The underlying result is the Group's net result for the year after tax adjusted for changes in the net higher/lower revenue after tax. Moreover, the capital structure is managed by raising and paying off short-term and long-term debt, as well as through changes in liquid assets. The loan agreements do not impose any capital requirements on the enterprise which are expected to restrict the capital structure in the Group. Nor are there any explicit equity requirements other than those stipulated in applicable laws and regulations. There have been no material changes to capital management guidelines or objectives through the year.

Overview of capital included in capital structure management

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
46 900	38 407	Long-term interest-bearing liabilities	38 407	46 903
6 990	9 203	Short-term interest-bearing liabilities	8 969	6 831
3 302	4 695	Liquid assets and investment in market-based securities	5 232	3 794
50 588	**42 915**	**Net liabilities**	**42 144**	**49 940**

Liquidity risk

Statnett SF aims to be able to carry out 12 months of operations, investments and refinancing without raising any new debt. This will make Statnett less vulnerable during periods of low access to capital in the financial markets and periods with unfavourable borrowing conditions. Statnett is continuously monitoring its liquidity and maintaining adequate balances.

Statnett reduces liquidity risk related to maturity of financial liabilities by having an evenly distributed maturity structure, limits on the proportion of the loan portfolio that can fall due within a 12-month period, access to several sources of funding in Norway and abroad, and sufficient liquidity to cover scheduled operations, investment and financing needs without incurring any new debt within a time horizon of 12 months.

31 December the liquidity consists of bank/time deposits, investments in market-based securities and a credit facility of NOK 8 billion, which has been renewed in March 2023.. The credit facility has not yet been utilised. Up to NOK 4 billion of the credit facility can be drawn at very short notice. Statnett has an unused loan from the European Investment Bank (EIB) of EUR 130 million. Together with other sources of liquid assets, Statnett has a good ability to handle large liquidity needs that may occur at short notice, e.g. related to collateral for derivatives under CSA agreements with weekly settlement.

Statnett SF has a high credit rating. Standard & Poor's and Moody's Investor Service have given Statnett SF credit ratings for non-current borrowings of A+ and A2 respectively. The high credit ratings provide Statnett SF good borrowing opportunities.

The table below presents all gross cash flows related to financial liabilities. The cash flows have not been discounted and are based on interest rates and exchange rates at the end of the reporting period.

(Amounts in NOK million)

Parent company

	Under 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 years +	Total
Interest-bearing debt and interest payments	10 440	18 924	24 130	3 670	1 178	58 342
Trade acc.payable and other short-term debt	4 915	-	-	-	-	4 915
Derivatives	4 796	8 999	11 551	1 362	465	27 173
Financial liabilities 31.12.2022	**20 151**	**27 923**	**35 681**	**5 032**	**1 643**	**90 430**
Financial liabilities 31.12.2021	**12 556**	**29 114**	**30 222**	**8 997**	**1 638**	**82 527**

Derivatives	Under 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 years +	Total
Received	4 365	9 309	13 699	2 328	777	30 478
Disbursed	-4 796	-8 999	-11 551	-1 362	-465	-27 173
Net derivatives 31.12.2022	**-431**	**310**	**2 148**	**966**	**312**	**3 305**
Net derivatives 31.12.2021	**177**	**1 385**	**1 819**	**1 335**	**292**	**5 008**

(Amounts in NOK million)

Group

	Under 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 years +	Total
Interest-bearing debt and interest payments	10 403	18 924	24 130	3 670	1 178	58 305
Trade acc.payable and other short-term debt	5 016	-	-	-	-	5 016
Derivatives	4 796	8 999	11 551	1 362	465	27 173
Financial liabilities 31.12.2022	**20 215**	**27 923**	**35 681**	**5 032**	**1 643**	**90 494**
Financial liabilities 31.12.2021	**12 537**	**29 355**	**30 280**	**8 997**	**1 638**	**82 807**

Derivatives	Under 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 years +	Total
Received	4 365	9 309	13 699	2 328	777	30 478
Disbursed	-4 796	-8 999	-11 551	-1 362	-465	-27 173
Net derivatives 31.12.2022	**-431**	**310**	**2 148**	**966**	**312**	**3 305**
Net derivatives 31.12.2021	**177**	**1 385**	**1 819**	**1 335**	**292**	**5 008**

Credit risk

Credit risk refers to the risk that the counterparty will default on its contract obligations, resulting in a financial loss for the Group.

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
2 308	2 432	Liquid assets	2 507	2 387
994	2 263	Investment in market-based securities	2 725	1 407
4 501	3 346	Derivatives	3 346	4 501
4 814	4 615	Long-term receivables, excl. derivatives	122	128
1 761	2 578	Trade accounts and other short-term receivables	1 930	1 134
14 378	**15 234**	**Total maximum credit exposure**	**10 630**	**9 557**

Statnett SF is exposed to credit risk through investment of surplus liquidity with issuers of securities and through the use of different interest rate and currency derivatives. To limit this risk, Statnett has frameworks establishing requirements for creditworthiness and maximum exposure for each individual counterparty. Furthermore, the enterprise ensures that credit risk in hedging relationships is extremely low by entering into collateral agreements based on Credit Support Annexes (CSA) for its most important derivative counterparties.

All placements of liquid assets are made within sector limits and maximum limits for individual counterparties with a high credit rating, where higher credit ratings result in higher limits. Market-based securities consist of multiple, well-diversified investment grade fixed interest funds.

A CSA is a legal document that regulates credit support (collateral) for derivative transactions with weekly settlement of unrealised gains/losses. Unrealised gains on derivatives result in Statnett receiving settlements that increase the company's bank balances and current liabilities. Conversely, unrealised losses on derivatives result in Statnett paying settlements to its counterparties that reduce the company's bank balances and increase current receivables.

The table below shows the relationship between collateral pledged under the CSAs, unrealised values of derivatives in scope of the CSA agreements and unrealised values of all derivative transactions with external counterparties. Deposits are recognised in separate accounts, but are not classified as restricted funds. This means that bank balances may not always fully reflect the amounts actually received from counterparties.

Specification of the relationship between collateral and derivatives

(Amounts in NOK million)	**Totaly paid**	**Market value derivatives under CSA agreements**	**Market value all derivatives**
Received collateral under CSA agreements	2 089	2 410	2 457
Collateral under CSA posed to counterparty	71	-131	-131

Internal limits define minimum ratings that counterparties in CSAs should have received with leading rating agencies. Higher rating requirements are defined for counterparties without a CSA arrangement.

The Group's customer base primarily consists of municipal energy companies, Norwegian industrial customers and other Nordic TSOs. Historically losses on trade receivables have been low this situation is not expected to change. Please however refer to note 29 for a description of possible effects in relation to Events subsequent to the balance sheet date. In the event of default, the Group has efficient routines for rapid and close follow-up of customers, stringent sanction options and the opportunity to demand collateral as part of the network agreement. Consequently, the Group deems credit risk for trade receivables to be very low.

Statnett SF provides loans to subsidiaries and associates. The parent company has established cash pool into which the subsidiaries Elhub AS and NordLink Norge AS have pooled their cash with the cash of their parent. The two subsidiaries are granted a NOK 100 million credit limit each within the cash pool. The creditworthiness of the relevant subsidiaries is closely linked to Statnett SF's own credit rating due to ownership, the pledging of guarantees and/or receipt of services. Statnett SF also provides loans if needed to the eSett Oy (associated) and Fifty AS (jointly controlled). Credit assessments are carried out when loan terms are established. All companies are monitored through board representation. Some of the loan agreements impose requirements on the equity ratios. No conditions have been registered that indicate potential impairments of loans.

Recognition and measurement of expected credit losses
The Group recognises provisions for expected credit losses on financial assets measured at amortised cost or at fair value through Profit for the year (Other operating costs) or Other comprehensive income in accordance with IFRS 9. The loss provision is based on the Group's assessment of the financial assets' credit risk.

For banks, derivative counterparties and other credit institutions, creditworthiness is regularly assessed during the year through monitoring of official ratings. Counterparty risk is monitored and reported on an ongoing basis to ensure that the enterprise's exposure does not exceed established credit limits and complies with internal rules. Credit risk for trade payables, other current receivables and non-current receivables is assessed monthly in the event of default or should other information become available that indicates that the borrower may not be able to redeem all or parts of its liabilities. A financial instrument is deemed to be in default if it has not been settled at the agreed date. Impairments are recognised using the following methods:

1. Expected credit loss over the asset's lifetime

The expected credit loss resulting from all potential default events during a financial instrument's lifetime.

If the credit risk for a financial instrument has materially increased since initial recognition, the loss provision for that financial instrument is recognised in an amount corresponding to the expected credit loss over the lifetime.

2. Expected credit loss over 12 months

The portion of the expected credit loss during the lifetime relating to the expected credit loss attributable to potential default events for a financial instrument within 12 months after the reporting date.

If the credit risk for a financial instrument has not materially increased since initial recognition, the loss provision for that financial instrument is recognised in an amount corresponding to the expected credit loss over 12 months.

The Group has defined the following categories for credit scoring to assess credit risk.

Category	Description	Method of impairment recognition
Performing	No overdue liabilities and no increase in credit risk since initial recognition.	Expected credit loss over 12 months.
Doubtful	Liabilities more than 30 days overdue, or there has been a significant increase in credit risk since initial recognition.	Expected credit loss over the asset's lifetime; effective interest is calculated on the gross amount.
In default	Liabilities more than 90 days overdue, but there are indications that the asset is creditworthy.	Expected credit loss over the asset's lifetime; effective interest is calculated at amortised cost.
Write-off	There are indications that the creditor's financial problems are so great that the receivables must be deemed lost.	The receivable is written off in full.

See also note 11 Trade and other current receivables and note 14 Non-current financial assets, for loss assessments.

Foreign exchange risk
Foreign exchange risk is the risk of fluctuations in foreign exchange rates that will result in changes in Statnett's income statement and balance sheet. Currency risk relating to major procurement contracts and loans in foreign currency is hedged within the framework defined for the execution of the finance function. Please refer to note 15 for further information. At the reporting date, there were no currency reserves that were not swapped or reserved for future liabilities. The Group has foreign equity funds and shares of NOK 35 million.

Interest rate risk
The Group is exposed to interest rate risk through its loan portfolio and liquid assets. Statnett SF is also exposed to interest rate levels on which the revenue cap for the grid operations is based (the NVE interest rate).

In order to reduce the interest rate risk and minimise fluctuations in the result, the interest expense of Statnett's debt should correlate to the extent possible with the interest on the revenue side following from the NVE interest rate. The NVE interest rate is calculated based on daily averages of the five-year swap interest rate. In addition, the NVE interest rate comprises a fixed interest rate portion with the addition of inflation and a surcharge for credit risk. To achieve the desired fixed-interest period on the enterprise's debt, interest rate swap agreements linked to the underlying debt are used.

Average effective interest rate
The table below presents the average effective interest rate for the various types of financial instruments.

Parent company			Group	
2021	2022		2022	2021
0,59%	0,27%	Investment in market-based securities	0,21%	0,35%
0,10%	2,18%	Bank deposits	2,18%	0,10%
-	-	Shares and equity funds	-4,40%	23,31%
1,39%	3,71%	Loans	3,71%	1,39%

Sensitivity analysis

Interest rate sensitivity

(Amounts in NOK million)

Parent company		Change in interest rate level	Group	
2021	2022	*Percentage points*	2022	2021
-15	-12	+ 1	-20	-22
15	12	- 1	20	22

The table presents the sensitivity for parent company and Group due to potential changes in the interest rate for asset placements. It shows the assumed effect on the result of a change in the interest rate level with 1 percentage point as at 31 December. The Group utilizes interest rate swap agreements to minimize variations for profit and loss due to changes in interest rates.

Exchange rate sensitivity

(Amounts in NOK million)

Parent company		Change in NOK exchange rate	Group	
2021	2022	*Percent*	2022	2021
1	-9	+ 5	-12	-2
-1	9	- 5	12	2

The table presents the company's sensitivity to potential changes in the exchange rate of the Norwegian Krone, if all other factors remain unchanged. The calculation is based on an identical change in relation to all relevant currencies. The effect on profit (before tax) is due to a change in the value of monetary items that are not fully hedged. Other monetary items and all foreign currency debt are hedged, and the change in value is matched by a change in the value of the derivative.

Note 19 Taxes

Income tax is calculated in accordance with ordinary tax rules and by applying the adopted tax rate. The tax expense in the income statement comprises taxes payable and changes in deferred tax liabilities/tax assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of tax losses and interest expenses carried forward.

Principle

The tax expense in the income statement comprise both the annual taxes payable and changes in deferred tax liabilities/tax assets. Taxes payable are calculated on the basis of the taxable income of the year. Deferred tax assets/liabilities are calculated on the basis of temporary differences between the accounting and tax values, and the tax losses and interest expenses carried forward.

Deferred tax liabilities and deferred tax assets are recognised net provided that these are expected to reverse in the same period. Deferred tax assets are recognized to the extent that it is probable that they will be utilised. Deferred tax liabilities/tax assets are recognized using the nominal tax rate.

Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income, while tax related to equity transactions is recognised in equity.

The tax expense comprises the following

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
-	-	Income tax	45	40
-	-	Income tax previous years	-	-
888	1 620	Change in deferred tax/tax benefit	1 635	892
888	**1 620**	**Tax**	**1 680**	**932**

Tax payable in the balance sheet

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
-	-	Tax payable for the year	45	40
-	0	Tax payable on group contribution	0	-
-	**0**	**Tax payable**	**45**	**40**

Reconciliation of nominal tax rate and effective tax rate

The following table provides a reconciliation of reported tax expense and tax expense based on nominal tax rate of 22 percent for 2022 and 2021.

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
4 089	7 361	Profit before tax	7 630	4 239
900	1 620	Expected tax expense at nominal rate	1 680	932
-	-	Effect on taxes of:	-	-
-12	-	Permanent differences	-0	-0
-	0	Share of profit/loss in associates	0	1
-	-	Changes in previous years taxes	-	-
888	**1 620**	**Tax**	**1 680**	**932**
21%	**22%**	**Effective tax rate**	**22%**	**21%**

Breakdown deferred tax

The following table provides a breakdown of the net deferred tax. Deferred tax assets are recognised in the balance sheet to the extent it is probable that these will be utilised. The tax rate used when assessing deferred tax is 22 percent as of 31 December 2021 and 2020.

Parent company

(Amounts in NOK million)	31.12.21	Recognised	Other comprehensive income	Group contribution	31.12.22
Current assets/current liabilities	-3	0	-	-	-3
Fixed assets	4 472	1 065	-	-	5 536
Pension liabilities	-30	14	-31	-	-47
Other long term items	538	395	115	-	1 048
Tax loss carried forward	-1 027	145	-	3	-878
Total	**3 950**	**1 620**	**84**	**3**	**5 656**

Group

(Amounts in NOK million)	31.12.21	Recognised	Other comprehensive income	Group contribution	31.12.22
Current assets/current liabilities	113	-90	-	-	38
Fixed assets	4 594	1 104	-	-	5 698
Pension liabilities	-31	14	-31	-	-47
Other long term items	538	395	115	-	1 048
Tax loss/interest expenses carried forward *)	-	-	-	-	-
Total	**4 055**	**1 680**	**84**	**-**	**5 806**

Uncertain tax positions

Statnett received on December 17, 2021 a notice from the Norwegian Tax Authorities in which the tax authorities challenged the tax deduction of maintenance costs claimed in tax reporting for 2018 related to replacement of components of the transmission grid. The notice was preliminary, and it was not possible to estimate any potential exposure for Statnett based on the notice. Statnett SF disagrees with the legal basis challenging the tax deduction of maintenance costs and on May 6 2022 issued its response to the authorities. Therefore Statnett did not make any provisions for the uncertain tax positions in the 2021 financial statements.

On November 3, 2022 the tax authorities issued a draft decision regarding a change in the tax assessment for the income year 2018. The legal basis for challenging the tax assessment remained unchanged, though not quantifying the amount of maintenance costs to be disregarded as deductible for tax purposes. Following subsequent communication with the Norwegian Tax Authorities, the Norwegian Tax Authorities have made an updated assessment . However, they maintain their position that project costs related solely to increasing transmission capacity of power lines by way of isolation are to be capitalized, but they also express that there is room for increased deductions related to other maintenance costs.

Statnett is of the opinion that there is a preponderance of probability that its view will prevail, and has therefore not recognized an uncertain tax position based on the draft decision in the financial statements for 2022. Should however the Tax Authorities view prevail resulting in the capitalization of costs incurred by increasing transmission capacity of power lines by way of isolation, such costs are estimated to amount to NOK 594 million. The tax effect amounts to NOK 131 million, and would potentially reduce the deferred tax liability related to property, plant and equipment, and with a corresponding reduction of deferred tax assets related to tax losses carried forward.

Deferred tax recognised in other comprehensive income

Parent company			Group	
31.12.21	**31.12.22**	*(Amounts in NOK million)*	**31.12.22**	**31.12.21**
8	-31	Change in estimate deviations of pension liabilities	-31	8
66	115	Changes in fair value for cash flow hedges	115	66
74	**84**	**Total deferred tax recognised in other comprehensive income**	**84**	**74**

Note 20 Investments in subsidiaries, jointly controlled company and associates

The activities of Group companies are mainly concentrated in the parent company. The Group also includes eight subsidiaries, one jointly owned company and ownership interests in certain associated companies. Reference is made to note 22, related parties, for a description of the activities of the subsidiaries.

Principle

Consolidated companies
The consolidated financial statements comprise Statnett SF and subsidiaries in which Statnett SF alone has a controlling influence. Normally, Statnett SF is assumed to have controlling influence when direct or indirect ownership interests make up more than 50 percent of the voting shares. If Statnett owns less than 100 percent of the voting shares, or, through an agreement, has less than 100 percent of the votes, the Group assesses whether the Group has actual control.

The consolidated financial statements are prepared using the acquisition method and show the Group as if it was one unit. The cost price of shares in the subsidiaries is eliminated against the equity at the time of acquisition. Any excess value beyond the equity of the subsidiaries is allocated to assets to which the excess value can be attributed. The part of the cost of purchasing a business that cannot be attributed to specific assets, is presented as goodwill.

Statnett SF's Pension Fund is not part of the Statnett Group. Contributed equity to the pension fund is valued at fair value and classified as financial fixed assets.

Jointly controlled company
Currently, one jointly controlled company in the Group, Fifty AS, is considered to be a joint operation. Firstly, the company is considered to be a joint arrangement since Statnett, together with another party, is bound by contract, and the contract gives the parties joint control over Fifty AS. Secondly, the company is considered a joint operation since the parties have rights to the assets and responsibility for the obligations in Fifty AS. The investment in the jointly controlled company is recognized on the basis of proportional consolidation, implying that Statnett accounts for its share of revenues, expenses, assets and liabilities.

Investment in associated companies
Associates are companies where Statnett has significant influence, i.e. Statnett can influence financial and operational decisions in the company, but does not have control of the company. Normally, these will be companies where the Group owns between 20 and 50 percent of the voting shares. Associates are recognized using the equity method. This means that the Group's share of profit/loss and amortisation of any excess value is recognised in the income statement. The financial statements of associates are restated in accordance with IFRS. In the consolidated balance sheet, ownership in associates are recognised as financial fixed assets at historic cost plus accumulated profit/loss, less dividends and impairment if applicable.

Purchase/sale of subsidiaries, jointly controlled companies and associates
In the case of acquisition or sale of subsidiaries, jointly controlled companies or associates, the companies are included in the consolidated financial statements for the part of the year which they have been part of or associated with the Group.

Investments in subsidiaries, jointly controlled companies and associates in Statnett SF (parent company accounts)
Investments in subsidiaries, jointly controlled companies and associates are recognised in accordance with the cost method in the parent company accounts. Group contribution paid (net after tax) is added to the cost price of investments in subsidiaries. Group contribution and dividends received are recorded in the income statement as financial income, as long as the Group contribution and dividends are within the earnings accrued during the period of ownership. Dividends in excess of earnings during the ownership period are accounted for as a reduction in the share investment. Group contributions and dividends are recorded in the year they are adopted.

Impairment
At each reporting date, the Group assesses whether there are objective indications of impairment. If such indications exist, the investment is tested for impairment. The investment is impaired if the recoverable amount (higher of fair value less sales costs or value in use) is lower than the carrying value.

Business combinations

Business combinations are recognised according to the acquisition method. Acquisition costs are the total of the fair value on the acquisition date of assets acquired, liabilities incurred or taken over as compensation for control of the acquired enterprise. Transaction costs attributable to business combinations are recognized in the income statement.

The acquired enterprise's identifiable assets, liabilities and contingent liabilities, which satisfy the conditions for recognition according to IFRS 3, are recognised at fair value on the acquisition date. Goodwill arising from acquisitions, is recognised as an asset measured as the excess of the total consideration transferred and the value of the minority interests in the acquired company, beyond the net value of acquired identifiable assets and assumed liabilities. If the Group's share of the net fair value of the acquired enterprise's identifiable assets, liabilities and contingent liabilities exceeds the total consideration after re-assessment, the surplus amount is immediately recognised in the income statement.

Statnett SF had the following investments at 31 December 2022:

Company	Business nature	Year of acquisition	Registered office	Ownership interest	Voting rights	Carrying value
Subsidiaries						*(Amounts in NOK thousand)*
Statnett Transport AS	Transport and shipping	1996	Drammen	100%	100%	28 844
Statnett Forsikring AS	Insurance	1998	Oslo	100%	100%	30 200
NordLink Norge AS	Develop and operate national transmission grid	2010	Oslo	100%	100%	2 090 262
NorGer AS	General Partner	2010/2011	Oslo	100%	100%	1 696
NorGer KS	No activity	2010/2011	Oslo	100%	100%	2 776
Nydalshøyden Bygg C AS	Real estate	2013	Oslo	100%	100%	2 769
Elhub AS	Data hub for electricity meetering data	2014	Oslo	100%	100%	209 719
Statnett Sannan AS	Land ownership	2022	Trondheim	100%	100%	6 608
Total subsidiaries						**2 372 874**
Joint controlled company and associates						
Fifty AS	Develop and operate regulation and market systems	2017	Oslo	50%	50%	5 000
TSO Holding AS	Marketplace	2002/2008	Bærum	32%	32%	55 143
eSett OY	Nordic imbalance settlement	2013	Finland	25%	25%	12 668
KraftCERT AS	IT security	2014	Oslo	33%	33%	1 623
Nordic RCC A/S	Operational security in Nordics	2022	København, DK	25%	25%	114 871
Total jointly controlled company and associates						**189 305**
Total subsidiaries, jointly controlled company and and associates						**2 562 179**

Group value of companies recorded according to the equity method

(Amounts in NOK thousand)

	Group value at 1 Jan.	Increase / Deduction	Result for the year	Dividend	Group value at 31 Dec.
2022					
TSO Holding AS, 32,2%	36 390	-	7 592	-7 354	36 628
eSett OY, 25,0%	18 515	-	3 430	-	21 945
KraftCERT AS, 33.3%	1 597	-	67	-	1 664
Nordic RCC A/S 25%	0	114 871	(6 282)	-	108 589
Total associates	**56 502**	**114 871**	**4 807**	**-7 354**	**168 825**
2021					
TSO Holding AS, 32,2%	87 262	9 411	-8 767	-51 516	36 390
eSett OY, 25,0%	18 910	-	-395	-	18 515
KraftCERT AS, 33.3%	1 408	-	189	-	1 597
Total associates	**107 580**	**9 411**	**-8 973**	**-51 516**	**56 502**

Note 21 Joint operations

The Group has entered into agreements with transmission system operators in the Netherlands, Denmark, Germany and England to construct and operate subsea cables to the continent and the UK. These agreements are regarded as “joint operations” under IFRS.

Principle

A "joint operation" is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and the liabilities relating to the arrangement. The Group recognises its share of assets, liabilities, revenues and operating expenses relating to its involvement in a joint operation.

Fifty AS

For the time being there is one company in the group, Fifty AS, which is regarded as a joint operation. Primarily the company is considered a joint operation since Statnett and another party is bound by contract, and the contract gives the parties mutual control over Fifty AS. Secondly the company is considered a joint operation since the parties have rights to the assets and responsibility for the liabilities in Fifty AS. The investment in the jointly controlled company is accounted for according to the principle of proportional consolidation (“the gross method"), which means that Statnett accounts for its share of revenue, costs, assets and liabilities on each single financial statement line item.

Interconnectors

In the following paragraphs are more information about the interconnectors. Statnett SF’s assets in the cables are included in the asset group Land and subsea cables in the note related to Tangible and intangible assets.

NorNed

TenneT TSO BV and Statnett SF have constructed a subsea cable to transport energy between Norway and the Netherlands, known as the NorNed cable. Each party owns its physical half of the cable, with Statnett SF owning the northern part and TenneT the southern part. The interconnection is 580 km long and has a transmission capacity of 700 MW. The NorNed cable became operational May 2008. Costs and trading revenues from the operation of the NorNed cable are shared equally between TenneT and Statnett.

Skagerrak

Statnett SF owns Skagerrak cables 1-3 whereas Energinet (DK) holds a long-term lease agreement for half of the cable capacity. Income from the lease is included in "Other operating revenue". At the end of December 2014, the Skagerrak Cable 4 became operational. Statnett SF and Energinet each own a physical half of the cable, with Statnett SF owning the northern part and Energinet owning the southern part. Costs and trading revenues related to the operation of the Skagerrak cables are shared equally between Energinet and Statnett SF.

Nordlink

Statnett SF, the German companies TenneT and KfW have built a HVDC interconnector between Norway and Germany. The project's name is Nordlink and the interconnection has a transmission capacity of 1400 MW. The interconnection consists of 53 km overhead line on the Norwegian side, a 514 km subsea cable and a 55 km land cable on the German side. The ownership is shared equally, where Statnett SF owns the northern part through the wholly owned subsidiary NordLink Norge AS, and TenneT and KfW own the southern part through a jointly owned German company. Costs and trading revenues are shared equally between Germany and Norway.

North Sea Link

In the winter of 2015, Statnett SF signed a cooperation agreement with the British company National Grid North Sea Link Ltd (NNL) with the purpose to realize an HVDC interconnection between Kvilldal in Norway and Blyth in North-East England. The North Sea Link project has a transmission capacity of 1400 MW, and the interconnection consists of converter stations in Blyth and Kvildal, 714 km subsea cable, 6 km land cable on the Norwegian side and 2 km land cable on the British side. The ownership is divided equally, with Statnett SF as the owner of the eastern part and NNL of the western part. Costs and trading revenues will be shared equally between the parties. The entire plant was completed in 2021, and trial operation of the plant began on October 1st. Trial operations concluded in the fall of 2022 and North Sea link has since been in ordinary operation.

Note 22 Related parties

Principle
Two parties are related if a party can influence the other party's decisions. Transactions between related parties are conducted at market terms.

Owner
As of 31 December 2022, Statnett SF was wholly-owned by the Norwegian State through the Ministry of Petroleum and Energy (MPE). Statnett has the following relations with MPE both as owner and regulatory authority.

Regulatory authority
The Norwegian parliament (Storting) is the legislative authority that passes legislation based on bills put forward by the government. Regulations are adopted by the King in Council. The MPE delegates the administration of the greater part of the Energy Act to The Norwegian Water Resources and Energy Directorate (NVE). Pursuant to the Norwegian Public Administration Act, any administrative decision made by the NVE may be appealed to the MPE as the superior authority.

The Norwegian Energy Regulatory Authority (RME), part of the NVE, is appointed as a national independent regulatory authority for the electricity market in Norway. RMEs task is to ensure that the participants comply with the regulations that ensure competitive conditions in the power market and an efficiently operated power grid. Any decision made by the RME may be appealed to the Energy Complaints Commission.

Other related parties
Investments in subsidiaries, joint venture and associates are listed in note 20

Parent company
Statnett SF is the borrower of the Group's external loans. The central treasury function in Statnett SF coordinates and manages financial risks related to currency, interest rates and liquidity within the Group. Loan agreements have been entered into between Statnett SF and its subsidiaries. Statnett SF administers the group cash pool system and is the holder of the main account. Participating group companies are sub-account holders, linked to the main account. The total bank deposits in the cash pool system are presented as bank deposits in Statnett SF. Sub-account holders' part of the main account, are included in the intercompany balances.
In addition, there are agreements entered relating to services between companies within the Statnett Group. All agreements are part of normal commercial operations, and the transactions are conducted at market terms. Transactions with subsidiaries relate mainly to the following:

Statnett Forsikring AS
Statnett Forsikring AS is licensed to provide insurance coverage and reinsurance, though limited to companies within the Statnett Group where the ownership exceeds 50 percent. In addition, Statnett Forsikring AS operates both as a direct personal insurance company and a non-life insurance company.

Statnett Transport AS
From 1 July 2020, there is no operational activity in Statnett Transport AS after the business was transferred to Statnett SF in accordance with the arm's length principle. Statnett Transport AS has granted a loan to Statnett SF of 22 MNOK as of 31 December 2022.

NordLink Norge AS
NordLink Norge AS is the developer and owner of the northern part of NordLink, an electricity cable connecting the German and the Norwegian high-voltage electricity grids. The German companies TenneT and KfW, through a jointly owned German company, will build and own the southern part of NordLink. NordLink is the first direct interconnector between the Norwegian and German electricity markets, with a capacity of 1400 MW. NordLink is operated by the transmission system operators, Statnett and TenneT respectively. The installation of the subsea power cable between Norway and Germany, as well as the converter station at Ertsmyra and the line between Ertsmyra and Vollesfjord are completed. In December 2020 the power exchange started, and the cable connecting was in normal operation from 31 March 2021.

NordLink Norge AS has no employees. In connection with the development of the cable connection, Statnett SF has granted a loan to the company. Statnett SF provides project services related to the development, as well as operation and maintenance services in addition to administrative services to support the operation of the company. NordLink Norge AS is part of the group cash pool system.

Elhub AS
Elhub AS operates and develops the central datahub for metering values and market processes in the Norwegian electricity market. Its main function is automated metering processing and distribution of same, as well as processing of market processes such as change of electricity supplier, transfers and reporting. The datahub became operational in February 2019. Elhub AS has a loan from Statnett SF. Statnett SF also provides certain administrative services within ICT, legal, purchasing and finance. Elhub AS is part of the group cash pool system.

NorGer AS and NorGer KS
Statnett SF owns 100 percent of the shares in NorGer AS and 90 percent of the shares in NorGer KS. In addition, NorGer AS owns 10 percent of the shares in NorGer KS. This entails that Statnett SF, including indirect ownership, controls 100 percent of the shares in NorGer KS. There is no operational activity in these companies.

Nydalshøyden Bygg C AS
The company is titleholder to the property Nydalen Alle` in Oslo, where Statnett SF has its head office. The company has granted Statnett SF a loan of NOK 18 million.

Statnett Sannan AS
The company holds a commercial plot in Steinkjer. There is no other operational activity in the company.

Fifty AS
Fifty AS is a jointly controlled company between Statnett SF and Affärsverket svenska kraftnät, where each company owns 50 percent of the shares in Fifty AS. Fifty AS maintains and develops ICT solutions to support the balancing of the Nordic power system. Fifty AS delivers licences-, development- and maintenance services to Statnett SF. Fifty AS has no employees. Statnett SF provides project services related to the development of ICT systems in addition to certain administrative services to support the operation of the company. Transactions between Statnett SF and Fifty AS is listed in the table below, as jointly controlled company.

TSO Holding AS
TSO Holding AS is an associated company owned 32.2 % by Statnett SF as of 31 December 2022. The associated company owns 34% of the shares in Nord Pool AS. Statnett SF purchases power from Nord Pool daily to compensate for transmission losses in the grid. The transactions are settled at the power exchange's market prices.

eSett OY
eSett OY delivers services related to imbalance settlement of electricity markets in Denmark, Finland, Sweden and Norway. The company is equally owned by the four Nordic Transmission System Operators (TSOs) Energinet, Fingrid, Svenska Krafnät and Statnett SF, each party holding 25 percent.

Statnett SF and the other owners provided identical loans to the company. As of December 31, 2022 the loan from Statnett SF to eSett OY amounted to NOK 2 million.

Nordic Regional Coordination Centre (Nordic RCC)
As of 1 January 2022 Nordic RCC was established, and the company was operational from the 1 July 2022.
Nordic RCC is equally owned by the four Nordic Transmission System Operators (TSOs), Energinet, Fingrid, Svenska Krafnät and Statnett SF, each party holding 25 percent. Nordic RCC supports the Nordic Transmission System Operators in maintaining operational security in the Nordic power system, by calculating transmission capacity to the market and coordinating disconnections.
Statnett has provided operational services to Nordic RCC at hourly rates according to the arm's length principle.

Dividend and group contribution
In 2022, Statnett SF has received dividends and group contribution from subsidiaries and associates totalling NOK 144 million.

Statnett SF inter-company accounts

	Trade accounts		Lending		Borrowing		Trade acc. Payable	
(Amounts in NOK million)	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Subsidiaries	25	24	5 009	4 807	176	234	-	14
Jointly controlled company	46	86	-	-	-	-	27	13

Interest rates

Interest rates on long-term borrowing and lending have been agreed at six months' NIBOR with a mark-up in the interval 0.3 - 1.3 percent. The interest rates in the cash pool systems are agreed at three months Nibor with a mark-up of 0,25 and 0,7 precent for receivables and liabilites respectively.

Statnett SF's intra-group trading

	Regulated operating revenue		Other oper. revenues		Operating costs	
(Amounts in NOK million)	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Subsidiaries	-633	-724	141	105	-75	-148
Jointly controlled company	-	-	58	58	-17	-16

	Financial income		Financial costs	
(Amounts in NOK million)	**2021**	**2022**	**2021**	**2022**
Subsidiaries	95	146	-1	-5

	Group contribution received		Dividend received	
(Amounts in NOK million)	**2021**	**2022**	**2021**	**2022**
Subsidiaries	148	137	52	7

Note 23 Remuneration to Group Management

The Board's statement regarding salaries and other remunerations to Group management 2022
The statement concerning remuneration to the President and CEO and the Group management has been prepared in accordance with the enterprise's articles of association, provisions in the Public Limited Liability Companies Act as well as the Ministry of Trade, Industry and Fisheries' "guidelines for salary and other remuneration for Group management in enterprises and companies with state ownership" as of 12 December 2022.

Management remuneration policy
The Group's guiding principle is to keep remuneration and other benefits for the Group management at a competitive level to ensure that the Group attracts and retains high-quality senior executives, though not taking a leading position when it comes to salary. However, the salary must be competitive for the industry and compared to other companies recruiting in the same market as Statnett. Also, the salary must reflect individual experience, area of responsibility and achieved results. The management remuneration policy is applicable for Statnett SF and subsidiaries.

Guidelines for salary and other remuneration
Based on the Ministry of Trade, Industry and Fisheries' "guidelines for salary and other remuneration for Group management in enterprise and companies with state ownership", the Board of Directors has set a framework for elements to be included in the Group's future salary and remuneration package for new members of Group management. The following guidelines are applicable:

Fixed salary: Fixed salary is determined based on an assessment of the specific position and the market, while considering Statnett's policy of being competitive without taking a leading position. When the fixed salary is determined, the total remuneration should be used as a basis.
Pensions: Membership in Statnett's defined contribution plan.
Personnel insurance: Arrangements applicable for other employees including group life-, accident-, sickness insurance as well as occupational injury- and travel insurance, are also applicable for Group management.
Car arrangement: Car allowance can be offered. In exceptional cases a company car can be offered if needed in the line of duty.
Other remunerations: Coverage of newspapers, mobile phone and broadband communication in accordance with established standards.
Internal board members: Internal board members do not receive remuneration. Board insurance exists for all board members.

This is applicable for Statnett SF and subsidiaries.

Existing arrangements for Group management
The remuneration to the Group management is established in accordance with the guidelines described above. From historical reasons, the Group management may have different remuneration in relation to individual agreements entered before the guidelines were determined.

In addition to a fixed salary, Group management is entitled to car allowance and membership in the Group's collective pension scheme. In accordance with previously entered work agreements, three members of Group management have individual pension arrangements for salary beyond 12 times the Norwegian national insurance scheme basic amount. Two members of Group management have a company car. This is in compliance with agreements entered at an earlier stage. In accordance with entered agreements, the retirement age for three members of Group management is at 65 years of age. Group management employed in 2019 and later do not have such a regulation in their agreement. It is a mutual understanding and acceptance that it is possible to address the need or desire for transition to another position at any time after the age of 60. There is no bonus scheme, share-based pay or other incentive based schemes for Group management.

In addition to a fixed salary, the CEO's benefits are limited to membership in the Group's collective pension scheme, collective insurance schemes, car allowance, coverage of newspapers and broadband communication. The CEO is granted a 12 months' severance pay in the event of dismissal from the company. No other members of Group management have an agreement granting severance pay. One executive in a subsidiary has an agreement granting 12 months' severance pay including a notice period in the event of dismissal from the company.

Execution of remuneration principles in 2022

The remuneration approval for Group management in 2022 was conducted in accordance with the above guidelines in Statnett and subsidiaries. The Board of Directors approves the annual salary adjustment for the company's President and CEO, and adopts a framework that the President and CEO uses to adjust the rest of the salaries of the Group management team. The salaries for the president and CEO and Group management, were in 2022 adjusted within the same limits as the rest of the Group.

The Board of Directors' assessment is that the remuneration to Group management, is in compliance with requirements in the Ministry of Trade, Industry and Fisheries "guidelines for salary and other remuneration for Group Management in enterprises and companies with state ownership".

Organisation

The Board of Directors has established a remuneration committee, consisting of two owner-appointed board members and one employee representative. The remuneration committee is an advisory and preparatory body for the Board of Directors, and will put forward proposals for salary adjustments in accordance with the guidelines specified above. Separate instructions has been prepared for the remuneration committee. The President and CEO is a regular member of the committee. The Senior Vice President Employer Relations acts as committee secretary.

New guidelines for remuneration effective from 2022

The Board has implemented new guidelines for remuneration for senior executives on the basis of §8 in the Articles of Association, §6-16a and §6-16b in the Public Limited Liability Companies Act, and the Ministry of Trade, Industry and Fisheries' guidelines for salary and other remuneration for group management. The guidelines are to be adopted at the Annual General Meeting for 2022. The guidelines will be taken into account for the Board's statement regarding salaries and other remunerations to Group management for 2022.

Remuneration to the Board *(Amounts in NOK)*		**Board remuneration**	
Board members		**2022**	**2021**
Nils Kristian Nakstad (from June 2022)	Chair	242 000	-
Jon Fredrik Baksaas (until June 2022)	Chair	242 000	468 000
Wenche Teigland (Vice Chair from June 2022)	Vice Chair	332 000	283 000
Tove Elisabeth Pettersen (until June 2022)	Vice Chair	185 500	361 000
Egil R Gjesteland	Board member	313 000	303 000
Maria Sandsmark	Board member	293 000	283 000
Hilde Singsaas (from June 2022)	Board member	146 500	-
Christian Henrik Prahl Reusch	Board member	258 000	248 000
Steinar Jøråndstad	Board member	258 000	248 000
Rolf-Amund Korneliussen (from June 2022)	Board member *)	146 500	-
Ole Bjørn Kirstihagen (until June 2022)	Board member *)	146 500	283 000
Ingeborg Skjelkvåle Ligaarden	Board member *)	293 000	283 000
Pernille Dørstad (until June 2022)	Deputy member *)	-	27 000
Kåre Eidem (until June 2022)	Deputy member *)	-	18 000
Total board remuneration		**2 856 000**	**2 805 000**

All figures are exclusive of employer's NICs.
Board members receive compensation for their participation in the audit committee, remuneration committee or project committee. Board remunerations may therefore vary.
*) In the case of employee representatives, only board members' fees are stated.

Remuneration/benefits to the Group management 2022 *(Amounts in NOK)*		Salary	Other remuneration[1]	Pension cost	Total remuneration
President and CEO					
Hilde Tonne		5 277 352	192 653	189 584	5 659 589
Executive Vice Presidents					
Håkon Borgen	Offshore Development	2 502 002	139 232	909 646	3 550 880
Knut Hundhammer (until May)	CFO, Finance & Corporate Affairs	1 267 036	71 323	411 560	1 749 920
Cathrine Lund Larsen (from june)	Chief Financial Officer	1 329 103	96 516	112 294	1 537 912
Peer Olav Østli	System Operations	2 644 419	169 511	1 215 456	4 029 387
Elisabeth Vike Vardheim	Grid & Asset Management	2 735 055	224 950	902 272	3 862 277
Beate Sander Krogstad	Transformation & Digital	2 540 553	155 217	235 693	2 931 463
Gunnar G. Løvås	Markets & System Development	2 896 292	163 436	189 584	3 249 312
Anne Wilhelmine Flagstad (from May)	People & Sustainability	1 432 949	102 018	128 336	1 663 302
Bente Monica Haaland (until April)[2]	People & Sustainability	970 710	51 652	156 167	1 178 529
Total remuneration		**23 595 470**	**1 366 509**	**4 450 592**	**29 412 571**

All figures are exclusive of employer's NICs.

[1] Included value of company car or fixed car allowance, phone, newspapers and personal insurance.

[2] In 2022, Bente Monica Haaland has received a one-off payment of NOK 300,000 for the period she served as executive director from 1 September 2021 to 30 April 2022. The one-off payment is included in its entirety under salary in the table above, while other benefits is adjusted in relation to the number of months she has been part of the group management.

Remuneration/benefits to the Group management 2021 *(Amounts in NOK)*		Salary	Other remuneration[1]	Pension cost	Total remuneration
President and CEO					
Hilde Tonne (as of March 15th)		4 058 065	158 176	144 860	4 361 100
Auke Lont (Through March 14th)		648 247	37 056	713 331	1 398 634
Executive Vice Presidents					
Håkon Borgen	Offshore Development	2 379 118	119 278	644 172	3 142 568
Knut Hundhammer	CFO, Finance & Corporate Affairs	2 923 383	143 281	892 547	3 959 211
Peer Olav Østli	System Operations	2 504 695	169 093	1 089 405	3 763 193
Elisabeth Vike Vardheim	Grid & Asset Management	2 574 710	222 213	781 997	3 578 920
Beate Sander Krogstad	Transformation & Digital	2 421 457	159 592	204 156	2 785 205
Gunnar G. Løvås	Markets & System Development	2 720 779	165 014	180 836	3 066 629
Bente Monica Haaland (as of September 1th)	People & Sustainability	637 805	5 775	72 067	715 646
Total remuneration		**20 868 258**	**1 179 476**	**4 723 371**	**26 771 105**

All figures are exclusive of employer's NICs.

[1] Included value of company car or fixed car allowance, phone, newspapers and personal insurance.

Terms and conditions, senior executives

Title/name	Terms and conditions for retirement age, early retirement pension, retirement pension and severance pay
President and CEO: Hilde Tonne	In addition to a fixed salary, the President and CEO's remuneration is limited to membership in Statnett's defined contribution pension scheme, collective insurance schemes, car allowance and coverage of newspapers and broadband communication. The President and CEO has agreed to a 12 month severance pay in the event of dismissal from the company.
Executive Vice President: Håkon Borgen	The retirement age is 65, but with the right to retire with an early retirement pension after the age of 62. In the event of retirement between 62 and 65 an annual payment of 66 percent of the pension base will be disbursed. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. In the event that income is received from others and this, together with the early retirement pension disbursed by Statnett, exceeds the final salary the early retirement pension will be reduced by 50 percent of the amount that exceeds the final salary. From the age of 65, the full annual retirement pension is 66 percent of the pension base. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. Upon death, any surviving spouse and children under the age of 21 will receive a pension. Entitlements to pension benefits beyond what is gained through the collective pension scheme, will lapse if they are no longer employed by Statnett SF on their 62nd birthday. Should any of the above persons become disabled before reaching the age of 65, he or she will receive a disability pension. The full disability pension equals the retirement pension awarded at the age of 65. The disability pension disbursement will be reduced according to disability. Håkon Borgen is included in the enterprise's defined contribution scheme and related compensation plan from the previous defined benefit pension scheme.

Executive Vice President: Peer Olav Østli	The retirement age is 65, with the right to retire with an early retirement pension at any time after 62. The full contribution period is 30 years. In the event of retirement between ages 62 and 65, an annual payment shall be disbursed of 66 percent of the pension base, less one percentage point for each year between 62 and 65. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. Pension disbursement may be reduced if the member receives any salary, pension or remuneration from other companies in the Statnett Group. From the age of 65, the full annual retirement is 66 percent of the pension base. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. From the age of 67, the annual retirement pension is covered through the National Insurance Scheme and Statnett's Group pension scheme, plus 66 percent of the part of the pension base that exceeds 12 times the basic amount, provided that there is a full contribution period (30 years). Upon death, any children under the age of 21 will receive a children's pension. If the Vice President leaves the company before retirement age, a pension rights certificate will be issued, which will secure retirement pension benefits from age 65. The pension rights certificate will be adjusted by 75 percent of the increase in the basic amount for each year until retirement. Upon disability before reaching the age of 65, the Vice President will receive a disability pension. The full disability pension equals the retirement pension awarded at the age of 67, based on the pension base at the time the disability occurred. The disability pension disbursement will be reduced according to disability.
Executive Vice Presidents: Elisabeth Vike Vardheim Knut Hundhammer (until May 2022) Bente Monica Haaland (until April 2022)	The retirement age is 65. A pension agreement has been entered into in addition to the ordinary membership in the enterprise's Group pension scheme, where the pension is secured through a bank saving account balance, including interest, disbursed to Vice Presidents. Statnett will, each year until retirement or resignation, pay up to 30 percent of the difference between the ordinary salary and 12 times the Norwegian national insurance scheme basic amount to the pension fund scheme. Upon death, the surviving spouse or spouse equivalent will receive an amount corresponding to the remaining savings balance including interest from Statnett SF. This lump sum will be taxable for the receiver. Knut Hundhammer og Elisabeth Vike Vardheim are in addition entitled to pension from the enterprise's defined benefit scheme from 67 years of age.
Executive Vice Presidents: Beate Sander Krogstad Gunnar G. Løvås Cathrine Lund Larsen Anne Wilhelmine Flagstad	In addition to a fixed salary, the Executive Vice Presidents remuneration is limited to membership in Statnett's defined contribution pension scheme, collective insurance schemes, car allowance and coverage of newspapers and broadband communication. Beate Sander Krogstad is also included in the related compensation plan from the previous defined benefit pension scheme.

No loans have been made or security provided for members of the Group Management or Board of Directors.

Note 24 Other liabilities

Other liabilities mainly consist of asset retirement obligations related to grid facilities and investment grants received.

Principle

Estimates of costs related to retirement of tangible assets are recorded as liabilities from the time the Group deems that a legal or actual retirement obligation exists. Asset retirement obligations are discounted using estimates of future inflation and NVE interest rate. Changes in estimates due to asset retirement obligations approaching the estimated time of settlement are recorded as interest costs (accretion expenses). See note 8 Tangible and intangible assets for a further description of the recording of asset retirement obligations.

Investment grants are financial contributions from other companies to finance facilities to which Statnett builds and retains ownership. The investment grants are recorded as a liability when received and allocated over the lifetime of the relevant facility.

Specification of changes in other liabilities

Parent company

(Amounts in NOK million)	Asset retirement obligations	Other liabilites	Total
Liabilities at 1 January 2021	**366**	**134**	**500**
New or changed estimates	47	23	69
Amounts charged against liabilites	-179	-	-179
Reduction due to divestments	-	-	-
Accretion expenses	24	-	24
Reclassification to short-term liability	59	-	59
Liabilities at 31 December 2021	**317**	**157**	**473**
New or changed estimates	150	-7	144
Amounts charged against liabilites	-91	-	-91
Reduction due to divestments	-	-	-
Accretion expenses	32	-	32
Reclassification to short-term liability	92	-	92
Liabilities at 31 December 2022	**500**	**150**	**650**

Group	Asset retirement obligations	Other liabilites	Total
Liabilities at 1 January 2021	**366**	**135**	**500**
New or changed estimates	47	45	91
Amounts charged against liabilites	-179	-	-179
Reduction due to divestments	-	-	-
Accretion expenses	24	-	24
Reclassification to short-term liability	59	-	59
Liabilities at 31 December 2021	**317**	**180**	**495**
New or changed estimates	150	-26	125
Amounts charged against liabilites	-91	-	-91
Reduction due to divestments	0	-	0
Accretion expenses	32	-	32
Reclassification to short-term liability	92	-	92
Liabilities at 31 December 2022	**500**	**154**	**654**

For expected timing of cash outflows, see note 18 Financial risk management.

Total asset retirement obligations amount to NOK 596 million at year end, of which NOK 96 million has been classified as short-term debt.

Note 25 Secured debt and guarantees

The parent company may not pledge the enterprise's assets or provide other security, apart from providing security to financial institutions in connection with day-to-day banking transactions, and providing the customary security as part of the day-to-day operations. For guarantees issued on behalf of subsidiaries, see the note on related parties for details.

Note 26 Contingent assets and liabilites

Principle

Contingent assets and liabilities are a potential asset or obligation where the existence is uncertain, and will be confirmed by a future event that may or may not occur, for example the outcome of a legal case or an insurance payment. Contingent liabilities are recorded in the annual financial statements, based on best estimate, if it is likely (more than 50 percent) that an obligation has occurred. When the probability is lower, information is disclosed if the potential obligation is significant and likelihood of payment is very low. A contingent asset will only be recorded in the balance sheet if it is highly probable (more than 90 percent) that the Group will receive the asset. If the probability is less than 90 percent, but there is a certain probability that the asset will benefit the Goup, this will be disclosed in the financial statements.

Higher/lower revenues are contingent liabilities/assets in accordance with IFRS and are not recorded in the balance sheet. Please see note 4 for further details.

There are not recorded contingent assets or liabilities in the financial statements.

Sale of property

In 2014 Statnett sold its former head office at Husebyplatået in Oslo to Husebyplatået AS with a recorded gain of NOK 56 million. In 2016 Statnett sold Noreveien 26 with a recorded loss of NOK 39 million, to the same buyer. The settlement is not final, and is dependent on the utilisation of the property granted to Husebyplatået AS as part of the future construction permit. Statnett estimates that the entity will receive payments of approximately NOK 800 million during the period 2025 – 2032 if the construction plans for Husebyplatået are realised. The planning proposal have been sent to the authorities in Oslo for consideration. These expected payments are not recognized, and the estimates are uncertain.

Uncertain tax positions

A dispute, or the tax authorities' subsequent assessment of a special tax treatment, can affect the accounting of both payable and deferred tax. When the group assesses the accounting of uncertain tax benefits or tax liabilities, it is assessed whether the asset or liability is probable. If the final outcome of tax cases deviates from the amount recognized in the balance sheet, the deviation will affect the tax cost in the subsequent period. See note 19 Taxes for more information about ongoing tax matters.

Note 27 Other operating costs

Other operating costs comprise cost types that are not classified on the other lines under operating costs.

Principle
Other operating costs are recognized when incurred.

Property tax is classified as other operating costs and recognized in the financial year when an invoice that applies to the current year is received from the municipalities.

Leases – IFRS 16
Leases recognized in the balance sheet pursuant to IFRS 16 are shown under note 8 Tangible and intangible assets and note 16 Interest-bearing liabilities.

Parent company			Group	
2021	**2022**	*(Amounts in NOK million)*	**2022**	**2021**
66	85	Lease rental payable *	93	75
485	497	Contracted personnel/consultants/purchase of services	785	720
166	177	Insurance	40	132
286	359	Materials and subcontractors	333	122
368	379	Property tax	398	387
216	233	IT costs	245	237
318	508	Miscellaneous	533	322
1 905	**2 238**	**Total other operating costs**	**2 427**	**1 995**

* Includes only rental costs that do not qualify for recognition under IFRS16 Leases.

Auditor's fee

Parent company			Group	
2021	**2022**	*(Amounts in thousand kroner)*	**2022**	**2021**
1 003	1 840	Statutory audit	2 367	1 442
650	973	Other attestation services	1 003	675
-	-	Tax-related assistance	-	-
-	349	Other assistance	353	-
1 653	**3 162**	**Total fees (excl. VAT)**	**3 723**	**2 117**

Note 28 Other comprehensive income

Other comprehensive income is part of Total comprehensive income, and is also part of Statement of changes in equity. Other comprehensive income to be reclassified to profit or loss in subsequent periods, is recorded as Other items in the Statement of changes in equity, while Other comprehensive income not to be reclassified to profit or loss in subsequent periods, is recorded as Other equity accrued in the Statement of changes in equity.

Spesification of other comprehensive income

Parent company/Group *(Amounts in NOK million)*	Fair value of financial instruments	Cash flow hedge reserve see note 15	Total Other compre-hensive income recorded in Other items	Estimate deviations of pension liabilities	Total Other compre-hensive income recorded in Other equity accrued	Total Other compre-hensive income
Carrying value 1.1.21	**-**	**-159**	**-159**	**-188**	**-188**	**-346**
Changes, gross	-	298	298	36	36	334
Tax effect	-	-66	-66	-8	-8	-74
Carrying value 31.12.21	**-**	**73**	**73**	**-160**	**-160**	**-86**
Carrying value 1.1.22	**-**	**73**	**73**	**-160**	**-160**	**-86**
Changes, gross	-	524	524	-142	-142	382
Tax effect	-	-115	-115	31	31	-84
Carrying value 31.12.22	**-**	**482**	**482**	**-271**	**-271**	**211**

Note 29 Events subsequent to the balance sheet date

Principle
New information on the company's positions on the balance sheet date is incorporated into the annual financial statements. Events after the balance sheet date that do not affect the company's position on the balance sheet date, but will affect the company's position in the future, are disclosed if they are material.

There are no events occurred after the reporting date that may have material effects on the 2022 financial statements.

Note 30 Assets held for sale

Principle

If the carrying amount of a non-current asset is expected to be recovered principally through a sale transaction rather than through continuing use, the asset is to be classified as held for sale. The asset must be available for immediate sale, and its sale must be highly probable and expected to take place within one year. Upon reclassification, depreciations cease even when the asset is still in use, and the asset is to be measured at the lower of its carrying amount and fair value less costs to sell.

Last year, the back-up power plant at Nyhamna was reclassified from held for sale to operating assets as it was considered uncertain whether a sale would be completed within a year. However, a sale of Nyhamna has been carried out in 2022 and the back-up power plant was transferred to the buyer December 2022. The sale of the back-up power plant at Nyhamna resulted in a profit of NOK 48 million in 2022 and the profit is included in the financial statement line item "Other operating income".

At the end of 2022, there are no assets that are considered to be classified as held for sale.

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To the General Meeting of Statnett SF

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Statnett SF, which comprise:

- The financial statements of the parent company Statnett SF (the Company), which comprise the balance sheet as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Statnett SF and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 22 June 2018 for the accounting year 2018.

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.

Deloitte.

Investments in tangible fixed assets and plants under construction

Key audit matter	How the matter was addressed in the audit
Refer to the notes 8, 9 and 21 in the group financial statement for specification and description of accounting principles for Statnett's investments in tangible fixed assets and plants under construction. Refer also to note 3 for a description of related estimates and assumptions, and description of the impact investments have on the permitted revenue in note 4. At 31 December 2022, the carrying value of tangible fixed assets amounts to NOK 68,247 million and the carrying value of plants under construction amounts to NOK 6,291 million. The Group's investments amount to NOK 4,985 million in 2022. Investments include additions and construction interest capitalized on plants under constructions. For investments management must make assumptions about: • whether costs should be capitalized or expensed, for accounting and tax purposes • estimate accrued costs and stage of completion of the projects at the end of the reporting period For plants under construction, management must make assumptions about when projects are transferred from plants under construction to tangible asset, "the asset is ready to use". For assets that are ready to use and facilities purchased, management must make assumptions about identification of significant components of the asset and remaining useful life for the components. Due to size and complexity of tangible fixed assets and plants under construction, the level of management judgement involved and the impact on the permitted revenue, investments in tangible fixed assets and plants under construction is identified as a key audit matter.	We have assessed Statnett's process for following up investment projects and tested the design and implementation of controls established when transferring projects from plants under construction to tangible assets, identification of significant components for projects and purchased facilities, estimating remaining useful life and stage of completion and estimating when the asset is ready to use. We have evaluated and challenged management's assessment about: • whether costs should be capitalized or expensed, for accounting and tax purposes • when projects are transferred from plants under construction to tangible asset • remaining useful life • degree of identification of significant components • method for estimating stage of completion of the projects, and • estimated accrued costs at the end of the reporting period. We have tested a sample of this year's additions and evaluated if they are correctly capitalized or expensed. We have also tested a sample of estimated stage of completion and accrued costs at the end of the reporting period. For assets ready to use in 2022 we have for a sample tested when the project is transferred from plants under construction to tangible asset, identification of significant components and estimated remaining useful life. For facilities purchased in 2022 er have for a sample tested identification of significant components and estimated remaining useful life. We have assessed the adequacy of the related disclosures in the financial statement.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Statnett SF, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 'stane-2022-12-31.zip', have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

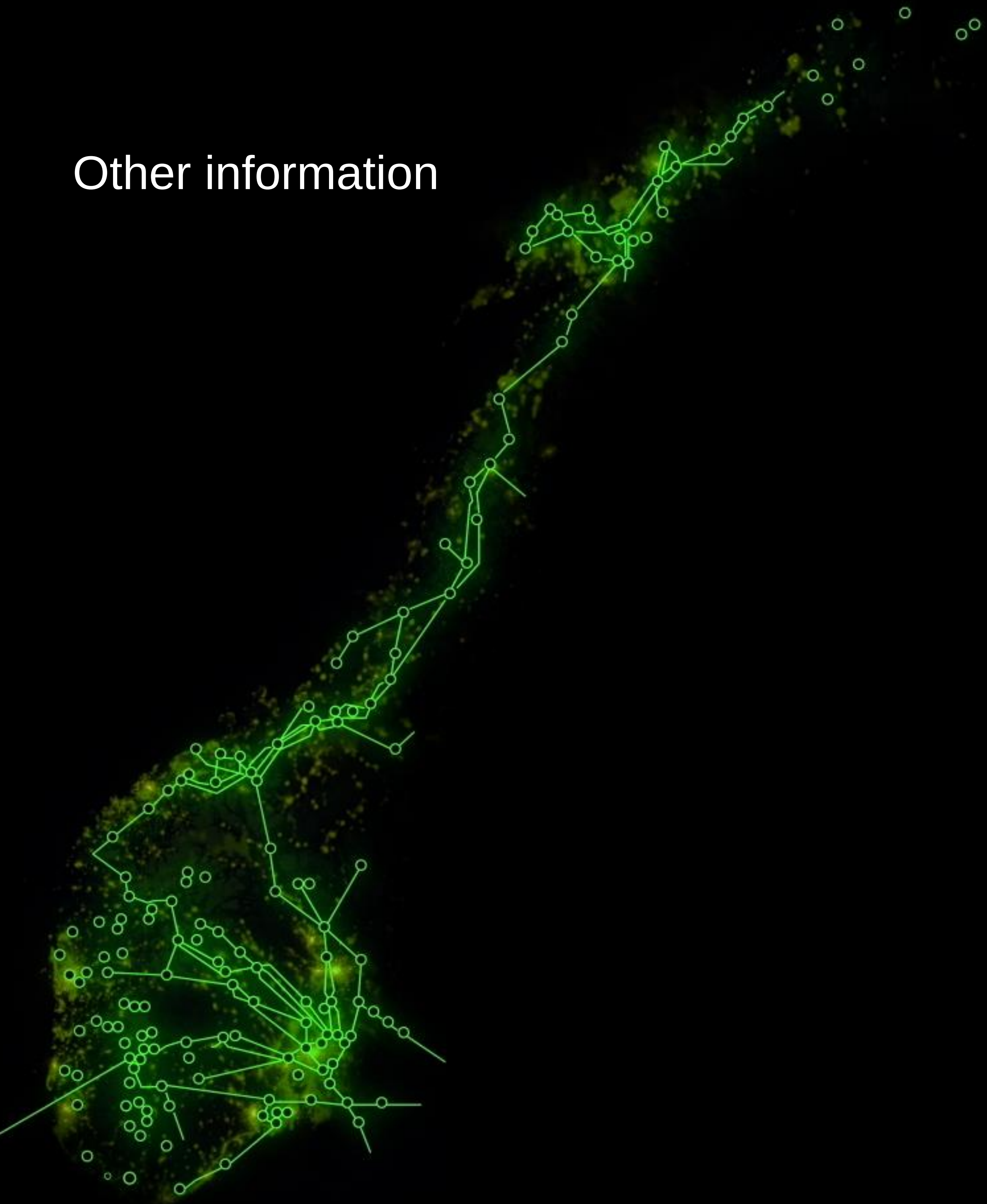
As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 23 March 2023
Deloitte AS

Guro Magnetun Heimvik
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Other information



The duty to engage actively in equality work and the duty to issue statements

For Statnett, it is important to be an attractive employer, irrespective of our employees' background and we aim to have an inclusive working environment. Women and men with approximately the same qualifications, responsibility and experience receive the same pay in comparable positions. This is described in governing documents, which are based in part on the ILO's core conventions.

Diversity, gender equality and anti-discrimination

We work to promote equality and prevent discrimination on grounds of age, gender, pregnancy, parental leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, beliefs, disability, sexual orientation, gender identity or gender expression. Our policy for people, management and governance states that no one at Statnett or our suppliers is to be subjected to harassment, bullying or discrimination.

We aim to increase the proportion of women and increase diversity. Many of our positions require a type of education traditionally dominated by men. This applies in particular to the profession of power-supply fitter, where there are very few female candidates for vacant positions. To some extent, this also applies to certain technology and engineering disciplines. Recruiting more a diverse staff is crucial for developing a greater number of talented people in different disciplines with a variety of experience, nationalities and genders.

We take a targeted approach to attract applicants from different backgrounds. When we recruit new employees, we include a diversity statement in all our job advertisements, and we aim to have at least one qualified female candidate in the final round of interviews. We facilitate working conditions for those with reduced functional ability and offer Norwegian language training to applicants who are non-native speakers. To contribute to an inclusive working environment, we have established a diversity group with representatives from both employees and management who work on measures to increase awareness of diversity and equality in the company. Furthermore, Statnett organises social activities that are also intended to contribute to an inclusive working environment, including a Functionary Committee, a Company Sports Team, a Revue Group and Young at Statnett.

Gender balance

In December 2022, the proportion of women at Statnett was 27 per cent. Among managers, Statnett has 31 per cent women. Statnett's Group Management comprises 62 per cent women.

We work actively with gender balance during our recruitment processes. The proportion of women among new employees in 2022 was 32.6 per cent. Half of the participants in Statnett's annual student summer project "Kube" were women. 12 per cent of our apprentices are women.

Salary

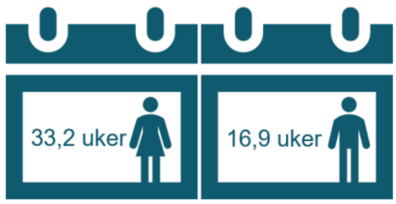
At Statnett, women earn 101.4 per cent of the average salary for all employees.

When we examine women's salaries in relation to job categories (1–4), women earn between 113.1 per cent and 94.6 per cent of average salaries. The average salary for female managers in relation to the average salary for all managers is 103.8 per cent.

Guidelines and collective agreements are intended to contribute to equal treatment of employees with regard to pay and wage assessments. At the same time, Statnett has individual remuneration where there may be an objective basis for wage differences, for example on the basis of performance, expertise and differences in market wage levels. All employees are given the opportunity to raise issues related to their salary with their manager as part of their performance appraisal interview. Managers receive training and guidance on guidelines for individual determination of salary and how the wage settlement should be distributed in a non-discriminatory manner.

Parental leave

Statnett is keen to ensure that men should have the same opportunity as women to take parental leave –



and that this should be equally accepted. In 2022, 116 employees took statutory parental leave. The distribution between women and men was 30.1 per cent women and 69.9 per cent men, respectively. On average, men took 16.9 weeks of statutory leave, while women took an average of 33.2 weeks of parental leave.

Sickness absence

Statnett had a sickness absence rate of 4.1 per cent in 2022.

Sickness absence among women was 6.3 per cent, while sickness absence among men was 3.3 per cent. Statnett's sickness absence rate has been at a low level in recent years (about 3 per cent), but absence levels increased in 2022. Both short-term and long-term absence increased in 2022. The increase in sickness absence mainly relates to the period from January to April and November/December.

The distribution of absence related to sick children/childminder is 1.15 per cent for women and 0.65 per cent for men.

Involuntary part-time

Of Statnett's 1,579 permanent employees, 98.4 per cent are employed in 100 per cent positions. Statnett has 25 part-time employees, seven of whom are defined by the company as part-time positions, all within cleaning, and all of these positions are held by women. The positions are located in different places in the country and have a scope of work that does not allow for a higher FTE percentage. There are 18 employees who work reduced hours due to partial disability or at their own request. Women make up 52 per cent of all part-time employees.

Surveys of involuntary part-time work are followed up by managers and will be included in performance appraisal interviews in 2023. For 2022, the survey shows that two of the part-time employees would prefer a higher FTE percentage.

Employee involvement

We include efforts to strengthen the working environment, gender equality and diversity in various activities. Statnett is bound by basic agreements, collective agreements and special agreements between Statnett and the trade unions represented in the company: the Electrician and IT Workers Union (ELogIT), the Norwegian Society of Graduate Technical and Scientific Professionals (Tekna), the Norwegian Society of Engineers and Technologists (NITO), the Norwegian Civil Service Union (NTL) and a coalition of the Norwegian Association for Professionals and Graduates, the Norwegian Association of Economists and the Norwegian Association of Social Scientists. The collective agreements also contain provisions on gender equality and diversity. Statnett has an active bipartite cooperation with all the trade unions represented, and follows up obligations under the collective agreements in both formal and informal meetings, including monthly contact meetings. Through the contact meetings, the employee representatives are informed about company status for sick leave, employee turnover, hiring of temporary personnel and staff composition, including gender balance, age composition, competence and what measures are being taken to further develop the company in these areas.

In addition, Statnett's Working Environment Committee deals with various topics related to health, safety and the environment. The Working Environment Committee met five times in 2022. It also carried out inspections at Klæbu training centre, the Orkdal substation and the Rød substation.

Ethics and whistleblowing

Violations of Statnett's guidelines – internally or at suppliers – must be addressed with the line manager, the Ethical Ombudsman or via Statnett's electronic whistleblowing channel "Mitt varsel', which facilitates anonymous reporting. Reports via "Mitt varsel" are followed up by the Ethical Ombudsman in accordance with its mandate. This applies to all negative/censurable incidents, including cases involving equality and discrimination.

In 2022, the Ethical Ombudsman received 46 enquiries, 21 of which concern working conditions and 25 concern business ethics and anti-corruption. All cases have been dealt with in accordance with the mandate.

Further work

In 2023, Statnett will continue to work on diversity, equality and anti-discrimination through increased focus on diversity in recruitment, increased awareness of diversity and inclusion among managers and employees, the Ethical Ombudsman and follow-up of working environment surveys and quarterly organisational surveys. We will continue to cooperate actively with employee representatives, the Working Environment Committee and the safety organisation to set necessary priorities and further develop suitable meeting places for this work.

Statement on Due Diligence

Statnett has a range of stakeholders, from subcontractors to those affected by our facilities.

Statnett's operations entail a risk of negative impacts on human rights and decent working conditions, for example related to HSE, discrimination, social dumping and unethical business activities. At Statnett, respect for human rights and requirements for decent working conditions are fundamental. We have worked to reduce the risk of negative impact on human rights for many years. In 2022, we carried out further due diligence assessments.

We have identified risks and gaps

In line with the OECD's guidelines for due diligence, we have mapped the risk of human rights violations both in relation to internal employees and in relation to employees in the supply chain. Important areas for Statnett that affect human rights and decent working conditions are HSE and discrimination. Our work on HSE and diversity is described in more detail in the sustainability report as well as in the chapter concerning the activity duty and the duty to issue statements. Supplier monitoring and indigenous Peoples' rights are given priority in this statement.

We have updated our ethical guidelines

Human rights and decent working conditions must be respected throughout our operations. Statnett's *Code of Conduct* and *Supplier Code of Conduct*, which have been approved by the Board of Directors, reflect this. Our contracts include special requirements for pay, working conditions and ethical guidelines for our suppliers.

In 2022, Statnett also established *Instructions for due diligence statements* that follow the method in the

OECD Guidelines for Multinational Enterprises. During 2023, we will consider further updates to our constitutive and governing documents to reflect new expectations and requirements.

Supplier monitoring

We assess country and product risk

Statnett has a global supply chain, and in 2022 we made purchases for just over NOK 6 billion from just under 4,500 different suppliers. In this context, suppliers include contractors, suppliers of products and materials, and other services such as transport and cleaning. With a large global supply chain, there is therefore a significant risk of violations of human rights and decent working conditions.

In assessing the risk (country and product) associated with our supply chain, in 2022 we mapped the potential risk of violations of the following rights: fair wages, freedom of association and the right to collective bargaining, the right to rest, safe and healthy working conditions, satisfactory living standards for workers, leisure time and a reasonable limitation of working hours, as well as the risk of forced labour. We have also identified the potential risk of adverse health effects from exposure to chemicals, hazardous work performed by persons under the age of 18 and the risk of discrimination. The risk mapping also shows that foreign workers on temporary contracts with suppliers or subcontractors are particularly vulnerable.

Assessments of country and product risk are part of the procurement process and may result in stricter qualification requirements in tender competitions. Furthermore, after specific risk assessments, separate examinations of Integrity Due Diligence can be established. This is to comply with the rules and legislation for public procurement and Statnett's Supplier Code of Conduct on respect for human rights, decent working conditions and sustainability. The examinations and assessments take place in connection with the qualification assessment and are carried out by our contractual partner PWC.

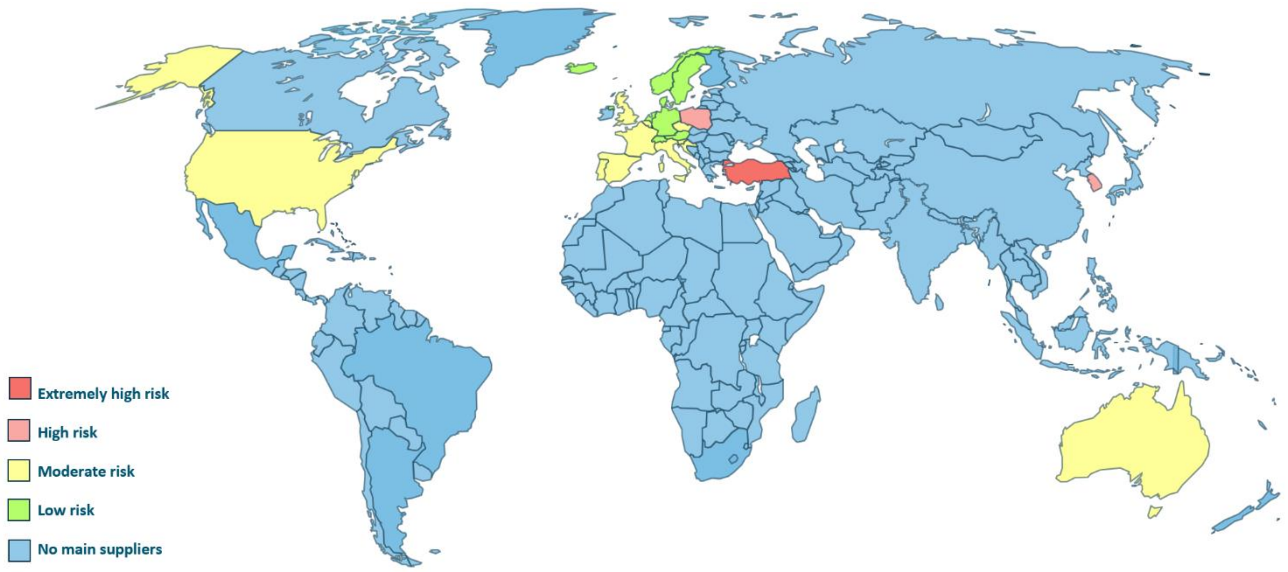
We set requirements

Our requirements for pay and working conditions, which are reflected in our *Supplier Code of Conduct* and Statnett's minimum requirements for pay and working conditions, are part of our contract terms and conditions and are included as separate appendices to the contract. These are required to be passed on to subcontractors throughout the entire contract chain. Suppliers must also confirm that no subcontractors are on selected sanctions lists.

We also set clear expectations for our suppliers through follow-up and dialogue. An example of how we work to build our suppliers' competence in relation to our requirements is Statnett's Suppliers Day. In 2022, senior executives from 21 suppliers were represented, where important topics included due diligence requirements and HSE.

We investigate before we buy

All of Statnett's main suppliers must be qualified in Achilles, which is a qualification scheme for the energy and utilities sector. Achilles conducts approximately 110



Statnett has main suppliers around the world.

audits of its qualified suppliers annually. For procurements with a high level of risk, Statnett has stricter qualification requirements.

Statnett cooperates with a number of actors to help combat work-related crime and human rights violations nationally and internationally. Our partners are StartBANK, the Norwegian Tax Administration, samarbeidsforum mot A-krim (cooperation forum against work-related crime) and Fair Play Bygg.

We follow up censurable conditions

If suppliers have significant breaches of the requirements for decent working conditions and fail to rectify the situation, Statnett will apply sanctions in the form of daily penalties, rescission of the contract and exclusion of the suppliers in question from upcoming competitions. We have internal procedures for conducting audits of suppliers. In 2020 and 2021, we carried out three audits each year to establish whether our suppliers follow our requirements in practice. .

In 2022, Statnett carried out four audits. All these audits were carried out in Norway, three of them were of foreign suppliers and subcontractors and one was of a Norwegian supplier. No significant breaches of our requirements were identified during these audits.

We want to be notified

Notification of censurable conditions may be made to managers, safety representatives, employee representatives or the Ethical Ombudsman. In addition, we have an anonymous whistleblowing channel that is available on Statnett's intranet and on Statnett's website. Statnett has followed up all reports made in 2022 by implementing measures or ensuring rectification where required.

We focus on ensuring that the Ethical Ombudsman scheme and the anonymous whistleblowing channel are made known internally and externally. This is included in our Code of Conduct and our Supplier Code of Conduct. We also provide all new employees with training in this area.

In 2022, the Ethical Ombudsman received 46 reports. Of those, 41 concerned internal matters, while the remaining five were related to external matters.

Reports to the Ethical Ombudsman	2022	2021	2020
Of which linked to business ethics and anti-corruption1)	25	28	26
Of which linked to the working environment2)	21	30	29
Total cases	46	58	55

1) E.g. work-related crime and issues related to legal competence.

2) E.g. conflicts of interest and discrimination.

Rights of Indigenous People

We share information and seek dialogue at an early phase

Statnett's developments in Indigenous areas in Norway entail a risk of negative impact on the Sami right to practise their cultural traditions. The risk is greatest during the construction phase. We inform the public about individual projects on our website, including through notifications, news, licence applications and reports. As part of the public participation process prior to developments, we establish an open dialogue with licensees and affected groups, such as reindeer herders, landowners and local communities. This is important in order to get input on adjustments and measures that may reduce negative impacts.

We always carry out impact assessments, which describe impacts on the environment and society. Where the plans affect reindeer husbandry, we use existing public information about the reindeer herding districts' use of the areas. It is a prerequisite that the person in charge of the impact assessment has knowledge of reindeer husbandry and has contact with reindeer husbandry stakeholders during the assessment phase. For measures that may have significant negative impacts, the impact assessments are carried out by external experts.

We seek to find solutions

In cases concerning Indigenous People we strive to find solutions that respect their rights. Statnett proposes mitigating measures to reduce any negative impact based on both our knowledge and our dialogue with stakeholders.

In most of our development projects, routes are adjusted and adapted based on input from affected groups. A recent example of this is the 420 kV power line between Skaidi and Hammerfest, where Statnett changed the route after dialogue with reindeer herding district 20 Fálá.

Further work on supplier monitoring and the rights of Indigenous People

We will follow up our suppliers more systematically

There's still more we can do to follow up on our supply chain. We are therefore working to put in place a better digital solution for documentation and follow-up of risk mapping and control activities at suppliers.

Furthermore, we will establish a due diligence list of high-risk suppliers based on our own investigations and control activities. We will also place even more pressure on HSE among contractors and especially among foreign suppliers.

We will increase involvement

We want to increase the involvement of reindeer herders in the assessment phase to ensure good solutions for all parties. Our due diligence assessments indicate that we could be better at understanding the rights of Indigenous People. Therefore, Statnett is working to build competence among our employees.

GRI table 2022

Statement of use	Statnett reports in accordance with the GRI Standards for the period 01-2022 - 12-2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	General Disclosures (2-1 to 2-30) and Material Topics (3-1 til 3-3), and GRI-elements defined as material, with referance to Statnett's materiality assessment, are inlcuded in the GRI index for 2022.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND STATNETT'S RESPONSE	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	See Annual report: "Corporate governance" and note 1.	*A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.*		
	2-2 Entities included in the organization’s Sustainability reporting	See note 1 in the Annual report.			
	2-3 Reporting period, frequency and contact point	Annual, 1 Jan - 31 Dec 2022, publication date of report: 23 March 2023. Contact Person: Head of ESG reporting Line Sunniva Flottorp Østhagen Line.Osthagen@Statnett.no			
	2-4 Restatements of information	See the "About this chapter", "We will cut our greenhouse gas emissions", " We are further developing our data" in the Sustainability report, and the "Sustainability accounts" in the Annual report.			
	2-5 External assurance	See the "About this chapter" and "Our governance principles for sustainable business" in the Sustainability report, "Corporate Governance" and the "Aditors report" in the Annual report.			
	2-6 Activities, value chain and other business relationships	See "Report from the Board of Directors" and the chapter concerning "Corporate governance" and the appendix on "Statement on Due Dilligence" and note 1 in the Annual report.			
	2-7 Employees	See the Sustainability report, "Our governance principles for a sustainable business", the "Sustainability accounts" and the appendix on "The activity duty and the duty to issue statements" in the Annual report.			
	2-8 Workers who are not employees	31.12.22 Statnett had 183 workers who are not employees (hired consultants).			
	2-9 Governance structure and composition	See "Corporate governance" and "The Board of Directors" in the Annual report and "Our governance principles for a sustainable business" in the sustainablity report.			
	2-10 Nomination and selection of the highest governance body	See "Corporate governance" in the Annual report.			

GRI table 2022

	2-11 Chair of the highest governance body	See "The Board of Directors" and "Corporate governance" in the Annual report. The chairperson of Statnett's board of directors is not an executive officer. According to the State Enterprises Act, the CEO can not be a member of the board.			
	2-12 Role of the highest governance body in overseeing the management of impacts	See "Corporate governance" in the Annual report. Our process to identify our material impacts is described in the Sustainability report. See also the appendix on "Statement on Due Diligence". Statnett's board has overall responsibility for ensuring that the company has good internal control and appropriate systems for risk management, see the chapter on "Risk management and interal control" in the Annual report.			
	2-13 Delegation of responsibility for managing impacts	See the chapter on "Risk management and interal control" in the Annual report.			
	2-14 Role of the highest governance body in Sustainability reporting	The Annual report 2022, including the Sustainability report, has been reviewed and approved by the Board of Directors. The "Sustainability accounts" in the appendix to the Annual report 2022 are approved by the Corporate Management Board.			
	2-15 Conflicts of interest	See the Sustainability report; "Our social contributions" and "Our governance principles for a sustainable business", and the chapter on "Corporate governance" in the Annual report.			
	2-16 Communication of critical concerns	See the chapter on "Our social contributions" in the Sustainability report, "Corporate governance" and the appendix on "Statement on Due Diligence" in the Annual report. Notification of critical concerns can be made to managers, safety representatives, elected trustees or the ethics representative. In addition, we have an anonymous notification channel that is available on Statnett's intranet and on Statnett's website.			
	2-17 Collective knowledge of the highest governance body	See section on "The Board of Directors" in the Annual report.			
	2-18 Evaluation of the performance of the highest governance body	See "Corporate governance" in the Annual report. Our process to identify our material impacts is described in the Sustainability report. See also the appendix on "Statement on due diligence" in theAnnual report. Statnett's board has overall responsibility for ensuring that the company has good internal control and appropriate systems for risk management, see the chapter on "Risk management and internal control" in the Annual report.			

GRI table 2022

	2-19 Remuneration policies	The board members' remuneration is determined by the owner (OED). A detailed overview of remuneration to the board can be found in the "Report from the Board of Directors". Statnett follows the principles that apply to executive salaries in state-owned enterprises. In accordance with § 8 of the articles of association, the Public Limited Companies Act, the Accounting Act and guidelines for state ownership, the board must ensure that a report is drawn up on management remuneration. This report must be presented at the company meeting. A detailed overview of remuneration to senior staff can be found in the annual accounts. See note 23.			
	2-20 Process to determine remuneration	see note 23.			
	2-21 Annual total compensation ratio	N/A	a, b, c	Information unavailable/incomplete	See the appendix on ARP for corresponding, but not equivalent information.
	2-22 Statement on sustainable development strategy	See the "A word from the CEO", in the Annual report.			
	2-23 Policy commitments	See our Sustainability report for our overall commitments to responsible business. The UN's sustainability goals provide a framework for our work. Statnett is a member of the UN's initiative for sustainable business, the UN Global Compact (UNGC). Our commitments are based on a wide range of intergovernmental instruments. These are described in the respective sections of the Sustainability report and the appendix on "Statement on Due Dilligence". Statnett's sustainability policy is part of our management system, and facilitates our taking an overall responsibility for sustainability. See also: https://www.statnett.no/en/about-statnett/ethics-and-ethical-ombudsman/, https://www.statnett.no/en/about-statnett/corporate-governance-and-articles-of-association , https://www.statnett.no/globalassets/om-statnett/strategi-og-samfunnsansvar/policy-samfunnsansvar.pdf.			
	2-24 Embedding policy commitments	See our Sustainability report for our overall commitments to responsible business. The UN's sustainability goals provide a framework for our work. Concerning i.- iii; See the Sustainability report, "Our governance principles for a sustainable business".			
	2-25 Processes to remediate negative impacts	See the Sustainability report, "Our governance principles for a sustainable business", and the appendix concerning "Statement on due diligence"s. See also: https://www.statnett.no/en/about-statnett/ethics-and-ethical-ombudsman/			

GRI table 2022

	2-26 Mechanisms for seeking advice and raising concerns	See the chapter on "Our social contributions" and "Our governance principles for a sustainable business" in the Sustainability report, and "Corporate governance" in the Annual report.			
	2-27 Compliance with laws and regulations	See the "Sustainability accounts" in the Annual report.			
	2-28 Membership associations	See the Sustainability report and "Our governance principles for a sustainable business".			
	2-29 Approach to stakeholder engagement	See the Annual report: "Report from the Board of Directors" and the Sustainability report: "Our governance principles for sustainable business".			
	2-30 Collective bargaining agreements	See the "Sustainability accounts" and the appenix concerning "The activity duty and the duty to issue statements" in the Annual report. Statnett is bound by main agreements, agreements and special agreements between Statnett and the unions represented in the business.			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See the first part of the Sustainability report.	*A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.*		
	3-2 List of material topics	See the first part of the Sustainability report.			

Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	See the Sustainability report. The sections corresponding to each material topic is found in the Sustainability report, which includes a description of impacts, boundaries, policies and commitments, actions taken and results achieved that indicate the effectiveness of our actions to manage impacts. See the information given on stakeholder dialouge in the Sustainability report, "Our governance principles for sustainable business", and the appendix on "Statement on Due Dilligence" in the Annual report.			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See the "Financial reporting" and "Report from the Board of Directors" in the Annual report.			
	201-2 Financial implications and other risks and opportunities due to climate change	See the Sustainability report, and the part on "How we work with climate and nature risk", and note 3 and 8 in the "Financial reporting" in the Annual report			

GRI table 2022

	201-3 Defined benefit plan obligations and other retirement plans	See note 7 in the "Financial reporting".			
	201-4 Financial assistance received from government	N/A	a., b., c.	Information unavailable/incomplete	See note 1 in the "Financial reporting" eller
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	See the Sustainability report; "Our social contributions" and "Our governance principles for sustainable business", and the apendix on "Statement on Due Diligence" in the Annual report. Statnett is present in large parts of Norway, and an important contribution to local value creation is safe power supply and connection of new production and new consumption. In addition, we contribute to local ripple effects by using large and small Norwegian suppliers.	We have omitted percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally)	Information unavailable/incomplete	See information on this topic in the sustainability statement, and in the appendix on due diligence assessements.
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	See the Sustainability report; "Our governance principles for sustainable business", and the appendicies on "The activity duty and the duty to issue statements" and "Statement on Due Diligence", and the "Sustainability accounts" in the Annual report.			
	205-2 Communication and training about anti-corruption policies and procedures	NA	a.-e.	Information unavailable/incomplete	these numbers are not aggregated.
	205-3 Confirmed incidents of corruption and actions taken	See the Sustainability report; "Our governance principles for sustainable business", and the appendicies on "The activity duty and the duty to issue statements" and "Statement on Due Diligence", and the "Sustainability accounts" in the Annual report.			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			

GRI table 2022

GRI 301: Materials 2016	301-1 Materials used by weight or volume	not applicable	a.	Information unavailable/incomplete	information requested is not relevant: a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period)
	301-2 Recycled input materials used	not applicable	a.	Information unavailable/incomplete	information requested is not relevant; Percentage of recycled input materials used to manufacture the organization's primary products and services.
	301-3 Reclaimed products and their packaging materials	not applicable	a., b.	Information unavailable/incomplete	information requested is not; a. Percentage of reclaimed products and their packaging materials for each product category.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	See the "Sustainability accounts" in the Annual report.			
	302-2 Energy consumption outside of the organization	Not applicable	a., b., c.	Not applicable	
	302-3 Energy intensity	See the "Sustainability accounts" in the Annual report.			
	302-4 Reduction of energy consumption	Not available	a.-d.	Information unavailable/incomplete	In Statnett, we work for fossil - free and emission -free construction sites in the long term to become a standard. All our projects have project-specific nature and climate goals, which support the strategy. We work to facilitate a summarization of these goals.

GRI table 2022

	302-5 Reductions in energy requirements of products and services	Not applicable			

Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	304-2 Significant impacts of activities, products and services on biodiversity	See the Sustainability report; "Our environmental and climate contributions".			
	304-3 Habitats protected or restored	See the Sustainability report; "Our environmental and climate contributions".			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	305-2 Energy indirect (Scope 2) GHG emissions	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	305-3 Other indirect (Scope 3) GHG emissions	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			

GRI table 2022

	305-4 GHG emissions intensity	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	305-5 Reduction of GHG emissions	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable.		Not applicable	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable.		Not applicable	

Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	306-2 Management of significant waste-related impacts	See the Sustainability report, " Our environmental and climate contributions", in the Sustainability report and the "Sustainability accounts" in the Annual report.			
	306-3 Waste generated	See the "Sustainability accounts" in the Annual report.			
	306-4 Waste diverted from disposal	See the "Sustainability accounts" in the Annual report.			
	306-5 Waste directed to disposal	See the "Sustainability accounts" in the Annual report.			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	See appendix on "Statement on due diligence" in the Annual report.	a. Percentage of new suppliers that were screened using environmental criteria.	Information unavailable/incomplete	All main suppliers used by Statnett has to be eligible in Achilles, which is a qualification scheme for the energy and supply sector. For high -risk acquisitions, Statnett has stricter qualification requirements.

GRI table 2022

	308-2 Negative environmental impacts in the supply chain and actions taken	See appendix on "Statement on due diligence" in the Annual report.	a., b., d., e.	Information unavailable/incomplete	We are working to put in place a better digital solution for documentation and follow-up of risk mapping and control activities for suppliers. We will establish a due diligence-list with high-risk suppliers based on our own surveys and control activities.
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	See the "Sustainablity accounts" in the Annual report.			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	In Norway, part time employees are provided the same benefits as full-time employees, but the size of the benefit varies depending on employment fraction.			
	401-3 Parental leave	See the appendix on "The activity duty and the duty to issue statements" in the Annual report.			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Our practice is if nothing else follows from the employment agreement or collective agreement, the notice periods for permanent employees follows the Act on working environment, working hours and job security etc. (Working Environment Act)			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	See the section on "Our social contributions" in the Sustainability report.			
	403-2 Hazard identification, risk assessment, and incident investigation	See the section on "Our social contributions" in the Sustainability report.			

GRI table 2022

	403-3 Occupational health services	See the section on "Our social contributions" in the Sustainability report.			
	403-4 Worker participation, consultation, and communication on occupational health and safety	See the section on "Our social contributions" in the Sustainability report.			
	403-5 Worker training on occupational health and safety	See the section on "Our social contributions" in the Sustainability report.			
	403-6 Promotion of worker health	See the section on "Our social contributions" in the Sustainability report.			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See the section on "Our social contributions" in the Sustainability report.			
	403-8 Workers covered by an occupational health and safety management system	See the section on "Our social contributions" in the sustanability report.			
	403-9 Work-related injuries	See the section on "Our social contributions" in the Sustainability report and the "Sustainabilityability accounts" in the Annual report.			
	403-10 Work-related ill health	See the section on "Our social contributions" in the Sustainability report and the "Sustainabilityability accounts" in the Annual report.			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	How we work with diversity, equality and inclusion is described in the appendix on "The activity duty and the duty to issue statements", and the "Sustainability accounts" in the Annual report.			
	405-2 Ratio of basic salary and remuneration of women to men	See appendix on "The activity duty and the duty to issue statements", and the "Sustainability accounts" in the Annual report.			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			

GRI table 2022

GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	See appendix on "The activity duty and the duty to issue statements", and the "Sustainability accounts" in the Annual report.			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	See the susainability chapter; "Our social contributions", and "Our governance principles for sustainable business", and the appendix on "The activity duty and the duty to issue statements", and the apendix on "Statement on due diligence" in the Annual report.	Omission: Incomplete. We do currently not report fully on this indicator related to suppliers.	Information unavailable/incomplete	
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	See the appendix on "Statement on Due Dilligence" in the Annual report.	Omission: Incomplete. We do currently not report fully on this indicator related to suppliers.		
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	See "Our governance principles for sustainable business", and the apendix on "Statement on due diligence" in the Annual report.	Omission: Incomplete. We do currently not report fully on this indicator related to suppliers.		
Rights of indigenous peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index. Also see the appendix on "Statement on due diligence" in the Annual report.			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	See the "Sustainability accounts" in the Annual report. Zero such incidents were identified during the reporting period.			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			

GRI table 2022

GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	See appendix on "Statement on due diligence" in the Annual report.	a. Percentage of new suppliers that were screened using social criteria	Information unavailable/incomplete	All main suppliers used by Statnett has to be eligible in Achilles, which is a qualification scheme for the energy and supply sector. For high-risk acquisitions, Statnett has stricter qualification requirements.
	414-2 Negative social impacts in the supply chain and actions taken		a., b., d., e.	Information unavailable/incomplete	We are working to put in place a better digital solution for documentation and follow-up of risk mapping and control activities for suppliers. We will establish a due diligence-list with high-risk suppliers based on our own surveys and control activities.

SECTOR SPECIFIC INDICATORS - *linked to previous GRI G4 sector disclosures - Electric Utilities*		
TOPIC		
EU3		
EU3	Number of customers	Statnett has 68 customers in the transmission grid. The customers are divided into three categories; distribution grid companies, power producers and industrial customers (outlets over 15 MW)
EU4	Length of above and underground transmission lines	Annual report - key numbers
EU12	Transmission losses as a percentage of total energy	See the "Sustainability accounts" in the Annual report.
EU25	percentage of total energy Sustainability accounts 7, 13 EU25 Number of injuries and fatalities	See the "Sustainability accounts" in the Annual report.
EU28	Power outage frequence	Annual report - key numbers

Operational key figures

Power lines divided into voltage level[1)]

Voltage level	Unit	2022	2021	2020
132 kV	km	2 314	2 332	2 380
300 kV	km	4 091	4 092	4 136
420 kV	km	4 796	4 706	4 629

[1)] Statnett also operated power lines at following voltage level: 22 kV, 152 kV, 220 kV, 250 kV, 350 kV.

Transmission lines and cables in operation[2)]	Unit	2022	2021	2020
Power lines in operation	km	11 465	11 395	11 412
Underground cables and subsea cables in operation[1)]	km	2 552	2 550	1 798
Power lines comissioned	km	79	76	105
Upgraded exisisting power lines	km	0	0	0
Demolished facilities	km	28	96	12
Number of comissioned field circuit breaker	Number	48	40	59

Security of supply	Unit	2022	2021	2020
Frequency variances	Minutes	9 376	10 670	9 693
Non-Delivered Energy (NDE)	MWh	83	701	1 381
Reliability of supply	Prosent	99,9999	99,9986	100
Distribution of value creation	**Unit**	**2022**	**2021**	**2020**
Employees – Salary and social benefits [1)]	MNOK	1 949	1 840	1 740
State and municipal taxes and fees [2)]	MNOK	2 323	1 551	1 267
Interest expenses	MNOK	1 133	696	902
Owner – dividends [3)]	MNOK	296	737	1 039
The company – Retained equity	MNOK	5 445	2 464	1 678

[1)] Payroll costs (excl. employer's national insurance contributions).

[2)] Tax expense, property tax and employer's national insurance contributions.

[3)] Proposed dividends for 2022.

[4)] Profit for the year less proposed dividends

Alternative performance measures*

To provide a better understanding of Statnett's underlying result we also present a number of alternative performance measures. Alternative performance measures are defined in ESMA's guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Statnett's alternative performance measures are adjusted for higher/lower revenue, and supplement the figures in the IFRS financial statements. Reported accumulated higher/lower revenue also include applied interest and any prior-year adjustments.

Key figures (Amounts in NOK million)	**2022**	**2021**	**2020**
Operating revenue (underlying)			
Operating revenue (accounting)	22,993	14,412	10,761
Change in accumulated higher/lower revenues (+/-) before tax	6,768	2,350	792
Operating Profit (underlying)	**16,224**	**12,062**	**9,969**
EBITDA (underlying)			
Operating profit (accounting)	11,479	7,926	6,688
Change in accumulated higher/lower revenues (+/-) before tax	6,768	2,350	792
EBITDA (underlying)	**4,710**	**5,576**	**5,896**
EBIT (underlying)			
EBIT (accounting)	8,433	4,846	3,868
Change in accumulated higher/lower revenues (+/-) before tax	6,768	2,350	792
EBIT (underlying)	**1,664**	**2,496**	**3,076**
Net profit for the year (underlying)			
Net profit for the year (accounting)	5,949	3,307	2,697
Change in accumulated higher/lower revenues (+/-) after tax	5,279	1,833	618
Net profit for the year (underlying)	**670**	**1,474**	**2,079**
Equity adjusted for higher/lower revenue after tax			
Equity	26,978	21,467	18,938
Accumulated higher/lower revenues (+/-) after tax	7,159	1,880	47
Equity (underlying)	**19,819**	**19,588**	**18,891**
Return on capital employed before tax, adjusted for higher/lower revenues 4)			
Return on capital employed before tax	11.5%	7.0%	5.9%
Change in accumulated higher/lower revenues (+/-) before tax	6,768	2,350	792
Return on capital employed before tax (underlying)	**2.3%**	**3.6%**	**4.7%**
Equity ratio after tax, adjusted for higher/lower revenues			
Equity ratio after tax	30.9%	25.4%	22.8%
Change in accumulated higher/lower revenues (+/-) after tax	7,159	1,880	47
Equity ratio after tax (underlying)	**24.8%**	**23.7%**	**22.8%**
Debt coverage ratio after tax, adjusted for higher/lower revenues 6)			
Debt coverage ratio after tax	20.3%	12.5%	9.5%
Accumulated higher/lower revenues (+/-) after tax	7,159	1,880	47
Debt coverage ratio after tax (underlying)	**7.0%**	**8.6%**	**8.4%**

*The underlying profit is based on regulated permitted income, while the accounting result will vary depending on established tariffs, charges and congestion revenue. The difference is known as higher/lower revenue (see Note 4).

4) Return on capital employed before tax, adjusted for higher/lower revenue = EBIT, adjusted for income surplus/shortfall / Average capital employed last two years.