Statnett

Annual and Sustainability Report 2023

Accelerating the green transition

Photo: Sverre Hjørnevik

Contents

Introduction

2023 in brief

Underlying Net profit of the year
NOK 1,585 million

Current portfolio investment level
Approx. NOK 100 billion

Investments
NOK 6,078 million

No. of ongoing grid projects
Approx. 160

Congestion revenue
NOK 9, 943 million

Share of reserved capacity
Approx. 75% (8,000 MW)[1]

Serious environmental incidents
Zero

SIF rate[2]
2.6

About the diagram:

The left-hand column consists of aggregate numbers from the year 2023. Except for the Serious Injury Frequency (SIF) rate, a rolling 12-month figure, the right-hand column illustrates numbers and values registered on December 31, 2023

[1] Share of capacity reserved for sufficiently mature requests for connection.

[2] The SIF indicator gives an indication of the most serious incidents involving injuries, near misses, harm to the environment and recorded hazardous conditions relating to electrical safety and working at height per million hours worked.

Letter from the CEO

We have changed pace

Statnett adopted the “The Green Change of Pace” strategy in 2021. We saw then that the transition to a low-emission society was fully underway, and at a speed that hardly anyone had predicted. It was a development we needed to take in and address.

Since 2021, Statnett has implemented powerful measures to ensure a rational and holistic development of the power system. We established holistic Area Plans for the entire country in 2022 and developed an ambitious System Development Plan in 2023 from the basis of the Area Plans. We have implemented a number of measures to increase the efficiency of our own project development and execution process, and we have started working on the development of digital solutions to utilise the existing system as effectively as possible, while paving the way for the power system of tomorrow.

We ensure a reliable supply of electricity now and for tomorrow

Statnett is the Transmission System Operator (TSO) for the Norwegian power system. Statnett owns and is responsible for developing and operating the transmission grid on a socioeconomically rational basis. We must also ensure that there is balance between the production and consumption of electricity at all times. We do this in Norway and in close collaboration with our Nordic TSO partners. Statnett’s goal is to ensure a reliable supply of electricity, and we develop solutions that enable us to efficiently utilise the power system – now and in the future.

Norway and Europe aim to become low-emission societies by 2050 meaning that fossil-based energy must be replaced by emission-free electricity. This goal is also underlined by the agreement to work towards a transition away from fossil energy in line with the outcome from the United Nations Climate Change Conference (COP28) in Dubai in December 2023. At the same time, the security situation in Europe remains uncertain. The need for secure access to energy is growing, and digital and physical security and emergency preparedness is high on the

agenda. Climate, energy and security policies are all pulling in the direction of greater electricity consumption and increased production of energy from renewable sources.

We are planning for a doubling of electricity consumption

Over the past five years, there has been high demand from companies wishing to establish or increase their power consumption. We have received requests for connections equivalent to approx. 11,000 MW for projects that we consider sufficiently mature. We have reserved capacity for around three-quarters of these requests, totaling 8,000 MW. In addition, we have received orders for several thousands of MW which are currently immature.

With our current investment plans, we will pave the way for an almost two-fold increase in Norway’s annual electricity consumption, up to 260 TWh in 2050.

We will expand the grid more rapidly

Over the past 10 years, we have invested around NOK 70 billion in the Norwegian power grid. We are now building the grid which we will have in place in 10 to 20 years' time. For the next 10 years, the plan is to invest up to NOK 150 billion, which corresponds to a doubling of the investment level seen in the past decade.

This will require efficient execution as well as access to sufficient resources. We already have a portfolio of grid projects worth just over NOK 100 billion. We will secure the resources we need to execute this portfolio by increasing and adapting the competence of our own employees and increased cooperation with our suppliers.

We will make more efficient use of today's power system
To keep pace with the growing demand for electricity, as well as for financial and sustainability reasons, we must make the best possible use of the existing resources in the power system. For Statnett, this means optimising the operation of our own facilities, so that we can increase the available capacity of the grid. This is possible in part because we have more detailed data about the status of individual facilities, and we develop and make use of new technology.

As we move towards a power system with a higher proportion of power generated from intermittent sources, flexibility from both consumers and producers is becoming increasingly important to achieve balance in the power system.

We are increasing our focus on digitalisation
We are on the verge of a paradigm shift in the energy supply. Manual operations and calculations to keep the system balanced are being replaced by digitalised and automated solutions. The power system of the future will be too complex for manual operations.

Digitalisation is also necessary in order to streamline the development and operation of the transmission grid. For this reason, Statnett invested NOK 1 billion in digitalisation in 2023. Going forward, we will continue to invest in this.

We are assessing options for future offshore grid
We are still in a preliminary stage in terms of developing offshore wind power facilitiesand offshore grids, but we expect a surge in activity in the years ahead. The Norwegian government has announced ambitious goals, and Statnett have been given the responsibility for planning and acting as system operator for a future offshore power grid. We have furthermore been tasked with assessing the potential use of hybrid cables that connect two or more countries and transfer power flexibly from one or more wind farms. To assess opportunities in this area, we have strengthened our partnership with five TSOs in the countries around the North Sea basin. Norway's first large-scale offshore wind auction (Southern North Sea II) has been completed. This is an important milestone and step forward in the work to realise offshore wind in Norway.

Everyone must contribute to the energy transition
There will be no green transition without an adequate power grid. Our task at Statnett is to facilitate this change. We are making our processes more efficient and taking steps to optimize the grid we currently have.

As the power consumption in Norway increases, a corresponding increase in production becomes necessary. We also need a good regulatory framework in place to ensure that socioeconomic investments in grid development and power production will take place at the required pace Efficient licensing processes are a vital part of this.

If we can establish a good balance between power production, transmission and consumption, supported by effective public policy processes and appropriate economic regulation, we will be well on our way towards a zero-emission society.

CEO Hilde Tonne

Group Management

Hilde Tonne

CEO

Employed in 2021.
Previous experience: Executive Director and Chief Innovation Officer at Rambøll Group and various group management positions at Telenor Group, including Group Industrial Development. Tonne has also previously served in a variety of management position in the oil and energy sector, including Head of Technology & Research at Norsk Hydro Oil & Energy.
Education/qualifications: Master of Science from the Norwegian University of Science and Technology (NTNU) and RWTH Aachen, Germany.
Directorships: Member of the boards of Arup Group Ltd and BI Norwegian Business School.

Elisabeth Vike Vardheim

EVP Grid and Asset Management

Employed in 2007 and a member of Group management since 2014.
Previous experience: Several management positions within development projects, construction client organisations, operational activities and public administration. Responsible for planning, engineering and development of the transmission grid in Norway since 2014. Since 2021, also responsible for operation and management of the transmission grid as well as emergency preparedness.
Education/qualifications: Master of Engineering from the Norwegian University of Science and Technology (NTNU), diploma in business administration and post-graduate studies in board governance at the Norwegian Business School (BI).
Directorships: Chair of NordLink Norge AS

Peer Olav Østli

EVP System Operations

Employed and a member of Group management since 2007.
Previous experience: Director at Telenor, Schibsted Nett and Scandinavia Online AB, Head of Technology at NRK.
Education/qualifications: Master of Computer Science and post-graduate studies in management from Henley Business School.
Directorships: Boarder member at Fifty

Gunnar G. Løvås

EVP Markets and System Development

EVP Markets and System Development
A member of Group management since 2019 and in the period 2007–2014.
Previous experience: Deputy Director General and member of Group management at the Norwegian National Rail Administration. Experience as an independent consultant.
Education/qualifications: Master of Science 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.

Group Management

Håkon Borgen

EVP Offshore Development

Employed in 1995 and a member of Group management since 2004.

Previous experience: Various management positions at Statnett and BKK. Project owner for several international interconnector projects run by Statnett.

Education/qualifications: Master of Science from the Norwegian University of Science and Technology (NTNU) and Technische Hochschule Darmstadt (THD) in Germany. Further management studies at IMD.

Directorships: Board member at Fred. Olsen Windcarrier (FOWIC).

Cathrine Lund Larsen

CFO and EVP Economy and Finance

Employed and a member of Group management since 2022.

Previous experience: Various senior management positions at Statkraft and DNB.

Education/qualifications: Degree from the Norwegian School of Economics (NHH) and post-graduate studies in board governance at BI Norwegian Business School.

Directorships: Board member at Shearwater GeoServices.

Beate Sander Krogstad

EVP Digital & IT

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 in Physics and Mathematics from the Norwegian University of Science and Technology (NTNU) and postgraduate studies in international management from the FGV Foundation in Rio de Janeiro, Brazil.

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

Group Management

Ingeborg Øfsthus

EVP Technology and Transformation

Employed and a member of Group management since 2024.
Previous experience: Extensive leadership experience as CTO and CEO in various parts of the Telenor Group, including Thailand, Serbia and Norway. Was Nordic CTO at Telenor immediately prior to joining Statnett. Responsible for procurement, transformation and technology and development strategy.
Education/qualifications: Master of Science from the Norwegian University of Science and Technology (NTNU) Directorships: Board member at Sykehuspartner.

Anne Wilhelmine Flagstad

EVP People & Sustainability

Employed and a member of Group management since 2022.
Previous experience: Former HR Director at Telenor Denmark and Telenor Norway. Management positions and experience as a consultant and researcher in the field of organisation and HR in the public and private sectors in Norway and internationally.
Education/qualifications: Master 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 Remuneration Committee.
Background: CEO of Enova since 2008, researcher and head of section at SINTEF, in addition to positions at Norsk Hydro, Trondhjem Preserving and Revolt Technology.
Directorships: Member of several different boards and committees. Chaired the government-appointed Power Grid Committee and was a member of the Energy Committee.

Wenche Teigland

Board member since 2020. Elected as Deputy Chair 2022.
Chair of the audit committee.
Background: CEO of Fount AS since 2023. EVP at BKK 2006–2020. Also served as CEO of Naturgass Vest and held management positions at Shell/Gasnor, Aibel and Aker Engineering
Directorships: Board member at Enova, Bergen Carbon Solutions, Really AS and Aragon AS.

Hilde Singsaas

Board member since 2022.
Member of the Audit Committee.
Background: 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 Analyse, State Secretary at the Ministry of Finance and at the Office of the Prime Minister.

Egil Gjesteland

Board member since 2012.
Chair of the Project Committee.
Background: Owns Gjesteland Consultant, 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.
Background: Senior Market Analyst at Statnett, Senior Elected Employee Representative and leader of the Federation of Norwegian Professional Associations at Statnett. Former Senior Advisor at the Norwegian Agency for Public and Financial Management and at Deloitte.

Statnett's Board of Directors

Ingeborg Ligaarden
Employee-elected Board member since 2020, employee since 2015.
Member of the compensation committee.
Background: Head of Section for Data Science at Statnett. Previously senior consultant at LR Consulting/Scandpower and a researcher at SINTEF. Experience from key elected positions with Tekna – the Norwegian Society of Graduate Technical and Scientific Professionals.

Maria Sandsmark
Board member since 2013.
Member of the project committee.
Background: Researcher at Møreforskning and ECON Analyse. Has also lectured on the environment and resource economy at Molde University College.
Offices: Member of the government-appointed Expert Committee to review the cost-benefit analysis framework for public measures (2011).

Christian Reusch
Board member since 2020.
Member of the compensation committee.
Background: Lawyer with the Attorney General's Office, Specialist Director at the Office of the Prime Minister and 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.
Background: Team coordinator in Grid Infrastructure North and East at Statnett. Chairs Statnett's Working Environment Committee. Branch Convenor of the Norwegian Electrician and IT Workers Union.

Financial key figures

For definitions, see the section on alternative performance measures (APM) towards the end of this report. For information about how Statnett is regulated, see the section headed "Economic regulation of Statnett".

Key figures *(Amounts in NOK million)*	**2023**	**2022**	**2021**
Accounting profit/ loss			
Operating revenue	11 600	22 993	14 412
EBITDA	1 744	11 503	7 965
EBIT	-1 547	8 433	4 846
Profit/loss for the period	-2 617	5 949	3 307
Adjustments			
Change in accumulated higher/lower revenue (+/-) before tax	-5 387	6 868	2 350
Change in accumulated higher/lower revenue (+/-) after tax	-4 202	5 357	1 833
Accumulated higher/lower revenue (+/-) after tax	3 035	7 237	1 880
Net profit for the year (adjusted for change in higher/lower revenue)			
Underlying operating revenue	16 987	16 125	12 062
Underlying EBITDA	7 131	4 635	5 615
Underlying EBIT	3 840	1 565	2 496
Underlying Net profit for the year	1 585	592	1 474
Key figures balance sheet			
Investments (additions, assets under construction and construction interest)	6 078	4 985	6 121
Total assets	90 303	87 184	84 446
Regulatory asset base (RAB) and assets under construction	79 041	76 118	74 549
Financial key figures			
EBIT to RAB and assets under construction	-2,0 %	11,2 %	6,6 %
Underlying EBIT to RAB and assets under construction	4,9 %	2,1 %	3,4 %
Equity ratio	26,7 %	30,9 %	25,4 %
Underlying equity ratio	23,3 %	22,6 %	23,2 %
Funds from operations to net debt	-0,9 %	26,0 %	14,6 %
Underlying funds from operations to net debt	9,9 %	7,7 %	9,1 %
Standard & Poor's and Moody's Investors Service long term ratings	A+ / A2	A+ / A2	A+ / A2

Statnett

Board of Directors' Report

Photo: Johan Wildhagen

Board of Directors' Report

A gradual normalisation of a challenging power market

The war in Ukraine made 2022 an extreme year for the European power market, with unusually high prices. The situation was gradually normalised during 2023, with decreasing power prices throughout the year and ample reservoir water levels at the beginning of winter 2023/2024. Still, Statnett's analyses show that the 2023 power market situation has been more challenging than usual.

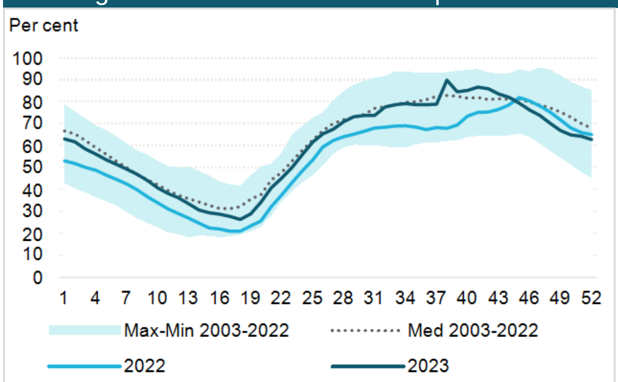
Stable electricity supply despite multiple weather-related events

Norway experienced a lot of bad weather during the year. Despite this, security of supply remained satisfactory, with few operational disruptions relating to Statnett's facilities. When outages did lead to the supply of electricity being interrupted, supply was rapidly restored.

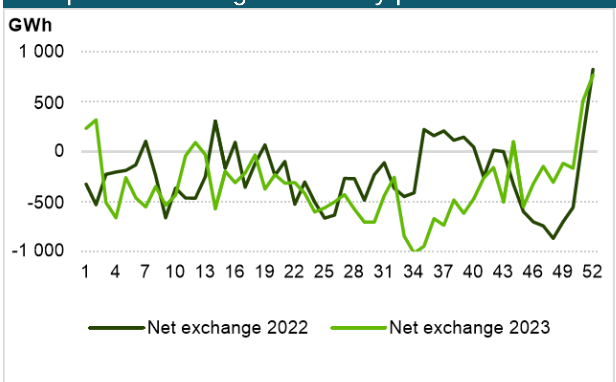
Improved energy balance and lower electricity prices

Generally, the power situation was better in both Norway and Europe in 2023 than in 2022. Prices were also lower, except in Northern Norway, where regional prices in 2023 were slightly higher than in the previous year. The prices in Northern and Central Norway continued to be lower than those in Southern Norway. For parts of 2023, a lack of capacity in the grid, with a subsequent lack of ability to even out prices between regions, led to significant price differences between South-Western Norway and Southern Norway. In Norway the hydrological balance has been good throughout 2023.

Norwegian reservoir water levels – per week



Net power exchange in Norway per week



Import and export of electricity
The total power production in Norway in 2023 was 154 TWh and consumption was 136 TWh. Net export was 18 TWh. In 2023, Norway exchanged most power with Sweden with slightly higher import than export. The remaining interconnectors mostly exported electricity from Norway in 2023. However, there were significant import of power via these interconnectors periodically. The exception was the interconnector to UK which mostly exported electricity last year.

International interconnectors experienced several brief outages during the year, but these outages only on a few occasions led to reduced capacity over a prolonged period.

Significant reduction in congestion revenue
As a result of lower electricity prices and smaller price differences between Norway and Europe, as well as domestically within Norway, Statnett's congestion revenues were significantly lower in 2023 than in 2022. Unusually high congestion revenue in the period 2021–2023 resulted in regulated revenue exceeding permitted revenue. In 2023, the tariff was set at a minimum level and NOK 2.6 billion was paid in compensation to the owners of underlying grids.

Statnett's social mission

Statnett is responsible for developing and operating the transmission grid in a socio-economic rational manner. We are responsible for ensuring that the production and consumption of electrical power is in balance at any given time. Statnett must ensure a secure supply of power, a well-functioning power market and a responsible grid development. The social-economical benefits of the solutions chosen must outweigh their costs and disadvantages.

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

The company bases all significant decisions regarding system operation and grid development on socio-economic assessments. Additionally, Statnett monitors various indicators to reflect the company's social mission and the overarching expectations for Statnett's operations. In 2023, work has been done to further develop good indicators related among others to the development in reservation of capacity and the development of costs.

Rapid and substantial changes in the power system

Europe and Norway aim to be low-emission societies by 2050. Transport, industry and heating based on the use of fossil energy is being replaced by electricity deriving from renewable energy sources. To succeed in this transition, we need both a robust grid and additional power generation. Our analyses show that Norway may experience a power deficit in a few years' time. Output from the new renewable power facilities is largely intermittent, both in Norway and Europe. This makes the power system more complex to manage and requires greater flexibility particularly on the consumption side. New market solutions, digitalisation and automation are all important measures to preserve a reliable power supply.

A substantial demand for more transmission capacity
Statnett is required to offer all customers a network connection. At the end of 2023, Statnett had reserved capacity in the grid for just under 8,000 MW of new consumption. This corresponds to an increase of some 30 per cent compared to the current level. Despite this, there is a substantial backlog of requests for reserved capacity. Requests for increased production corresponded to almost 7,500 MW. To prepare for the transition to the low-emission society, Statnett has developed a System Development Plan. This is Statnett's strategic plan for the holistic and long-term development of the power system. The plan's purpose is to ensure that the power system of tomorrow is designed and built in a sustainable and socioeconomically rational fashion.

By around 2040, approximately 50 per cent of Statnett's power lines will be approaching the end of their technical lifespan. This means that there is a significant need for reinvestment in the grid. Irrespective of developments in electricity consumption, large portions of the grid must be replaced. The planned reinvestments in and upgrades of the grid (from 300 kV to 420 kV) will substantially boost transmission capacity. At the same time, the reinvestments will make it possible to connect more consumption and production to the grid.

We are increasing investments
In the past two years, we have published ten Area Plans that describe the measures required to meet the investment needs within the grid. The Area Plans are prepared in close cooperation with the regional grid companies and serve as a basis for choice of concept-studies and project development.

Statnett invested a total of NOK 6,078 million in 2023. Investment decisions were made with respect to a total of 105 km of power lines. At the close of 2023, the grid facilities portfolio comprised approx. 160 ongoing projects. The bulk of these are set out in the Area Plans 1) Greater Bergen and Hordaland; 2) North; 3) Oslo, Akershus and Østfold; 4) Central and 5) South Rogaland; and Agder.

More rapid grid expansion and increased investment in digitalisation and innovation mean that we are facing significantly higher investments levels than before. Over the past decade, Statnett has invested NOK 70 billion in Norway's domestic grid and in digitalisation. In the next 10-year period, Statnett will invest up to NOK 150 billion in onshore grid facilities and digitalisation. We note that costs are rising as a result of considerable pressure in supply markets. We are constantly striving to plan and execute our construction projects more efficiently.

To manage more variable electricity production and flexible consumption, digital and innovative solutions are becoming increasingly important. Our four priority areas are the automation of systems operations, development of increased utilisation and capacity in our grid facilities, efficient grid development, and implementation of more data driven decision-making.

Research and development (R&D) is crucial for sustainable development
Statnett promotes research, innovation and development. Our objective is to produce smart solutions that can increase the grid's capacity and facilitate automated balancing, as well as develop technology qualification schemes and other R&D initiatives relating to sustainability.

We will depend on this type of innovation and technology development in the years ahead – not only to deliver the required capacity but also to secure cost-efficiency and meet our sustainability goals.

Statnett works safely and sustainably

Statnett takes a strategic and integrated approach to sustainability throughout its business. Statnett conducts a double materiality assessment to help identify in which material areas we need to prioritise our efforts and resources[1]. As part of our sustainability strategy, we aim to ensure a responsible transition, reduce our greenhouse gas emissions and to preserve nature.

[1] Double materiality assessment is a process that prioritise sustainability topics within two dimensions, impact materiality and financial materiality. Impact materiality identifies sustainability topics which have positive or negative impacts on people, climate, or nature due to Statnett's activities. Financial materiality identifies sustainability topics which may lead to financial effects on Statnett through risks or opportunities.

It is important that engagement and dialogue is established and maintained between grid owners, government, local authorities, local communities and various other stakeholders. Potential conflicts of interest may arise in many areas where new grid facilities are being considered. Statnett works continuously to establish dialogue with its affected stakeholders, including the sami reindeer husbandry community. We share information and strive to find good solutions that will respect Indigenous peoples' rights in all matters that concern them. Statnett takes mitigating measures to reduce adverse impacts, in consultation with affected stakeholders. Statnett recognizes its responsibility to manage this in good manner and continue to work to improve our processes.

Statnett aims to reduce its GHG emissions (Scopes 1, 2 and 3)[2] in line with the goals of the Paris Agreement. In connection with this work, we set science-based emission-reduction targets, in line with the reporting standards issued by the Science Based Targets initiative (SBTi) and emission pathways for Statnett's future activities.

The world is facing an environmental crisis caused by human activity and degradation of nature. For Statnett, it is essential that we reduce our impact and safeguard nature.

In 2023, Statnett also carried out a double materiality assessment for offshore grids. The assessment resulted in a set of principles that will serve as a basis for further development in this area.

Both the development and operation of transmission grids involve high HSE risks. Statnett is working systematically to ensure that everyone who works for us has a safe work environment.

Statnett measures the most serious incidents involving injuries, near misses, environmental harm and recorded hazardous conditions relating to electrical safety and working at height. In 2023, there was a decrease in the number of incidents involving the potential for serious injury. The decrease was greatest among Statnett's suppliers and contractors.

One of our suppliers experienced a severe work-related accident at Vang transformer station in Innlandet during service work on 6 March 2024. In accordance with established policies and procedures, Statnett will conduct an internal review of the accident, to find actionable learning points following the accident.

Ten lost-time injuries were recorded in 2023, seven among our own employees and three among external personnel working on Statnett's projects. The total sickness absence rate at Statnett remains at a stable, low level and was 4 per cent at the end of 2023.

Statnett aims to promote diversity and prevent discrimination. Women and men with approximately the same qualifications, responsibility and experience receive the same pay in comparable positions.

Details of Statnett's sustainability activities, including our Due Diligence Statement, working environment, activity and reporting obligations, and impact on the external environment can be found in the Sustainability section and on statnett.no.

Financial results

Statnett's operating revenue is regulated by the Norwegian Energy Regulatory Authority (RME), that sets a cap on permitted revenue. Accounting revenue deviates from permitted revenue each year but shall correspond to permitted revenue over time. Underlying profit/loss is based on permitted revenue, and the difference between the accounting profit/loss and the underlying profit/loss is called higher/lower revenue.

The Group's underlying net profit for the year 2023 totaled NOK 1,585 million. This is an increase of NOK 993 million from NOK 592 million in 2022. The underlying operating profit amounted to NOK 3,840 million, compared with NOK 1,565 million in 2022. The improvement in underlying operating profit is

[2] Scope 1: Direct emissions from 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).

attributable primarily to the increase in permitted revenue due to the commissioning of additional facilities and the increased cost base for ancillary services. The cost base for ancillary services is based on costs incurred two years before the reporting year. The cost increase from 2020 to 2021 is now contributing to a higher permitted revenue in 2023 than in 2022.

The Group posted an accounting net loss for the year of NOK 2,617 million in 2023, compared with an accounting net profit of NOK 5,949 million in 2022. The reduction in the accounting net profit for the year is attributable primarily to significantly lower congestion revenue and reimbursement of higher revenue. Following record-high congestion revenue, a time-limited statutory regulation was adopted in the autumn of 2022, which enables Statnett to reimburse higher revenues directly to the owners of the underlying grids. Statnett made such reimbursements in both 2022 and 2023, while simultaneously reducing tariffs.

The Group posted an operating loss of NOK -1,547 in 2023, down from NOK 8,433 million in 2022.

Operating revenue

The Group had a recognised operating revenue of NOK 11,600 million in 2023, compared with NOK 22,993 million in 2022. Congestion revenue was significantly down, from NOK 22,662 million in 2022 to NOK 9,943 million in 2023, as a result of reduced price differences between Norway and Europe and between different domestic price zones. The operating revenue in 2023 was reduced due to reimbursement of NOK 2,568 million to grid owners and reduction of the grid tariff.

All in all, this resulted in Statnett recording a lower revenue of NOK 5,387 million in 2023, compared to a higher revenue of NOK 6,868 million in 2022. At the close of 2023, Statnett had an accumulated higher revenue amounting to NOK 3,891 million. Accumulated higher/lower revenue is not recognized on the balance sheet under IFRS. For further details, see Note 4 concerning operating revenue and the section on the economic regulation of Statnett.

Operating expenses

The Group’s operating expenses in 2023 amounted to NOK 13,147 million, down from NOK 14,560 million in 2022. A large portion of the decrease is attributable to lower costs related to maintaining instantaneous balance in the power system and to secure a satisfactory quality of supply.

Costs relating to grid transmission losses decreased due to the lower electricity prices.

Other operating expenses increased, in part due to higher staffing levels, higher maintenance costs and increased activity related to digitalisation.

Finance

The Group’s net financial items came to NOK -1,815 million, compared with NOK -803 million in 2022. Interest expenses rose due to higher interest rates as well as higher average net debt for the year.

Cash flow and balance sheet

The Group’s net cash flow amounted to NOK 137 million in 2023, compared with NOK 120 million in 2022. Cash flow from operating activities in the Group was lower than last year due to lower congestion revenues and a reduction in tariff revenues. The impact of these factors is partly offset by lower extraordinary reimbursements to grid owners.
The net negative cash flow from investment activities was somewhat larger than in 2022 due to increased activity.

The change in liquidity from financing activities includes the net effect of the repayment of NOK 8,013 million in interest-bearing debt and the raising of new interest-bearing debt amounting to NOK 11,962 million. In addition, a dividend of NOK 296 million was paid.

In March 2024, just prior to the publication of the Board of Directors’ Report, a NOK 1,000 million commercial paper and a NOK 3,400 million bond were repaid. Furthermore, a bond in the amount of NOK 5,661 million (EUR 500 million) was issued in February 2024, with a 12-year tenor.

Statnett SF has a high credit rating. Standard & Poor's and Moody's Investors Services have given Statnett SF credit ratings for long-term borrowings of A+ and A2 respectively. The high credit rating helps provide good borrowing opportunities for Statnett. In March 2023, Statnett renewed its NOK 8,000 million revolving credit facility which is now sustainability linked. At the close of 2023 Statnett also had an undrawn loan with the European Investment Bank in the amount of EUR 130 million.

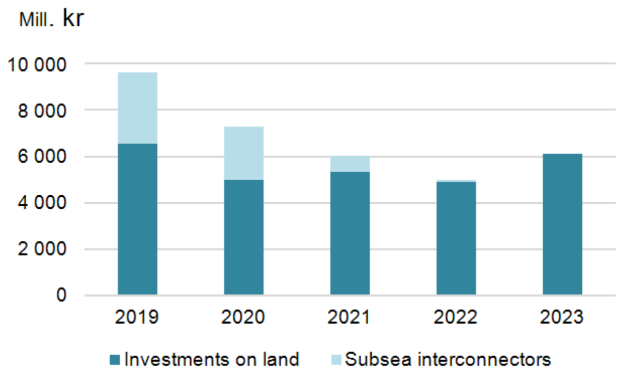
Total assets rose to NOK 90,303 million in 2023, compared with NOK 87,184 million in 2022. Interest-bearing debt rose to NOK 55,699 million in 2023, up from NOK 48,440 million in 2022. Equity decreased by NOK 2,860 million to NOK 24,118 million at the close of 2023.

The Group's equity ratio decreased from 30.9 per cent in 2022 to 26.7 per cent in 2023. Adjusted for higher revenue, it rose from 22.6 per cent to 23.3 per cent.

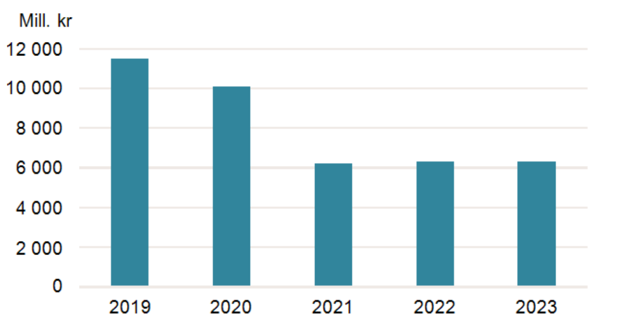
Investments and grid facilities put into operation
Statnett invested a total of NOK 6,078 million in 2023, up from NOK 4,985 million in 2022.
The investments included both completed and ongoing grid infrastructure projects, the purchase of grid facilities and digital development.

Investments in grid infrastructure have increased due to large ongoing projects and upgrades of existing grid infrastructure. In 2023, Statnett completed several major grid investments in Nordland, Rogaland, Vestfold and Telemark, and Oslo.

Investments Statnett, Group



Assets under construction, Group



Corporate management, risk and internal control

Statnett has adopted the Norwegian government's principles for corporate governance and, to the extent relevant for state-owned enterprises, the Norwegian Code of Practice for Corporate Governance issued by 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 reliable operation of the transmission grid. The biggest risks relate to HSE, security of supply, sustainability, financing and framework conditions.

The Statnett framework for risk management and internal control builds on the recommendations issued by NUES and the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and on guidelines for risk management given in ISO 31000 Risk Management. Our risk management also complies with guidelines given in ISO 55001 Asset Management, and ISO 14001 Environmental Management Systems.
For further details, please see the section on risk management and internal control in the annual report.

Organisation

At the end of 2023, the Group's workforce totalled 1,789 people, of whom 1,719 were employed at Statnett SF and 70 in subsidiaries.
Statnett is headquartered in Oslo and has administrative offices in Alta, Trondheim, Sandnes and Sunndalsøra. It also has a number of assembly points nationwide. The Group's activities are organised in five business areas and two staff functions. A new business area, Technology & Transformation, was established on 1 January 2024. See notes 20 and 22 for further information on subsidiaries.

Outlook

Europe and Norway are working towards lower emissions

At the UN Climate Change Conference (COP28) in Dubai, at the end of 2023, countries agreed on a global push to “transition away from fossil fuels”. The agreement in Dubai could speed up the transition that is already underway. Even with major contributions from energy conservation, biogas production and geothermal heating, the electrification of society will cause a sharp rise in electricity consumption – and a growing need for production of electrical power.

No one knows what the low-emission society of 2050 will look like. What is evident, however, is that we will need closer integration between countries and business sectors, new technologies and digital solutions if we are to enable the transition. Norway is part of the European power system, and the development of the European power system and the measures it introduces are of major importance for Statnett. Statnett therefore monitors developments in the European energy sector, as well as what our neighboring countries are doing. Statnett engages actively in discussions with European TSOs and other partners.

Offshore wind power will be an important new source of electricity

Although solar power, hydropower and onshore wind power can make a substantial contribution to new output, it is offshore wind power that currently seems likely to contribute the highest volume of new electricity over time. This is one of the reasons that Norway is planning to invite bids for the construction of 30 GW of offshore wind power by 2040. Considerable uncertainty attaches to how much the general construction of offshore wind power will cost. This uncertainty is particularly great in relation to floating offshore wind turbines. Nevertheless, Statnett’s long-term market analysis (LMA) forecasts that building costs will eventually decrease.

In 2023, the Ministry of Energy decided that Statnett would own any potential hybrid grid solutions from the Sørvest F offshore wind area, as well as phase 1 of the grid solution for the Utsira Nord offshore wind area. Statnett has also been asked to evaluate possible grid solutions for the offshore wind areas Sørvest F, Vestavind B, and Vestavind F. These areas are planned to be ready for offshore wind development bids in 2025. Framework conditions for developing and operating hybrid connections are an important part of Norway's efforts in offshore wind. The authorities are in the process of establishing regulations for offshore wind. These regulations need to come into place quickly to ensure necessary progression.

In March 2024, the Norwegian Government opened an auction for Norway's first offshore wind park covering 1 500 MW at Southern North Sea II. The park will be connected to the Norwegian power grid through a radial connection to Southern Norway. The winner of the auction will be responsible for construction of the wind park and cable connection to shore. Statnett has recommended connection to the transmission grid in Kvinesdal or Kristiansand and will facilitate the grid connection.

A turbulent security situation creates new challenges

The wars in Ukraine and increased geopolitical unrest, have altered the security situation. As a result, digital and physical security and emergency preparedness have been pushed higher up the agenda. Security policy, energy policy and climate policy are more closely interconnected than ever before. This close connection influences the management of the energy system and the digital and physical infrastructure. To prevent and handle extraordinary events, Statnett works continuously to develop and strengthen our safety and emergency preparedness work further. Robust digital security is a central part of this effort. In addition, geopolitical uncertainty puts pressure on supply chains for technology and raw materials. This creates bottlenecks and price increases, which affect Statnett's construction activities.

Statnett is well equipped

Society is undergoing major changes, and the need for more grid capacity is rapidly increasing. Because of this, Statnett is faced with high expectations related to delivering on Statnett's social mission.

Sound and customised framework conditions that ensure the realisation of socioeconomically profitable investments in grid development and power production – fast enough – are also needed. Such framework conditions, supported by effective government processes and appropriate economic regulation, will put us on the way to a zero-emission society.

Expectations with respect to our actions in the years ahead are high – we must keep up the pace operate efficiently and cultivate innovative and sustainable solutions.

Statnett is well equipped to meet these requirements in close cooperation with public authorities and other stakeholders.

The Board would like to thank all of Statnett’s managers and employees for their good work throughout the year.

Directors and Officers (D&O) liability insurance

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

Allocation of profit/loss for the year

The Group made a net loss for the year of NOK 2,617 million in 2023. The parent company recorded a net loss for the year of NOK 2,926 million.

In line with the government's national budget for 2023, it is proposed that the dividend for 2023 equals 50 per cent of the dividend basis. The dividend basis is defined as the Group's net profit/loss for the year, adjusted for the year's change in the post-tax higher/lower revenue balance. In 2023, the dividend basis, which equals the underlying profit, were NOK 1,585 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 close of 2023, the parent company's equity totalled NOK 24,118 million (an equity ratio of 26.7 per cent). Equity adjusted for higher/lower revenue totalled NOK 21,083 million (23.3 per cent). On the basis of the above, the Board is proposing the following allocation of Statnett SF's net loss for the year (figures in NOK million):

Proposed dividend	793
Transferred from other equity	-3 719
Total allocations	-2 926

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 2023 have been prepared in accordance with IFRSs, including such supplementary disclosures required by the Norwegian Accounting Act.
- the disclosures in the financial statements provide a true and fair view of the assets, liabilities, financial position and results of the parent company and the Group as a whole.
- the disclosures in the Board of Directors' Report, as well as the presentation of the various sustainability-related topics, including material topics identified, the GRI index, the taxonomy for sustainable activities, the sustainability accounting and corporate governance, provide a true and fair view of the development, financial results and financial position of the parent company and the Group as a whole, and a description of the main risks and uncertainties that the Group is facing.

Oslo, 21 March 2024

Statnett SF's Board of Directors

Nils Kristian Nakstad Board Chair	Hilde Singsaas Board member	Maria Sandsmark Board member	Egil Gjesteland Board member
Wenche Teigland Board member	Christian Reusch Board member	Ingeborg Ligaarden Board member	Rolf-Amund Korneliussen Board member
	Steinar Jøråndstad Board member	Hilde Tonne CEO	

Statnett

Sustainability 2023

Photo: Sverre Hjørnevik

Accelerating the green transition

Our sustainability work

Statnett plays a key role in Norway's transition to a low-emission society. At the same time, Statnett must also transform itself. Our mission is to safeguard individuals and local communities, the climate, and the environment, in the development of the power system of the future. As we ramp up our activities going forward, sustainability must be taken into account. To do so, we must achieve several things simultaneously. We must make coexistence possible through dialogue and early involvement, reduce emissions and choose solutions with low greenhouse gas emissions, while protecting nature and respecting human rights.

As we move forward, we will face dilemmas and will have to balance different considerations. We are already being met with more requirements and higher expectations from stakeholders. There is also a growing public interest in Statnett's role in the transition to a low-emission society. It is therefore important for us to be clear about how we set priorities.

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

The UN's Sustainable Development Goals (SDGs) provide a framework for our efforts. Our sustainability endeavours are designed in line with relevant international frameworks and guidelines, including the OECD Guidelines for Multinational Enterprises and the UN's Guiding Principles on Business and Human Rights. Statnett is a member of the UN Sustainable Business Initiative, the United Nations Global Compact (UNGC). Five of the UN's SDGs are particularly relevant for our operations: Affordable and clean energy; Decent work and economic growth; Climate action, Life below water and Life on land.

In 2023, Statnett joined the Renewables Grid Initiative (RGI), which brings together European Transmission System Operators (TSOs), non-governmental organisations (NGOs), academia and government authorities from across the continent. The initiative's objective is to promote fair, transparent, and sustainable development of the power grid to enable growth in renewable energy sources. In the longer term, this partnership will contribute to achieving full decarbonisation, in line with the Paris Agreement.

About the Sustainability chapter

This chapter is divided into sections covering the following topics:

- *Management:* management of Statnett's sustainability efforts.
- *Environmental aspects*: Nature, Climate, Climate and nature risk
- *Social aspects:* Responsible transition, Occupational health, safety and environment (HSE), Responsible supply chain, Employees and organisation, and Statnett as a workplace

Our taxonomy for sustainable activities and sustainability accounts follow after the sustainability chapter. The GRI index for 2023 is found under Other information.

We report in accordance with the standards defined by the Global Reporting Initiative (GRI). This covers indicators for different topics and requirements for the reporting process. We also report on relevant indicators for the energy sector (GRI G4 Electric Utilities Sector Disclosures). Some elements in the GRI table refer to other chapters in the annual report.

The statement on due diligence, as well as our duty to take action and report on progress, is included in the section on social aspects.

Parts of our sustainability work are referred to elsewhere in the annual report. Descriptions of Statnett's risk and corporate management are presented later in the report. This information supplements the sustainability chapter.

The sustainability chapter and the chapter on taxonomy for sustainable activities in the annual report is subject to limited assurance by our external auditors, Deloitte AS. Their statement is attached.

How we manage our sustainability work

Our sustainability efforts are integrated into our processes through our management systems and our strategy

Group management is responsible for following up the company's goals and implementing necessary measures. Our framework for risk management and internal control is designed to ensure that we meet requirements and expectations. Read more about this in the chapter on Corporate Management.

We regularly assess Statnett's impact, risks and opportunities related to sustainability. The results are discussed with Group Management and the Board of Directors. We frequently update our strategy in line with new information on material topics, as well as new requirements and expectations. We adopted specific targets and measures for sustainability in the update of Statnett's strategy in 2022.

The Board receives regular updates on results, activities and strategy relating to Statnett's sustainability efforts. These updates include information about developments relating to key topics, updates relating to strategy, targets and key performance indicators (KPIs), and improvement measures. In 2023, the Audit Committee and the Board of Directors were given detailed presentations on specific sustainability topics, including important trends, new regulations and further measures relating to our sustainability reporting.

We continuously work to adapt our sustainability efforts to new regulations, standards and frameworks, such as the EU Taxonomy, the Norwegian Transparency Act and the EU's Corporate Sustainability Reporting Directive (CSRD).

Double materiality assessment

The prioritised areas for our sustainability work are identified based on a double materiality assessment carried out in the autumn of 2022. No significant impacts, risks or opportunities were identified in 2023 that required changes to the material topics and prioritised areas. The double materiality assessment was conducted in accordance with prevailing good practice and methodology for sustainability reporting at the time. In 2024, a new double materiality assessment will be carried out, using methodology and processes that meet the requirements of CSRD.

As a basis for the double materiality assessment, we have mapped, and taken into account, our key activities and sector-specific challenges, our impacts in the value chain, relevant framework conditions and regulations as well as global and national megatrends with a particular focus on climate change, nature, social aspects, renewable energy and our specific role as a facilitator in a renewable society.

The gross and net list of material topics were established using impact, risk and opportunity analyses, document reviews, interviews, workshops, and discussions. Internally, employees in selected business and staff areas were invited to participate in workshops to identify material topics. Group Management and employee representatives were also interviewed. We used Statnett's established stakeholder dialogue protocol to map material topics for our key external stakeholders, by summarising input, publications, and media reports. Our owner, NGOs, customers, suppliers, lenders, public authorities, indigenous peoples, and local communities are some of the key stakeholders with whom we engage.

The criteria for assessing the consequences for society, the climate and environment were determined based on the Global Reporting Initiative, while the criteria for assessing the impact on the company were based on our risk management framework. The net list and final prioritisation of material topics and strategic areas and plans were reviewed by Group Management and the Board of Directors.

Our material topics are shown in the table below. The table indicates how Statnett impacts our surroundings (*inside-out*); climate and nature, social aspects and governance, and how sustainability opportunities and risks impact Statnett (*outside-in*).

How Statnett impacts our surroundings (inside-out)

Climate and nature	Social aspects	Governance
• Facilitate the energy transition • Land use and interventions in nature • Ecosystems and biodiversity • Scope 3 emissions in the supply chain • Emissions and pollution from materials choices • Scope 1 and 2 emissions in own operations	• Distribution of electricity to society • Health, safety and the environment in own operations and the supply chain • Affected rights-holders • Human rights and decent working conditions in the supply chain • Competency development for own employees • Diversity and equality	• Management of procurements practices • Traceability and transparency in the value chain • Data- and cybersecurity

How sustainability opportunities and risks impact Statnett (outside-in)

	Climate and nature	Social aspects	Governance
Opportunities	• Electrification of local businesses and local communities may increase social acceptance for the construction of new grid infrastructure • The energy transition creates new business areas for offshore wind power • Circular economy reduce costs and emissions	• Diversity improves competency, performance and attractiveness • Strengthened supplier follow-up and dialogue leads to improved predictability	• Increased cooperation with other TSOs may boost emission reductions • A green position strengthens reputation and enhance attractiveness
Risks	• Nature conservation and lack of social acceptance challenge expansion of the grid • Resource scarcity and high prices challenge the pace of electrification • Emissions reductions throughout the value chain is too slow • Physical damages and power outages due to extreme weather	• Increased uncertainty and price volatility in the supply chain due to geopolitical instability. • Violations of human- and labour rights in the value chain	• Delays in the electrification • Stringent tender requirements for social and environmental aspects increase costs

These are our priority areas

Based on our double materiality analysis, we have established three priority areas for working on the most material topics.

1. We are working to ensure a responsible transition

Increased development of the grid will have an impact on nature and local communities. We will work towards coexistence with all affected stakeholders through meaningful dialogue and early involvement. We will integrate due diligence processes in accordance with international standards, respect human rights and labour rights, and work to reduce risk throughout the value chain.

2. We reduce our greenhouse gas emissions

Statnett will reduce emissions (Scopes 1, 2 and 3)[3] in line with the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius. We will also set science-based targets for emission reduction, in line with emission pathways for Statnett's future activities. Our goals and initiatives will be verified by a third party. Our largest emission sources relate to the production of materials, sulphur hexafluoride (SF_6) gas, interventions in nature and construction work.

3. We take care of nature

The world is facing an environmental crisis due to human activity and degradation of nature. Statnett has infrastructure throughout Norway both on land and underwater. Our activities entail interventions in nature and our presence in marine areas will increase. Reducing our impact on nature is crucial. We will avoid activities in valuable and vulnerable areas of nature, and we will minimise construction in natural carbon sinks. Statnett will work towards nature positivity and will adopt nature-positive solutions[4]. We will develop goals and initiatives and report on our progress in line with established frameworks.

Three principles underpin our areas of priority:

- We must be transparent with regards to the actual and potential consequences of our business activities and how we balance different considerations
- Our decisions must be informed and data-driven, including the use of digital tools for sustainability data
- Norwegian, Nordic and European forums for cooperation are important for building competence and uniting behind common goals

We operationalise our work in the three priority areas through a strategic sustainability plan and action plans. We use our experience from the materiality analysis to further our work in developing Statnett's sustainability strategy and reporting and to have an even more strategic approach to our most material areas. You can find information about strategy and results connected to our material areas in the various sub-theme sections of the sustainability report.

We are working to ensure a responsible transition

- with respect for individuals and society at large

- Contribute to electrification and green value creation
- Work for coexistence between all affected parties and facilitate stakeholder involvement at an early stage
- Integrate due diligence processes and respect human rights and labour rights throughout the value chain

We reduce our greenhouse gas emissions

- on our way to net zero in 2050

- Set science-based targets for emission reduction in line with emission pathways for our future activities
- Reduce the use of SF_6

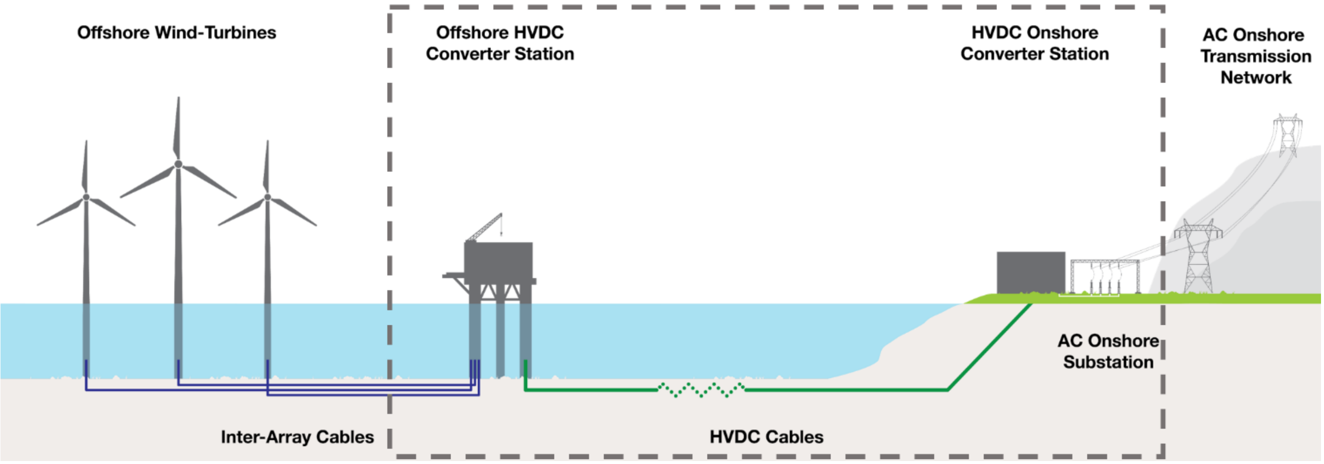
We take care of nature

- on our way to nature positivity

- Avoid activities in valuable and vulnerable areas of nature
- Reduce our carbon footprint and minimise construction activities in natural carbon sinks
- Adopt nature-positive solutions

[3] Scope 1: Direct emissions from 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).

[4] Actions to protect, sustainably manage, or restore natural ecosystems in areas where we operate.



Cost-effective and sustainable grid solutions are a prerequisite for the development of offshore wind power

In order to facilitate the development of sustainable offshore grid solutions, we conducted a double materiality assessment in 2023. This assessment was carried out in cooperation with the wind power industry and the Cooperation Forum for Offshore Wind. The assessment examines Statnett's impact on society and stakeholders and how relevant external conditions affect our opportunities for long-term value creation.

Based on the assessment, we have defined the following overarching measures that are to be used in planning the offshore grid:

- Develop offshore grids that account for greenhouse gas emissions in a "cradle-to-grave" perspective
- Incorporate knowledge of local nature and environmental aspects when selecting designs and routes
- Establish meaningful dialogue and early involvement of stakeholders

The materiality analysis includes an onshore terminal and substation and an offshore hub and platform, as illustrated in the diagram on top of this page.

In order to develop offshore grids in a socio-economically rational and sustainable manner, the various development stages should be viewed in context.

Statnett recommends that the first offshore wind farms should be developed in areas that are close to industrial hubs on land. This will reduce costs for onshore and offshore grid solutions and avoid unnecessary impacts on nature and the environment.

You can read more about the development of offshore grids in our thematic report[5] from November 2023 (available in Norwegian only).

Statnett promotes research, innovation and development

R&D, innovation and technology development will play an important role in the realisation of our strategic sustainability goals. Statnett is participating in a number of exciting research projects, in both Norway and Europe. Listed below are three examples.

Statnett participates in the European Commission's research and innovation programme "Horizon Europa" through the project "MISSION (eMISsion-free HV and transmission switchgear for AC and DC)". As part of the project, Statnett is developing, designing and testing a pilot for the world's first air-insulated SF_6-free, 420 kV circuit breaker. The project will make an important contribution to achieving our goal of phasing out the greenhouse gas SF_6 from our facilities by 2050. The total budget is around NOK 125 million.

In 2023, the Norwegian Environment Agency's updated its guidelines on impact assessments. The updated version uses a calculator jointly developed by Statnett and the Norwegian Institute for Nature

[5] Find out more at statnett.no: https://www.statnett.no/globalassets/havvind/temrapport---utvikling-av-nett-til-havs-2023.pdf

Research (NINA) to calculate greenhouse gas emissions from bogs. This means that all land developers in Norway who encroach on bog areas and are required to carry out an impact assessment must use this calculator in their projects. The calculator was developed as part of the GRAN project[6].

Statnett collects GPS data on reindeer in relevant development areas. The data, which has been collected over more than 20 years of research, is now actively used in licensing processes, by public authorities and the courts.

Our green bonds finance sustainable projects

Our green bond issues are used to finance construction projects that have a positive impact on the climate. In 2020, Statnett received the proceeds from its first two green bond issues. In 2023, we made a green bond issue in the amount of SEK 3,1 billion and a maturity of five years and a green bond issue in the amount of EUR 500 million and a maturity of ten years. The funds from these issues have been used to finance the NordLink and North Sea Link interconnectors, which will facilitate increased production and consumption of renewable energy in Norway, Germany and the UK. Some of the funds have also been used to finance the Lyse-Fagrafjell project to facilitate the delivery of more renewable electricity in South Rogaland. In February 2024, we made a new green bond issue in the amount of EUR 500 million. These funds will finance grid reinforcement in different locations in the country. Statnett has issued green bonds with a total amount of NOK 19,55 billion since 2020.

Statnett has established a framework describing which projects can be qualified as green. The framework has been qualified by CICERO (Center for International Climate Research). We have established a multidisciplinary committee to assess projects. The committee is made up of Statnett employees with expertise in the fields of sustainability, the environment, analysis, and finance. We are working to renew our green framework, and we have chosen S&P Global, the new owners of CICERO's Shades of Green, to evaluate it. We expect to finish and publish our new framework and grading by the second quarter of 2024.

Photo: Per Fjordvang

[6] Read more about the GRAN-project her (norwegian only): [Nytt rammeverk for grønnere anleggsarbeid | Statnett]

Nature

Statnett's facilities affect nature in many ways, such as changes in the use of land, disturbances relating to construction work and habitat change. Nationwide, Statnett has 335 overhead power lines, totalling 11563 km of high-voltage cable. Statnett's grid comprises 39 149 registered pylons and 236 transformer substations, laying claim to a total surface area of 4.82 km^2. Statnett also has 2 204 km of subsea transmission cables (interconnectors). There are therefore many different types of natural environment that are affected by Statnett's infrastructure.

New land use statistics

Statnett has, for the first time, prepared land use statistics covering our infrastructure in vulnerable or valuable habitats, see the following table. For more details, see the land area statistics in the section on sustainability accounting. The baseline is set to 1 November 2023. Future developments will be measured against this in table format and in a land use index which is currently being developed. In this analysis, Statnett defines vulnerable and important areas of nature as areas registered as conservation areas (including Ramsar sites[7]), proposed conservation areas and areas registered as having a high or very high habitat value in environmental impact assessments (KU-value)[8]. Areas registered as very important, important or locally important marine habitats pursuant to the Norwegian Environment Agency's surveys, are also included in this category. Wild reindeer habitats are also classified as vulnerable areas of nature[9].

Land use statistics of infrastructure in vulnerable and valuable nature[1]	Pylons	Power line corridors[2]	Substations	Subsea cables[3]
	Number	km^2	km^2	km^2
Protected areas	1 427	15,47	0,0074	2,6
Announced protected areas	113	1,6		2,9
Very high environmental impact assessment value	197	2,39	0,09	
High environmental impact assessment value	376	5,24	0,04	
Very important, important and locally important marine areas				27,6
Wild reindeer areas	4 359	161	0,06	

1) We have considered presence, not actual impact in this analysis, and we have not considered whether our infrastructure was built before or after the establishment of the protected area and identification of natural assets

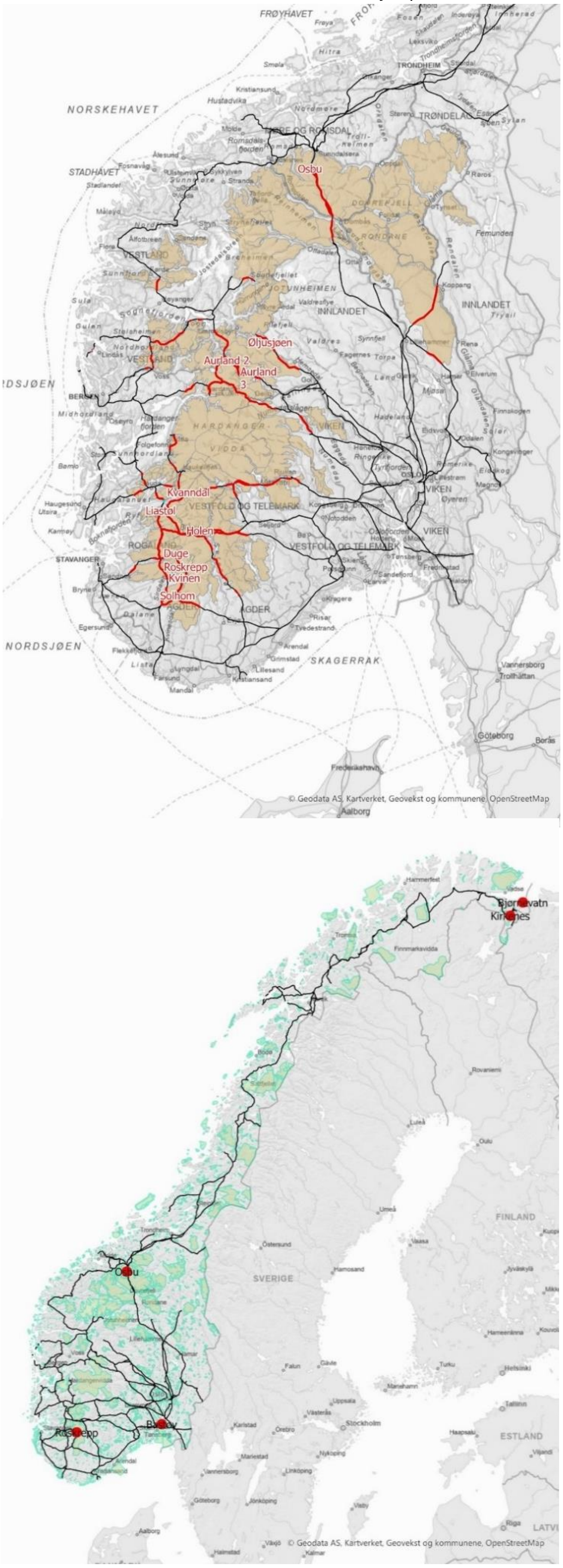
2) length multiplied by the average width of power line corridors, 40 metres.

3) In the Norwegian Exclusive Economic Zone

[7] The Ramsar Convention is a global agreement providing a framework for the conservation and wise use of wetlands and their resources. All areas of Norway that fall within the scope of the Ramsar Convention are designated as nature conservation areas. Norwegian Environment Agency – Map Catalogue (miljodirektoratet.no)

[8] The KU-value shows a breakdown of different habitats by category in accordance with the valuation criteria set out in the guide M-1941 Impact Assessments for Climate and Environment. For further details, see: Norwegian Environment Agency – Map Catalogue (miljodirektoratet.no)

[9] See the section "Impact on nature" for an explanation of why wild reindeer are included.



The top map shows the power line corridors in areas used by wild reindeer. The bottom map is an overview of Statnett's substations and segments of power line that affect conservation areas.

Impact on nature

Flora

Power lines cause relatively little impact on vegetation, with the clearing of corridors and construction of pylons being the most intrusive interventions in the natural landscape. Only a small amount of land is directly occupied and in open landscapes any impact on the vegetation will be minor and local. In forested areas, however, the power lines will require felling of trees in the corridor, with associated clearance belts. This may affect thriving and threatened species both positively and negatively through changes in the habitat. The impact depends on the type of forest through which the power line passes, and the plant species that are to be found there.

Fauna

Several bird species may be adversely impacted by Statnett's infrastructure. Power lines can result in birds being injured or killed, either through electrocution or collision. Electrocution (from being in contact with two live wires at the same time) may impact larger birds, including eagle owls. Statnett's power lines have such a large distance between the live wires that this hazard is virtually negligible.

The likelihood of collision is linked to species-specific characteristics and behaviours, as well as the power line's visibility and positioning in the terrain. Mitigating measures that increase visibility, such as bird deterrents on the overhead ground wire, can reduce conflicts. Power lines may also adversely impact birdlife by fragmenting the landscape and causing the loss of important ecological function areas.

With respect to other animals, conflicts with infrastructure have been documented particularly in relation to wild reindeer. Deciduous undergrowth in power line corridors can constitute important grazing areas for deer.

Power line construction and refurbishment

Statnett connected 103 km of new power lines in 2023. Overall, Statnett has installed 195 km of power lines using camouflaged pylons, with the objective of adapting to the landscape around the pylons. In 2023, 36 km of old power lines were decommissioned and the land on which they stood was restored. By removing pylons and their concrete bases, and by reapplying topsoil peculiar to the locality, Statnett ensures faster regrowth.

Statnett's actions for a nature-positive grid development

The mitigation hierarchy underpins all Statnett's project development work. The motivation is to avoid conflict wherever possible. However, where conflict is unavoidable, Statnett aims to limit, mitigate, and restore any damage that may occur in connection with the work carried out. Statnett's construction projects considers and assesses nature impact – from the assessment of alternative concepts to project completion.

To reduce the extent of land use change, Statnett always assesses the zero alternative in each project. The zero alternative is a description and quantification of the present situation. Emphasis on the zero-alternative means, for example, that Statnett prioritises the use of existing roads and helicopter transport, instead of building new temporary roads to the construction site. Statnett has introduced an environmental risk register, which covers all project phases.

Statnett takes a number of steps to minimise the impact its operations have on wildlife and habitats. Where possible, we tailor the power line corridors and pylon height to accommodate known bird migration routes. Where there is a high risk of collisions by vulnerable bird species, Statnett installs bird deterrents or places the ground wire in the earth.

Whenever possible, Statnett avoids construction work in periods when wildlife is particularly vulnerable to disturbance. During the construction period, Statnett strives to disturb the natural environment as little as possible. This includes the temporary reinforcement of weak terrain and the development and application of new knowledge concerning ecological restoration and revegetation. When handling soil and rock debris, Statnett uses methods that reduce the risk of spreading invasive species. Statnett also works systematically to reduce greenhouse gas (GHG) emissions. These initiatives are described in the next chapter.

Statnett participates in several research projects in order to better understand how our operations impact nature. Thematically, these projects range from land use to biodiversity in the power line corridors, and power lines as a barrier for habitats. Statnett is working to develop new initiatives and solutions to avoid interventions in valuable and vulnerable carbon sinks. Going forward, Statnett aims to adopt several nature-positive solutions. These are solutions that improve the condition of the natural environments in which we operate.

Photo: Nils Petter Kvalheim

Environmental incidents, environmental inspections and waste management

In 2023, Statnett registered no major environmental incidents. Statnett carried out 103 environmental inspections on a total of seven projects. 62 of the inspections found no faults or deficiencies. In nine cases, it was discovered that the contractor had not executed the work in line with prevailing requirements. In 32 cases, the contractor had to make minor adjustments.

Statnett generates waste during the construction phase of projects and during operations, as well as at our offices. Statnett manages waste so that it does not harm 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 our waste management so that the various components can be separated at source. In 2023, Statnett generated over 6 000 tonnes of waste in its own operations and in projects. 91 per cent of which was sorted at source.

The Statnett-owned vessel Elektron II was decommissioned in the spring of 2023. The ship has played an important role in the development of the Norwegian power system. For over 50 years, Elektron II has transported transformers to locations along the entire Norwegian coast. The ship was handed over to the breakers' yard Norscrap West, just outside Bergen, where it was broken up and the materials recycled and handled in a responsible manner.


Photo: Nils Petter Kvalheim

Climate

Statnett aims to reduce its greenhouse gas (GHG) emissions in line with the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius. Stringent measures are required to achieve our GHG emission reduction targets. This entails:

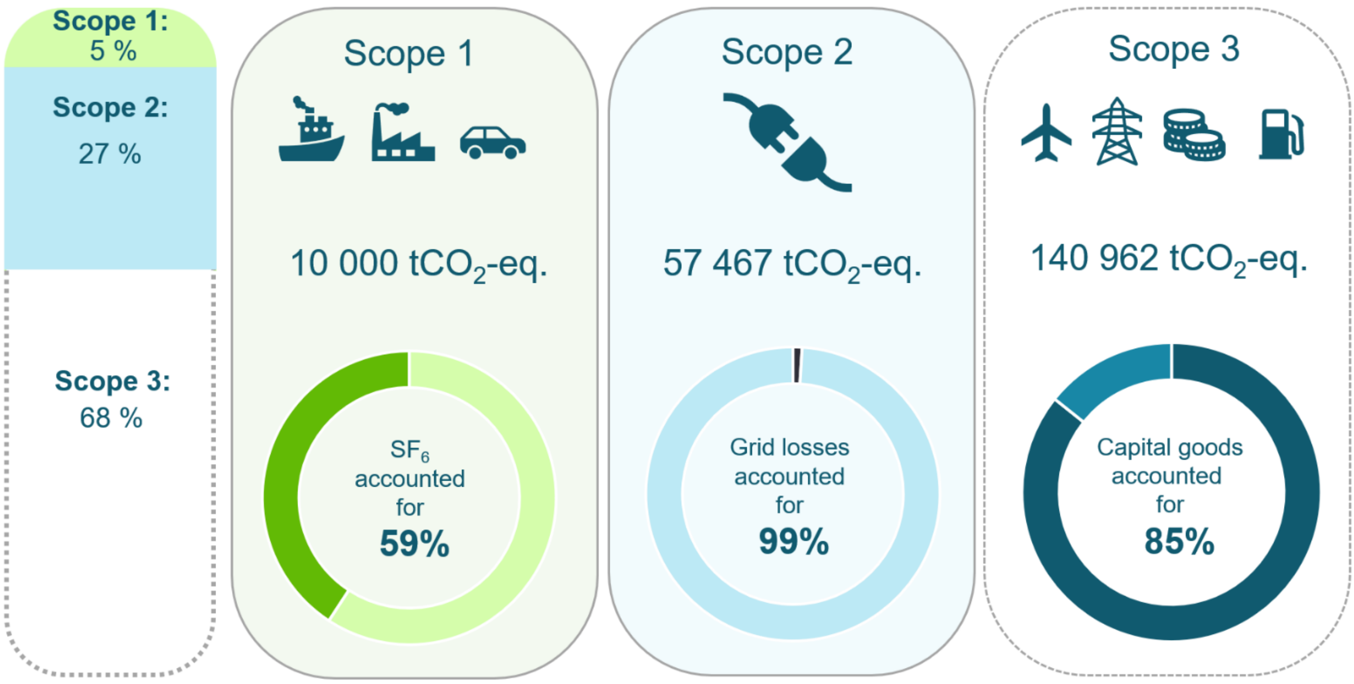
- Net zero emissions by 2050
- Setting science-based targets on climate emissions in accordance with the framework established by the Science Based Targets initiative (SBTi)

Our emission reduction targets and measures in the years leading up to 2030 and 2050 shall be credible and third-party verified. The SBTi is one of the leading bodies helping businesses to set and verify science-based climate goals. In April 2023, Statnett submitted a commitment letter to the SBTi.

Greenhouse gas inventory for 2023

The greenhouse gas inventory for 2023 shows that the leakage of SF_6 is Statnett's largest source of emissions in the category direct emissions (Scope 1). In 2023, several leaks of SF_6 were recorded in Statnett's non-conformance system. The leaks in 2023 are a mix of diffuse emissions and incidents during project and operational activities, and periodic maintenance. This resulted in total emissions of 252 kg of SF_6 in 2023. Scope 2 emissions in our greenhouse gas inventory include indirect emissions relating to grid losses and purchased electricity. According to the GHG Protocol, indirect emissions are calculated and presented in two different ways[10]: 1) from a physical (location-based) perspective and 2) from a market-based perspective.

Our largest source of indirect GHG emissions (Scope 3) is the purchase of materials, called capital goods in the GHG Protocol. Power lines, pylons and materials and equipment for substations constitute the largest emission items in this category. The GHG inventory is included in the sustainability accounts.



Location-based: 57 467 tCO_2-eq.
Marked-based: 1 516 423 tCO_2-eq.

[10] 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 the enterprise has purchased guarantees of origin or not. 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 our electricity come from? – NVE

In 2022, Statnett conducted a major update of its GHG inventory. In connection with the update, our emissions were reclassified in accordance with the GHG Protocol. We are continuously working to further improve our GHG inventory. Emissions from land use change have so far not been included in the data. Total GHG emissions vary in accordance with Statnett's activities, and the results of measures intended to reduce GHG emissions are not directly reflected in the inventory.

Measures to reduce greenhouse gas emissions

To reduce emissions, we are working systematically to reduce SF_6 leaks from our facilities, increase the number of electric cars in our vehicle fleet and deploy drones instead of helicopters. We are also working to optimise operation of the Statnett vessel Elektron.

We have introduced climate-related requirements in our contracts and demand an Environmental Product Declaration (EPD) for those product categories with the highest emission levels. The purpose of this is to enable GHG emissions relating to the materials we purchase to be identified and quantified. In 2023, we also introduced CO2 pricing for building and construction contracts, where we reward offers with low GHG emissions.

Statnett has Norway's largest stockpile of SF_6. We therefore have a particular responsibility to reduce both the use of SF_6 and any emissions deriving from it. Statnett's facilities shall be completely SF_6-free by 2050. Alternative technology to SF_6, with greatly reduced climate impact, is currently commercially available for facilities with voltages up to 145 kV. It is expected that the technology will become available for facilities at the highest voltage level (420 kV) in the next few years. Statnett will use this technology at its planned transformer substations at Liåsen, Ulven, Hyggevatn and Skaidi.

To reduce SF_6 emissions from our existing facilities, we are systematically cutting emissions from components where the risk of emission is highest. We are also installing monitoring equipment to quickly spot any leaks. Wherever possible, we replace SF_6 gas with alternative technology.

Major changes will be needed if we are to reach net zero emissions by 2050. To help us succeed in this, we will adopt new project engineering methods. We will also switch to new materials and solutions with lower climate footprints during the production, construction, and operation of our facilities.

Climate and nature risk

Our risk areas

Statnett has critical infrastructure installed nationwide and our projects have long lifespans. As a result, climate and nature-related risks are important issues for Statnett. Norway experienced a great deal of extreme weather in 2023. The storm Hans swept the country in August, while storms Pia and Gerrit arrived in December. Despite this, Statnett's facilities experienced few operational disturbances.

Physical risk

Climate change means we must prepare ourselves for more frequent extreme weather events. We are working systematically to learn more about climate impact and climate change, and how to deal with it. The report "The significance of climate change for Statnett's transmission facilities"[11] builds on the fifth assessment report published by the Intergovernmental Panel on Climate Change (IPCC)[12] and the regional projections prepared by the Norwegian Centre for Climate Services (NCCS)[13], and summarises the expected impact on our facilities. The report shows that our facilities, depending on their location, will experience increased, reduced or unchanged climate impacts.

Scenario analysis is an important tool for the prevention of operational disturbances. For example, calculations for how wind, snow and ice put a strain on the power lines affect the choice of route as well as technical solutions. Scenarios with extreme weather situations are taken into account when designing new facilities.

Some solutions intended to reduce climate change and climate-related risk can also increase the pressure on nature. Land use change resulting from the construction of new renewable electricity production and distribution constitutes a potential physical risk to the preservation of a rich biodiversity. Both flora and fauna may be impacted by disturbances and pollution arising during the

[11] Read the report (in Norwegian) at statnett.no [klimaendringenes-betydning-for-statnett-sine-overforingsanlegg-27-2015.pdf]

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

[13] The Norwegian Centre for Climate Services (NCCS) 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/

construction phase. Infrastructure impacts wildlife and habitats, and also involves a risk of invasive alien species being introduced to the area.

Transition risk
Going forward, we expect that demands for more climate and nature-friendly solutions will intensify, through legislation and standards, which could create transition risks for Statnett. Globally, steel production generates a high level of GHG emissions, in addition to polluting the soil, air and waterways. Aluminium and concrete production also leads to changes in land use and substantial water consumption. In the longer term, increased focus on the environmental impact of materials production could result in shortages or delays in the delivery of the raw materials we need[14]. At Statnett, we are working to ensure that new projects have as little adverse impact on nature as possible, and that technology and our choice of materials and solutions have a low impact on climate and nature.

Statnett's opportunities in the energy transition
The transition to a low-emission society gives Statnett the opportunity to contribute to a sustainable future by developing and upgrading the electricity grid, enabling it to transmit more renewable power.

Innovation and new technology present new opportunities for Statnett's climate and nature-related initiatives. With the help of digital twins, new sensor technology and artificial intelligence, Statnett can perform simulations of the status and development of individual facilities and the power system as a whole. This technology enables us to optimise the use of resources.

Reduced land use, improved processes that protect the natural environment, and a higher rate of recycling and reuse are also expected to make Statnett more resource efficient.

The way forward
In 2023, Statnett has developed a more complete greenhouse gas inventory. We have also mapped our land use, which has provided data on infrastructure in vulnerable areas of nature and improved our overview of the impact Statnett's activities have on nature.

Statnett is working to identify and manage its most important climate and nature-related risks. Further measures are being developed to reduce the impact we have on nature. The identification and management of risk in this area is being undertaken in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD).

As with other relevant risk factors, climate and nature risk are part of our overall risk management process. Climate and nature risk are therefore included in strategic planning, operational activities, risk management and reporting. Read more about risk management in the chapter on corporate management.

[14] The Science Based Targets Network's list of high impact commodities

Responsible transition

Norway is in the process of transitioning to a low-emission society. A fundamental prerequisite for success in this transition is to ensure this is done in a responsible way. Human rights must be respected. Adverse impacts must be managed, both within the business and the wider value chain. In addition, we need to ensure that our operations have a positive impact while mitigating the risk of negative impacts.

We must plan and build in a way that is as unintrusive as possible for people and nature that might be or are affected by our operations. To reduce adverse impacts, we must efficiently operate the existing grid and nurture the land that we already occupy. Our employees and our suppliers' employees must be given safe frameworks within which to work. Statnett must balance consideration for local communities, indigenous peoples, nature and climate, value creation and national security. This creates both risks and opportunities.

Respect for human rights and decent working conditions

At Statnett, respect for human rights and decent working conditions is fundamental to everything we do. Statnett's business may give rise to inherent human and labour rights risks. We therefore work actively to ensure that these rights are safeguarded, not only within our own organisation but throughout our value chain.

As part of our human rights commitment, Statnett performs due diligence assessments in the workplace, the supply chain, and the local communities in which we operate. These assessments help to identify, prevent, mitigate, and account for human rights impacts. They are conducted in accordance with the UN Guiding Principles on Business and Human Rights[15] and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct[16].

Photo: Sverre Hjørnevik

[15] guidingprinciplesbusinesshr_en.pdf (ohchr.org)

[16] OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD iLibrary (oecd-ilibrary.org)

For several years Statnett has systematically worked to implement preventive and risk-reducing measures. This includes conducting impact assessments, employee training and engaging in regular dialogue with affected individuals and groups. Statnett can also positively impact people, by creating safe and secure jobs for our own employees and our suppliers.

This part of the Annual Report, along with the description of our corporate governance activities, constitutes Statnett's Due Diligence Statement pursuant to section 5[17] of the Norwegian Transparency Act, which came into effect in 2022. Statnett's website, will be updated to reflect any major changes in Statnett's risk assessments that may be made during the year.

Responsibility is rooted in our corporate governance system

Our management, board of directors and owner are regularly updated on our work and progress in the field of due diligence. The due diligence process involves several business areas. Roles and responsibilities are defined in the governing documents listed below. The Sustainability Department is responsible for the group level due diligence and supports the various business areas through training and advice.

Due diligence assessments are incorporated into the following governing documents:

- Ethical guidelines (Code of Conduct)
- Supplier Code of Conduct
- Sustainability policy
- Procedures for due diligence assessments and associated processes
- Procurement policy
- Procurement procedures
- Specific contractual requirements regarding the pay and working conditions provided by suppliers
- Whistleblowing procedures
- Procedure for fulfilling Statnett's obligations under the Norwegian Personal Data Act
- Procedure relating to safety and emergency preparedness
- Ethical guidelines relating to the acquisition of land and other rights

In 2023, we worked to update our due diligence procedures, in light of the OECD's updated Guidelines for Multinational Enterprises on Responsible Business Conduct and the forthcoming requirements in the EU Corporate Sustainability Reporting Directive (CSRD) as well as the EU Corporate Sustainability Due Diligence Directive (CSDDD). The revision means that we now need to take into account climate, nature, and the entire value chain in our due diligence processes. In 2023, we also updated Statnett's Code of Conduct, which now includes a greater focus on meaningful dialogue with affected stakeholders.

In 2024 we will continue to focus on clarifying roles and responsibilities, and further develop policies, processes and tools to improve the quality of our due diligence efforts. Training sessions will also be held, while our risk map and material risk prioritisations will be updated.

Prioritised actual impact and material risks

In 2022, we mapped our risks and prioritised actual and potential adverse impacts on human rights and decent working conditions. No material changes in this risk overview were identified in 2023. The table below lists the prioritised risks and impacts in 2023. It also shows the measures that were implemented during the year.

[17] Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) – Lovdata

Prioritised actual impact and material risk	Overarching measures to prevent or mitigate adverse impacts	Expected results
Occupational health, safety and environment (HSE) for own employees and employees in the supply chain	• Reinforcement of risk management tools • Expansion of training in connection with work at height • Study of HSE requirements offshore • Reinforcement of safety awareness in house	• Improved HSE risk management • Reduction in the number of incidents relating to work at height • Better understanding of what is needed in connection with expansion offshore
Indigenous peoples' rights in Norway	• Guidelines update • Internal awareness raising • Strategic and proactive dialogue and analyses to build trust between parties	• Reduced risk of adversely impacting Indigenous people / Sámi reindeer herders • Greater trust between Statnett and affected groups • Better understanding of roles and overall impacts
Discrimination	• Diversity statement in job adverts • Goal of having at least one woman in each final interview round • Workplace facilitation for people with disabilities • Provision of Norwegian language tuition • Retention of a dedicated diversity group to work on initiatives that can raise internal awareness of diversity and inclusion • Inclusion of diversity and inclusivity as themes in our leadership program	• Creation of a more inclusive and diverse workplace
Decent working conditions in the supply chain outside of Norway and in the extraction of raw materials	• Introduction of requirements relating to conflict minerals in relevant contracts • Further development of the compliance program for supplier management in 2024	• Requirements help us to identify actual impact and ensure suppliers work systematically to manage risk. • The compliance programme for supplier management will enable us to prevent adverse impacts and manage risk in a more systematic fashion.

Greater focus on meaningful dialogue and coexistence

The structure of dialogue with stakeholders and rights-holders throughout the value chain must be strengthened. We work to ensure this remains an ongoing two-way dialogue which is conducted in good faith and is responsive to stakeholder views. This engagement is important as a step forward to understand the needs and concerns of potentially affected individuals and groups – and to provide input to other stages of our due diligence and impact assessments.

Statnett is working towards coexistence with affected groups. Our aim is to resolve conflict and achieve common goals, based on dialogue and knowledge. Statnett has extensive experience of dialogue and collaboration with various stakeholders in our projects. It is important to constantly improve our efforts to ensure greater harmony between us and affected groups.

In 2023, Statnett established an internal, cross-functional working group to improve stakeholder relations. This group has worked to map out existing measures and impacts, identify improvement opportunities and clarify internal guidelines. It has also developed stakeholder engagement plans and taken measures to raise internal awareness of reindeer husbandry and indigenous people's rights. Stakeholder relations will also be prioritised in 2024.

Dialogue meeting in Alta

Statnett conducts regular consultations and dialogue meetings in order to provide information and receive feedback on its plans and projects. On 7 November 2023, Statnett's CEO hosted a dialogue meeting in Alta to discuss opportunities and challenges relating to grid expansion in Northern Norway and coexistence with reindeer herding districts. The meeting was attended by representatives of the Sámi Parliament, public authorities and regional grid companies. The attendees agreed to continue the dialogue through yearly meetings.

Stakeholders and rightsholders affected by our activities

Statnett has many stakeholders who are affected by our activities, both directly and indirectly. We have therefore conducted impact assessments and double-materiality assessments to help us map out and know what to prioritise. Stakeholders and rights-holders who are particularly exposed to impacts that may have consequences for their human and labour rights are:

- Indigenous peoples in Norway (particularly reindeer herders)
- Statnett employees
- Contract workers
- Contractors
- Employees of suppliers and subcontractors
- Local communities in Norway

We work to find new solutions in dialogue with affected parties

In June 2023, the license and expropriation permit for Salten substation was declared invalid by the Hålogaland Court of Appeal. Salten substation was first granted a license in 2013. An application was submitted in 2019 for certain changes to the license to enable some adjustments to the substation construction. The changes applied for impacted the Duokta reindeer herding district's migration route compared to the original application. Statnett carried out assessments and engaged in dialog with representatives of the affected reindeer herding district as part of this process. When an updated concession decision was issued in 2020, the facility was built in accordance with this.

The ruling in Hålogaland Court of Appeal is an expropriation case. In the case, the Court of Appeal concluded that the concession and the expropriation decision were invalid. At the first instance hearing in the district court, the court concluded that the aforementioned decisions were valid. The reindeer herders then appealed the case to the Hålogaland Court of Appeal. The ruling in the Court of Appeal noted that the reindeer herders did not have a good enough understanding of the changes that would be made. Statnett recognises that this is a responsibility that is incumbent on us and that must be handled in a good way. We are therefore continuing to work on improving our processes in this particular area.

Statnett are currently in dialogue with the Duokta reindeer herding district and other stakeholders to find a good solution for the case.

Health, safety and the environment

Safety in everything we do

At Statnett, we have a strategic objective entitled “safety in everything we do”. Throughout 2023, Statnett placed greater emphasis on its efforts in the field of safety.

A new annual calendar was established to strengthen the company’s safety culture, and initiatives have been implemented both internally and in partnership with our contractors. Internally, the emphasis has been on mental health and driving skills. With respect to contractors, the emphasis was on driving skills and precautions to boost safety in the wintertime. Additionally, Statnett has further developed a mandatory course for those engaged to work at our construction sites.

In 2023, an internal audit of Statnett’s role as a construction client was conducted. This was prompted by the gap analysis carried out pursuant to the Norwegian Transparency Act in 2022, as well as plans to outsource additional project and building owner services. The internal audit examined Statnett’s ability to follow up its contractors. The audit concluded that Statnett is fulfilling its obligations as a construction client systematically and in compliance with the regulations. Although no serious issues of non-conformance were uncovered, the audit did lead to a number of improvement measures to intensify Statnett’s follow-up of its suppliers. Efforts in relation to the improvement measures remains ongoing.

A safe workday

Electrical installations and work carried out at height involve high inherent HSE risks. Effective procedures are necessary to work safely.

There has been a need to coordinate and improve HSE training initiatives for both managers and front-line employees.

We have therefore initiated a complete review of the competency and training requirements which are already being offered. The objective of the review is to develop a more effective and targeted training programme that will meet the risks and requirements of different roles.

In 2023, risk registers for all substation, cable and power line facilities were completed. This has provided local facility owners with a better basis for managing risk.

Statnett performs a great deal of work at height. A centre has been established in Klæbu which provides height safety training. Our training programme is constantly being updated and improved.

Statnett has been allocated the role of planning authority and system operator for offshore power grids. In parallel with the public authorities’ regulatory developments, the need for new internal HSE guidelines for the construction, operation and maintenance of a new offshore power transmission grid is also being assessed.

Serious Incident Frequency (SIF) represents the number of incidents with actual or potential serious consequences that occur per million working hours. In 2023, there was a decrease in the number of SIF incidents. The decline was greatest among Statnett's suppliers and contractors.

Ten lost-time injuries were registered; seven among own employees and three among external personnel in Statnett's projects. Lost-time injuries are reported through an H1 value, which shows the number of work-related personal injuries with absence per million working hours. As a result of the injury trend, the H1 value for contractors in the projects has steadily decreased, while the H1 value for employees has increased. To reduce the risk of injuries, measures have been implemented to strengthen the safety culture both internally and among contractors.

Responsible supply chain

Statnett has a global supply chain. In 2023, we made purchases worth approx. NOK 6.3 billion. These purchases are distributed amongst 580 suppliers that have invoiced for over NOK 500 000 within the following categories: building contractors, IT, materials and indirect. The category “indirect” includes transport and cleaning services.

The pace of grid expansion is accelerating, not only in Norway but also worldwide. This puts additional pressure on the supply market, where the risk of human rights abuses and poor working conditions is increasing. This risk is rising in several parts of the supply chain, such as minerals extraction and components production, as well as the use of migrant labour to construct our facilities. Emissions relating to our supply chain, such as emissions in Scope 3, account for 68 per cent of our total emissions. Nature is also affected by activities in the supply chain.

To prevent and manage these risks, it is vital that we have robust processes relating to procurement and supply chain management. Due diligence is a key aspect of this work.

We are working to establish stronger and more effective systems to address the issue of sustainability in connection with project engineering, procurement and supplier management. In 2023, we established a digital procurement platform, to strengthen our efforts to incorporate sustainability risk in the prequalification, procurement, and contract finalisation phases.

In 2023, we updated our sustainability priorities in category strategies. A category strategy provides guidelines for procurements within a specific category. Going forward, Statnett will focus on establishing strategic partnerships with suppliers in some categories. The objective of such partnerships is to secure access to capacity and contribute to greater professionalism, as well as drive the innovation and the green technology on which the energy transition depends.

Statnett has started to map human rights risk in product groups that may contain conflict minerals. In 2023, we introduced requirements relating to conflict minerals in relevant contracts for electromechanical.

We assess country and product risk

We include the following areas in our supplier country and product risk assessments: wages and working hours, freedom of association and the right to collective bargaining, the right to rest periods, safe working conditions, decent staff accommodation and 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 shows that migrant workers on

Photo: Johan Wildhagen

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 tenders. In response to specific risk assessments, additional Integrity Due Diligence (IDD) investigations may be undertaken. The objective of IDD investigations is to ensure compliance with the regulations governing public procurement and with Statnett's own Supplier Code of Conduct in the areas respect for human rights, decent working conditions, and the protection of the climate and nature. IDD investigations and assessments take place in connection with prequalification and are carried out by our contractual partner PWC. For example, PWC supports in entering framework agreements for cleaning services.

We set requirements and are clear in our expectations

Our requirements for wages and working conditions are reflected in Statnett's ethical guidelines for suppliers and in Statnett's minimum requirements for wages and working conditions. These requirements are part of our contract terms. These requirements must also be passed on to subcontractors in the entire contract chain. Suppliers must also confirm that no subcontractors are on selected sanction lists. We set clear expectations for our suppliers through follow-up and dialogue.

We investigate before we purchase

Statnett's contractual counterparties must be qualified in Achilles and StartBANK, which provide prequalification arrangements for the energy and supply sectors respectively, as well as for the construction sector. In 2023, a total of 259 audits relating to Statnett's supplier markets were performed in Achilles and StartBANK. 40 of the 259 audits focused particularly on ethics and employment conditions. For procurements with a high level of risk, Statnett has stricter qualification requirements.

We follow up censurable conditions

Material non-compliance with the requirements for decent employment conditions and failure to rectify them results in sanctions being imposed by Statnett. Such sanctions may include day penalties, the cancellation of the contract or exclusion from forthcoming tender competitions. We have internal procedures for conducting audits of suppliers.

Collaboration to combat work-related crime

There is a high risk of work-related crime in the construction, trade services, transport, catering and cleaning sectors. To prevent and reduce risk relating to these services, Statnett collaborates with several actors engaged in efforts to combat work-related crime and human rights abuses, both nationally and internationally. This provides us with a better foundation from which to select responsible and law-abiding suppliers and subcontractors. Our partners include StartBANK, the Norwegian Tax Administration, the Joint Forum against Work-Related Crime (Samarbeidsforum mot a-krim) and Fair Play Bygg.

The agreement with the Norwegian Tax Administration means that suppliers wanting to enter into a contract with Statnett must sign an agreement giving access to confidential information held by the Tax Administration on employees, subcontractors and matters relating to tax compliance. The agreement also enables the Tax Administration to help Statnett verify whether registered personnel actually perform the work concerned.

Right to privacy

At Statnett, we respect the right to privacy. We are therefore working systematically to ensure that we treat personal data belonging to our employees, grid connection customers, land-owners and other stakeholders in a lawful, transparent and secure manner. Rights and freedoms are safeguarded through close cooperation across security divisions in Statnett.

To enable Statnett to fulfil its obligations, while complying with the personal data regulations, we act as controller of the data processed on our behalf. We also set stringent standards for our data processors. In 2023, we continued working to raise awareness of data privacy at induction courses for new employees, through in-house talks and lectures, and direct follow-up of the relevant technical departments. In addition, we implemented improvements to our internal processes and continued monitoring and evaluating new data processors. At the same time, we began working to prepare Statnett to use artificial intelligence in a way that provides robust protection of individual personal data.

In 2023, three non-conformances were registered with respect to compliance with the personal data regulations at Statnett or our data processors. None of the incidents were of such a nature that they were reported to the Norwegian Data Protection Agency.


Photo: Johan Wildhagen

Employees and organization

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, and the local bipartite cooperation. Good relations between management and employee representatives are crucial for Statnett's development, increased efficiency, and capacity for change.

In 2023, 78 per cent of our workforce were trade union members, and we therefore strive to ensure that union representatives can exert real influence. This is facilitated through an open, ongoing dialogue with the trade unions, where information is shared, and views are exchanged in relation to matters that are important for 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. A total of 30 safety areas have been established. These are located throughout the country, mainly in Statnett's emergency preparedness and operational areas as well as its administration buildings. The local HSE groups, which include safety representatives and a management representative, continued in 2023. Regular meetings were held, and an annual report was submitted to the Working Environment Committee.

We aim to attract and develop the skills of tomorrow

Our strategy defines the competence we need today and in the future. To fulfil our social mission, we depend on attracting and developing skills and expertise within critical competency areas. Statnett is developing methods for strategic competence management and the performance of gap analyses. These are used as the starting point for planning competency development measures in the various professional disciplines.

All employees undergo an annual performance review. During the year, status meetings are also held. Developing the employee's competence in relation to the goals of the company and the department concerned are key issues in these meetings. The individual employee's competency development is followed up jointly by the employee and their manager. Every year, a process is undertaken to identify and define the need for competency in the various management teams. Follow-up plans for critical roles are developed based on the outcome.

Statnett offers opportunities for career development in the organisation by advertising all vacant positions internally. Statnett arranges a two-year leadership development programme, which boosts managers' ability to help realise our strategy and play a key role in the development of the company's workforce, organisation, and corporate culture.

Statnett as a workplace

Statnett aims to promote equality and prevent discrimination. Greater diversity and a more inclusive working environment are key to achieving this. How we are working in the area of diversity, equality and inclusion is described in the following sections.

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 our governing documents, which are based in part on the ILO’s core conventions.

Diversity, equality and non-discrimination

We work to promote equality and prevent discrimination on the grounds of age, gender, pregnancy, 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 makes it clear 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 in the workforce and increase its diversity. Many of the positions at Statnett require qualifications in disciplines that have traditionally been male-dominated. This applies in particular to the lineworkers, where there are very few female applicants for vacant positions. To a certain extent, this also applies to technology and engineering disciplines. Recruiting more diversely is crucial if we are to cultivate more talents across the various disciplines and attract people with a wider variety of backgrounds, nationalities and genders.

We take a targeted approach to attracting applicants from different backgrounds. We include a diversity statement in all our job adverts, and we aim to have at least one qualified female candidate in each final interview round. We facilitate working conditions for

those with reduced functional ability and offer Norwegian language tuition to applicants who are non-native speakers. Diversity and inclusion are also topics that are discussed at internal management gatherings.

A dedicated diversity group has been established to help foster an inclusive working environment. This group comprises employees and management representatives, and it works on initiatives to raise awareness of diversity and equality within the organisation. Statnett also offers a number of social activities that contribute to an inclusive working environment. These include a separate committee for administrative staff, company sports associations, an amateur musical variety group, and a separate group for young employees (Ung i Statnett).

Gender balance

In December 2023, women made up 28.5 per cent of Statnett's workforce. 36.5 per cent of Statnett's managers are women. 62.5 per cent of Statnett's Group management are women.
We work actively to improve the gender balance in our recruitment processes. The proportion of women among new employees in 2023 was 33.5 per cent. 60 per cent of the participants in Statnett's annual student summer project "Kube" were women. 9.8 per cent of our apprentices are women.

Salary

At Statnett, women earn 100.2 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 92.0 per cent and 101.1 per cent of average salaries. The average salary for female managers in relation to the average salary for all managers is 103.9 per cent.

Guidelines and collective bargaining agreements are intended to ensure equal treatment of employees with regard to pay and wage reviews. At the same time, Statnett offers 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 review. Managers receive training and guidance on the determination of salaries and how the wage settlement should be distributed in a non-discriminatory manner.

Parental leave

Statnett is focused on men having the same opportunity as women to take parental leave – and that doing so is equally as accepted. In 2023, 100 employees took statutory parental leave. The distribution between women and men was 37 per cent women and 63 per cent men. On average, men took 17.1 weeks of statutory leave, while women took an average of 31.3 weeks of parental leave.

Sickness absence

Statnett had a sickness absence rate of 3.96 per cent in 2023.
Sickness absence among women was 6.57 per cent, while sickness absence among men was 3.01 per cent.

The distribution of absence related to sick children/child care provider is 0.52 per cent for women and 0.53 per cent for men.

Part-time work

Of Statnett's 1 789 permanent employees, 98.8 per cent are employed in full-time (100 per cent) positions. Statnett has 21 part-time employees, seven of whom are defined by the company as filling part-time positions, all within the cleaning services. 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 percentage of employment. 14 employees work reduced hours due to partial disability or at their own request. Women make up 52.4 per cent of all part-time employees.

The level of involuntary part-time work was surveyed in 2022. Involuntary part-time is followed up by managers as part of the employee's annual performance review. The 2022 survey showed that two of the part-time employees would prefer a higher percentage of employment. The next survey will be conducted in 2024.

Employee involvement

We include efforts to strengthen the working environment, gender equality and diversity through various activities. Statnett is bound by basic agreements, collective agreements and special agreements between Statnett and the trade unions represented in the company: the Norwegian Electrician and IT Workers Union, Tekna – the Norwegian Society of Graduate Technical and Scientific Professionals, NITO – the Norwegian Society of Engineers and Technologists, NTL – the Norwegian Civil Service Union, and an amalgamation of the Norwegian association for professionals and graduates in business and economics Econa, the Norwegian Association of Economists (Samfunsøkonomene) and the Association of Social Scientists (Samfunnsviterne). The collective agreements also contain provisions on gender equality and diversity.

Statnett actively cooperates with all the represented trade unions and follows up its obligations under collective agreements in both formal and informal meetings, including monthly contact meetings, where the employee representatives are informed about the status of areas such as sickness absence, staff turnover, the engagement of contract staff and the composition of the workforce. Gender balance, age composition, competency, and measures to further develop the business within these areas are reported for the latter category.

In addition, Statnett's Working Environment Committee manages various topics relating to occupational health, safety and the environment. The Working Environment Committee met five times in 2023. It also carried out inspections at the Klæbu training centre and the Orkdal and Rød substations.

Whistleblowing

Violations of Statnett's guidelines – internally or through suppliers – should be raised with line managers, the Ethics and Whistleblowing Committee or via Statnett's electronic whistleblowing channel "Mitt varsel", which facilitates anonymous reporting. Reports submitted via “Mitt varsel” are followed up by the Ethics and Whistleblowing Committee in accordance with its mandate. This applies to all reported issues of concern, including cases involving equality and discrimination.

Statnett has an Ethics and Whistleblowing Committee, which has taken over the role previously performed by the former ombudsman. In addition to giving advice and guidance to employees on ethical dilemmas and Statnett's Code of Conduct, the Ethics and Whistleblowing Committee follows up all reported issues of concern, from both internal and external sources. In the period May to December 2023, the Committee dealt with nine such reported issues.

Ongoing initiatives

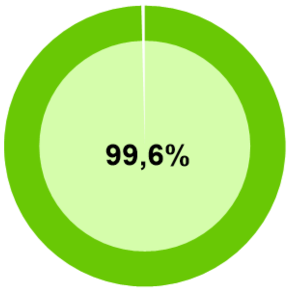
In 2024, Statnett will continue its efforts in the areas of diversity, equality, and anti-discrimination. We will increase our focus on diversity in recruitment and ensure general diversity awareness-raising for all staff including managers. We will also follow-up on our quarterly employee surveys and conduct work environment-related reviews when necessary.
We will continue the active collaboration between employee representatives, the Working Environment Committee and the internal safety service.

From 2024, Statnett is a member of the employer organisation the Confederation of Norwegian Enterprise (NHO), and affiliated with NHO's national association, Renewables Norway (Fornybar Norge). The transition to NHO's collective wage settlement and other agreements is being implemented in collaboration with employee representatives.

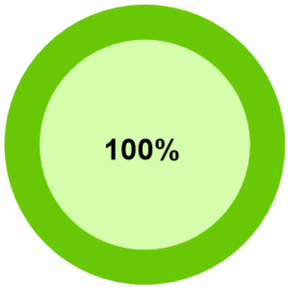
Taxonomy for sustainable activities

Taxonomy

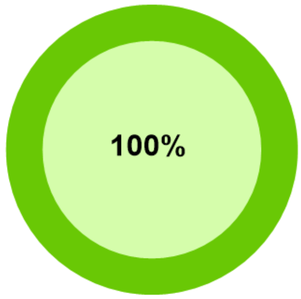
Turnover, 99,6 % aligned



Investments, 100 % aligned



OpEx, 100 % aligned



Statnett achieves a high score for taxonomy-qualified (eligible) and sustainable aligned activities. All of our activities are included in the activity transmission and distribution of electricity and satisfy the taxonomy's criteria for climate change mitigation.

Basis of preparation

The Norwegian Sustainable Finance Act entered into force on 1 January 2023. This means Statnett is subject to EU taxonomy reporting requirements from the financial year 2023. We also opted to include information about taxonomy eligibility and alignment in our 2022 annual financial statements. The EU taxonomy is still relatively new, and a standardised best practice has not yet been established. It is also clear from the regulation that the authorities are considering expanding the taxonomy framework. We are monitoring developments and will adapt to any adjustments. We acknowledge that there is some uncertainty regarding the interpretation of some areas of the taxonomy. Important interpretations and assumptions are described in this section.

On 27 June 2023, the European Commission established a number of criteria for activities that can contribute to the achievement of goals relating to water, circular economy, pollution and biodiversity. The Commission also set some new criteria for activities that can contribute to the achievement of the climate-related goals. Norwegian companies are not obliged to include information about the new taxonomy activities in their annual financial statements for 2023. After evaluating the four new environmental objectives, water and marine resources, circular economy, pollution, and biodiversity, we have not identified any new activities to be included in our reporting for 2023. Our statutory reporting for the 2023 financial year is linked to the two climate-related goals of climate change mitigation and climate adaptation.

Background

The EU Taxonomy Regulation[18] is an important part of the EU action plan to shift capital flows towards a more sustainable economy. The EU taxonomy marks an important step towards the goal of achieving climate neutrality by 2050[19].
The EU taxonomy defines six climate and environmental objectives that economic activities can help achieve:
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. Prevention and control of pollution
6. Protection and restoration of biodiversity and ecosystems

In accordance with the taxonomy criteria, enterprises must report the scope of economic activities that they

[18] Read the English version of the EU Taxonomy Regulation .

[19] Read more: Taxonomy for sustainable economic activity – regjeringen.no (Norwegian only)

perform that are covered by the taxonomy (eligibility)[20] and that meet the taxonomy criteria (alignment)[21]. The enterprise must also report KPIs that measure the share of turnover, investments and operating costs linked to sustainable activities.

Our taxonomy-eligible activities

Statnett's activity is taxonomy-eligible, and we have assessed that all our operations relate to the energy sector; activity 4.9 Transmission and distribution of electricity, according to the Taxonomy Regulation[22,23].

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

How we assess whether our activities are aligned with the EU taxonomy

To be defined as sustainable, an activity must meet the requirements in the figure below.

The European Commission has set criteria to determine when activities can be classified as sustainable under activity 4.9 of the taxonomy. An activity is sustainable when it makes a substantial contribution to an objective and when it does not have a significant negative impact on the other objectives (Do No Significant Harm: DNSH). In addition, the activity must meet minimum requirements for social and governance aspects.

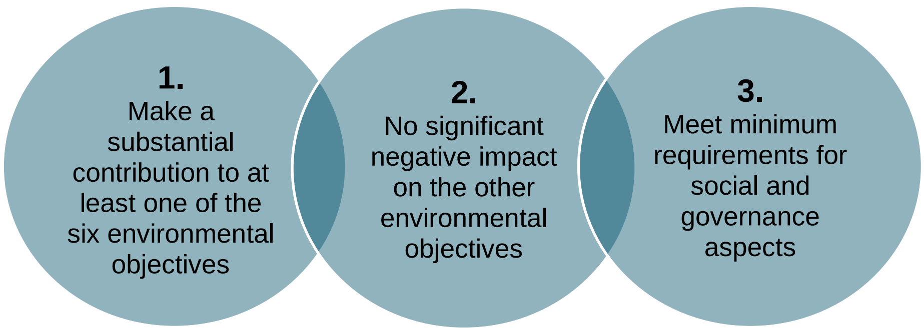
Our activity makes a substantial contribution to the climate objective "Climate change mitigation"

We have assessed whether Statnett's activity 4.9 in the taxonomy meets the criterion of making a "substantial contribution" to the climate objective: "Climate change mitigation". Activity 4.9 can also give a substantial contribution to the objective "Climate change adaptation." The description of the activity is the same for both climate objectives, and we consider the technical screening criteria for the mitigation objective to be more stringent than that for the climate adaptation objective. We have therefore considered it as more relevant to report on the climate mitigation objective.

The Norwegian and Nordic power markets are an integral part of the European power market. The Norwegian power system is closely 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. Our activities linked to activity 4.9 transmission and distribution of electricity are defined as enabling activities[24].

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

Statnett has reviewed the criteria that apply to activity 4.9 in the taxonomy. Our activities meet the DNSH



[20] An activity is eligible in accordance with the taxonomy if it is included in the list of activities covered by the delegated act.
[21] An activity is aligned with the taxonomy when it meets all the criteria for making a substantial contribution to at least one of the environmental objectives, does not cause significant harm to the other environmental objectives and meets the minimum requirements for social and governance aspects.
[22] Our administrative and system support activities are also included in this category, since we consider these to be closely linked to our main activity.
[23] taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf (europa.eu)
[24] 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)

criteria for the other environmental objectives, according to our interpretation of the framework. The table below summarises our assessment of the DNSH criteria for activity 4.9 in the taxonomy.

Environmental objectives	Our assessment of the DNSH criteria for activity 4.9 in the taxonomy
Climate change adaptation	Statnett has identified physical climate risks and conducted vulnerability assessments that are material to our operations and implemented mitigating actions where risks have been identified. The assessments show that our facilities, depending on where in the country they are located, will experience increased, reduced, or unchanged climate impact. Guidelines for choosing routes and technical solutions informed by calculation of future climate loads. All new facilities are designed to withstand extreme weather events. Our assessments are based on the report "The importance of climate change for Statnett's transmission facilities" and the regional projections made by the Norwegian Centre for Climate Services. See our section on climate and nature risk in the "Sustainability" chapter in this report for more information.
The sustainable use and protection of water and marine resources	No criteria for water have been prepared in relation to activity 4.9.
Transition to a circular economy	Norway has laws in place to regulate waste management. 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. Statnett carefully plans waste management to facilitate the sorting at source of various components. The requirements for hazardous waste are particularly stringent. Statnett has a framework agreement for waste management.
Pollution prevention and control	Systematic HSE work and internal control are legal requirements in Norway. Statnett adopts a structured and targeted approach to HSE, meeting the requirements of the Internal Control Regulations and the Construction Client Regulations. Our systematic HSE work is based on the risk factors to which our various activities are exposed. Statnett considers that its HSE work complies with the IFC's performance standards for HSE. We comply with strict requirements to limit the effects of electromagnetic radiation on people as set out in Norwegian legislation, the provisions of the Radiation Protection Regulations and the authorities' advice on caution and good practice. Statnett does not use power conduits that contain PCB.
Protection and restoration of biodiversity and ecosystems	Regulations on Impact Assessments require enterprises to carry out risk assessments when planning new power transmission facilities. Construction of grid facilities must also conform with several sector-specific laws and regulations. We carry out impact assessments in accordance with Directive 2011/92/EU, as implemented through the Norwegian Regulation on Impact Assessments. Statnett uses the mitigation hierarchy as a basis for planning new power transmission facilities. If an impact on a biodiversity asset cannot be avoided, Statnett strives to minimise the impact by implementing mitigating measures. You can read more about nature in the chapter on "Sustainability" in this report.

We comply with the minimum safeguards criteria for social and governance aspects

Statnett works to identify, prevent, mitigate and disclose aspects that could negatively impact human rights and decent working conditions – in the workplace, in the value chain and in the local communities where we operate[25]. We carry out the process above in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Our approach is based on the International Labor Organization's core conventions. Statnett promotes a responsible transition. Our efforts and processes in this area are highlighted in the chapter on "Sustainability" in this report.

Results, definitions and assumptions

Statnett achieves a high score for taxonomy-eligible activities – 99.6 per cent for turnover, 100 per cent for investments and 100 per cent for operating expenses. This is because Statnett considers that virtually all the company's activities are included in the activity "transmission and distribution of electricity".

Statnett achieves a correspondingly high score for taxonomy-aligned activities, based on a review and assessment that 1) the substantial contribution requirement is met; 2) all criteria relating to Do No Significant Harm are met; 3) The minimum safeguards criteria for social and governance aspects are also considered to be met. The KPIs are defined in accordance with the EU taxonomy requirements[26].

Turnover

The proportion of eligible and aligned turnover was 99.6 per cent for the 2023 financial year (99.5 per cent in 2022).

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 11,600 million in 2023 (NOK 22,993 million in 2022).

The numerator includes all regulated revenue as well as a portion of other operating revenue currently considered eligible and aligned in accordance with the taxonomy. Ineligible activities relate to revenues that are considered not to relate directly to our core business, including commercial revenue from the leasing of fibre optic networks and ships. To ensure emergency preparedness, Statnett owns ships, which are leased out when we have available capacity. In 2022, Statnett also recognised a gain on the sale of gas-fired power plants, which is considered ineligible in accordance with the taxonomy[27].

Investments

The proportion of eligible and aligned investments was 100 per cent for the 2023 financial year (100 per cent in 2022).

The denominator corresponds to the figure for additions of tangible and intangible assets during the financial year, and equates to the sum of additions in Note 8: Tangible and intangible assets and Note 9: Assets under construction[28].

In 2023, the Group's investments in accordance with the taxonomy were NOK 6 371 million (NOK 5 157 million in 2022).

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

Operating expenses

The proportion of eligible and aligned operating expenses was 100 per cent for the 2023 financial year (99.1 per cent in 2022).

In accordance with taxonomy reporting requirements, costs that are not capitalised and that relate to activities within research and development, building maintenance and repairs, cleaning and short-term

[25] See chapter 'Responsible transition'

[26] Taxonomy-regulation-delegated-act-2021-4987-annex-1-5_en.pdf (europa.eu)

[27] The gas-fired power plant was procured as a contingency under a previous SAKS measure (SAKS is a Norwegian acronym for "severely strained power situation"). As of 31 December 2022, Statnett does not own any gas-fired power plants.

[28] Additions according to notes 8 and 9 have been reduced by the sum of "Transferred to tangible and other intangible fixed assets" in Note 9.

rentals must be reported. Any other direct costs that are necessary to ensure that the assets function as intended must also be reported. The denominator therefore constitutes a small proportion of the accounting lines “Other operating expenses” and “Salaries and payroll costs”.

In 2023, the Group’s operating expenses in accordance with the taxonomy definition were NOK 656 million (NOK 529 million in 2022).

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

In 2022, maintenance costs for gas-fired power plants were not included. This is because these costs are considered ineligible in accordance with the taxonomy, in the same way as the gain on the sale of gas-fired power plants. For 2023, this is no longer relevant as Statnett no longer has any gas-fired power plants.

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

KPI tables Taxonomy for sustainable activities[29]

Turnover

				Substantial contribution criteria						DNSH criteria (Do Not Significantly Harm)										
Economic activities (1)	**Code (2)**	**Abso-lute turn-over (3)**	**Propor-tion of turn-over (4)**	**Clim-ate change miti-gation (5)**	**Clim-ate change adap-tion (6)**	**Water (7)**	**Pollu-tion (8)**	**Circ-ular eco -nomy (9)**	**Biodiv-ersity and eco-systems (10)**	**Clim-ate change mitiga-tion (11)**	**Clim-ate change adap-tion (12)**	**Water (13)**	**Pollu-tion (14)**	**Circ-ular Econo my (15)**	**Biodiv-ersity (16)**	**Mini-mum Safe-guards (17)**	**Taxonomy 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) (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	CCM 4.9	11 557	99,6 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	NA	Y	NA	Y	Y	Y	Y	99,6 %	99,5 %	E	-
Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)		**11 557**	**99,6 %**	**Y**													**99,6 %**	**99,5 %**		
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)		**11 557**	**99,6 %**														**99,6 %**	**99,5 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (N/EL)																				
Turnover of Taxonomy-non-eligible activities (B)		**43**	**0,4 %**																	
Total (A + B)		**11 600**	**100%**																	

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

Investments

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 (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	DNSH criteria (Do Not Significantly Harm): Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (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	CCM 4.9	6 371	100%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	NA	Y	NA	Y	Y	Y	Y	100%	100%	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		**6 371**	**100%**	**Y**													**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)		**6 371**	**100%**														**100%**	**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (N/EL)																				
Capex of Taxonomy-non-eligible activities (B)		**0**	**0,0 %**																	
Total (A + B)		**6 371**	**100%**																	

Operating expenses

Economic activities (1)	Code(s) (2)	Abso-lute turn-over (3)	Propor-tion of turn-over (4)	Substantial contribution criteria: Clim-ate change miti-gation (5)	Clim-ate change adap-tion (6)	Water (7)	Pollu-tion (8)	Circ-ular eco-nomy (9)	Biodiv-ersity and eco-systems (10)	DNSH criteria (Do Not Significantly Harm): Clim-ate change mitiga-tion (11)	Clim-ate change adap-tion (12)	Water (13)	Pollu-tion (14)	Circ-ular Econo my (15)	Biodiv-ersity (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	CCM 4.9	656	100%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	NA	Y	NA	Y	Y	Y	Y	100%	99%	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		**656**	**100%**	**Y**													**100%**	**99%**		
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)		**656**	**100,0 %**														**100%**	**99%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (N/EL)																				
OpEx of Taxonomy-non-eligible activities (B)		0,0	**0,0 %**																	
Total (A + B)		**656**	**100%**																	

ANNEX XII Template 1 Nuclear and fossil gas related activities:

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

Statnett

Sustainability accounts

Photo: Pål Bentdal

Sustainability accounts

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

Environmental and climate information

Environment

	2023			2022		
Form of protection	Number of protected areas	Kilometres of power lines	Areal (km2)	Number of protected areas	Kilometres of power lines	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	71	126	2
Protected plant area	0	0	0	0	0	0
Total	**100**	**396**	**25**	**100**	**396**	**25**

Land use statistics of infrastructure in vulnerable and valuable nature[1]		Pylons	Power line corridors[2]	Substations	Subsea cables[5]
		Number	km²	km²	km
Protected areas	**TOTAL**	**1427**	**15,47**	**0,007434**	**2,6**
	Habitat protection (game)	269	3,38	0,0001340	
	Animal protection area	19	0,31		
	Animal protection	254	1,35	0,0066930	
	Landscape protection area	184	1,64		
	Landscape protection area (habitat protection)	12	0,14		
	Landscape protection area (animal protection)	265	2,94	0,0005590	
	Landscape protection area (plant protection)	48	0,58	0,0000480	
	Nature reserve	376	5,1		
	Marine protection area		0,03		2,6
International Union for Conservation of Nature (IUCN) categories	**TOTAL**	**1427**	**15,46**	**0,007434**	
	Conservation area not assessed in accordance with IUCN criteria	254	1,37	0,006693	
	IUCN IA	376	5,1		
	IUCN IV	613	7,35	0,000741	
	IUCN V	184	1,64		
Announced protected areas	**TOTAL**	**113**	**1,6**		**2,9**
	National parks	21	0,3		
	Nature reserves	92	1,3		2,9
Very high environmental impact assessment value	**TOTAL**	**197**	**2,39**	**0,09**	
	Flood forest area	6	0,03	0,00001	
	Coastal heathland	171	1,89	0,089361	
	Pasture (mown grass/bogland)	10	0,13		
High environmental impact assessment value	**TOTAL**	**376**	**5,24**	**0,04**	
	Calciferous mountain areas	58	0,72		
	Rich deciduous forest	33	0,43		
	Pasture (natural)	31	0,33		
	Gully terrain	30	0,38		
	Intact high-altitude bogland	7	0,06	0,041325	
	Coastal pine forest			0,001617	
	Important brook systems	2	0,14	0,000124	
Very important, important and locally important marine areas	**TOTAL**				**27,6**
	Soft-bed areas (shoreline)				4,2
	Shell sand deposits				5,8
	Large-scale scallop beds				3,7
	Large-scale kelp beds				3
	Eelgrass meadows and other subsea meadows				11
Wild reindeer areas	**TOTAL**	**4359**	**161**	**0,06**	

1) We have considered presence, not actual impact in this analysis, and we have not considered whether our infrastructure was built before or after the establishment of the protected area and identification of natural assets

2) length multiplied by the average width of power line corridors, 40 metres.

3) In the Norwegian Exclusive Economic Zone

4) IUCN: International Union for Conservation of Nature (Verdens naturvernunion)

Waste type[1]	Unit	2023	2022	2021
Biological waste and sludge	tonnes	608	528	4 229
Paper and cardboard	tonnes	16	13	20
Glass	tonnes	10	16	7
Metals	tonnes	1 226	650	6 812
WEEE	tonnes	345	258	257
Soil and inorganic materials	tonnes	3 091	1 931	33 083
Plastics	tonnes	23	14	10
Chemicals	tonnes	1	0	0
Batteries	tonnes	47	10	3
Hazardous waste	tonnes	189	108	375
Total source-separated waste	tonnes	5 501	3 528	44 797
Mixed waste	tonnes	520	259	473
Source separation rate[2]	per cent	91	93	99
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%

Vessel weight report: Elektron II

The Statnett-owned vessel Elektron II was decommissioned in the spring of 2023. The figures for waste do not include the vessel's decommissioning. The vessel was handed over to the shipbreaking yard Norscrap West, which broke it up and recycled/disposed of the materials in a safe and appropriate manner. The weight report for the vessel is given below. Carbon emissions relating to end-of-life (Scope 3 emissions), are not included in Statnett's greenhouse gas (GHG) accounting.

	Recycling	Onward sale	Energy recovery	Waste	Own use
Iron	953,4				
Complex materials	27,0				
Wood			20,0		
Residual waste				14,0	
Copper cables	5,2				
Asbestos				1,5	
Hazardous waste				0,6	
Batteries	0,3				
Vehicle ramps		30,0			
Generators		6,0			
MOB boat		0,4			
Diesel		20,0			
Electronics		1,0			
Tools					1,0
Hawsers		0,8			
Interior furnishings		4,0			
Oil					0,4
Galley equipment		1,2			
Total weight in tonnes	985,9	63,4	20,0	16,1	1,4

Percentage	90,7 %	5,8 %	1,8 %	1,5 %	0,1 %

Sanctions, environment	Unit	2023	2022	2021
Cases where legal or administrative sanctions have been issued for material breaches of environmental legislation	Number	0	0	1
Fines or charges for breaches of environmental legislation	MNOK	0,0	0,0	0,6

Environmental incidents	Unit	2023	2022	2021
Statnett				
Serious environmental incidents[1)]	Number	0	0	2
Less serious environmental incidents [2)]	Number	2	3	1
Contractors				
Serious environmental incidents	Number	0	0	1
Less serious environmental incidents	Number	3	18	7
Total	**Number**	**5**	**21**	**11**

[1)] Incidents that cause serious or irreversible environmental impacts.

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

Climate

Energy consumption [1]	Unit	2023	2022	2021
Electricity				
Own consumption	GWh	26,7	27,1	24,3
	TJ	96,0	98,0	87,0
Grid losses	GWh	2 944	2 695	2 609
	TJ	10 598	9 702	9 392
Grid losses as percentage of power transported in the transmission grid	%	2,7	2,7	2,4
Fossil fuels				
Natural gas, gas-powered plants	Ton	0	25	82
Fuel, own cars and machinery	m^3	891	1 003	970
	TJ	32	34	33
Fuel, ships	m^3	666	1 141	934
	TJ	24	42	34
District heating and cooling				
Own consumption	MWh	2 856	2 712	2 663
	TJ	10	10	10
Of which renewable	%	90	93	99
Sum energi [TJ]		163	183	164
Sum energi med nettap [TJ]		10 761	9 885	9 557

[1] For fuel, own car and machinery, historical figures for 2022 have changed, cf. changes in the greenhouse gas accounts.

Sources:
https://snl.no/energivare
Marine_Methanol_Report_Methanol_Institute_May_2023.pdf

	Energi [TJ]
302-2 Energy consumption outside of the organization, biodrivstoff	35
302-2 Energy consumption outside of the organization, fossilt	46
Sum	80

In 2022, Statnett conducted a major analysis of its GHG accounting. As part of this, Statnett has reclassified emissions that were previously recorded under direct emissions as indirect emissions in the updated GHG accounting, in accordance with the GHG Protocol. We are continually striving to further improve our GHG accounting practices. This has an impact on some historic data in the 2023 accounts. In the GHG accounting, we have marked which emission categories have been affected by the reclassification and have updated the historic data.

Emission intensity	Unit	2023	2022	2021
Total greenhouse gas emissions	tCO_2	208 429	137 005	172 115
Total power transmission in the main grid	TWh	109	102	109
GHG emission intensity	**tCO_2/TWh**	**1 912**	**1 343**	**1 579**

Greenhouse gas emissions[1]	Unit	2023	2022	2021
Direct emissions (Scope 1)	tCO_2 equivalents	**10 000**	**12 712**	**11 931**
From diffuse emissions (SF_6)[2]	tCO_2 equivalents	5 922	7 081	6 674
From fuel consumption, equipment[3]	tCO_2 equivalents	77	76	147
From fuel consumption, cars[4]	tCO_2 equivalents	2 149	2 300	2 275
From fuel consumption, vessels[5]	tCO_2 equivalents	1 851	3 188	2 609
From reserve power facilities (natural gas)	tCO_2 equivalents	-	67	226
Indirect emissions (Scope 2)[6]	tCO_2 equivalents	**57 467**	**29 993**	**21 068**
Electricity, offices	tCO_2 equivalents	508	299	195
Grid losses	tCO_2 equivalents	56 886	29 645	20 872
District heating and cooling[7]	tCO_2 equivalents	73	49	1
Other indirect emissions (Scope 3)[8][17],[18]	tCO_2 equivalents	**140 962**	**94 299**	**139 116**
Category 1 - Purchased goods and services[9]	tCO_2 equivalents	3 266	4 546	11 308
Category 2 - Capital goods[10]	tCO_2 equivalents	120 700	74 470	119 405
Category 3 - Supply chain emissions from fuel consumption[11]	tCO_2 equivalents	960	1 344	1 218
Category 5 - Emission from waste generated in own operations[12]	tCO_2 equivalents	483	388	N/A
Category 6 - Business travel[13]	tCO_2 equivalents	2 372	1 463	609
Category 7 - Employee commuting[14]	tCO_2 equivalents	1 394	1 238	1 235
Category 13 - Downstream leased assets[15]	tCO_2 equivalents	249	782	363
Category 15 - Investments[16]	tCO_2 equivalents	11 538	10 070	4 979
Total emissions	tCO_2 equivalents	**208 429**	**137 005**	**172 115**

[1] The GHG emissions are for Statnett. See Note 20 in financial results. Consolidation is based on operational control. The figures in the table are calculated in accordance with the GHG protocol and show emissions using the location-based method of calculation. Total emissions for Scope 2 in accordance with the market-based method come to 1,516,423 tonnes of CO_2 in 2023. (The emission factor from NVE is 502 tonnes of CO_2/GWh). Of this amount, 13,405 tonnes of CO_2 equivalents (CO_2e) is attributable to offices, 25 tonnes CO_2e is attributable to remote cooling/heating, 5 tonnes CO2e to electric vehicles and 1,502,988 tonnes CO_2e to grid losses.

[2] Emission factor: GWP 23,500 tCO_2e/tSF_6, DEFRA factor 2022. We are continually striving to improve our underlying data. This could lead to adjustments in the reported SF_6 figure in the GHG accounting.

[3] Equipment includes snow mobiles, tractors and electricity generators. Emissions factor: DEFRA. Activity data: Leaseplan. Figures for 2022 reflect a change from spend data to activity data

[4] Source: Leaseplan. Figures for 2022 have been adjusted because the figure previously included fuel consumption from equipment.

[5] The vessel Elektron II was decommissioned in the spring of 2023

[6] Emission factor: NVE product description 2022. See Note 1 for further information about our market-based Scope 2 emissions. From 2023, the category Electricity under Offices includes electric vehicles.

[7] Production mix and emission factor from Nydalen Energi

[8] Historic Scope 3 emissions have been amended because Statnett no longer counts emissions from acquired facilities unless the facilities in question are put into operation during the reporting period. Our Scope 3 emissions vary considerably, since they rise and fall in accordance with our level of activity.

[9] Emissions associated with the purchase of goods and services, such as helicopter services and building work carried out by contractors. The underlying data varies and is a combination of activity data from the supplier and the climate budget. The emission factor is either sourced from the supplier's EPD, where this is available, or a general factor is used, such as that from DEFRA. Fuel consumption associated with the construction of substations has been moved from Scope 3, category 2, to Scope 3, category 1. This has resulted in the updating of historic data.

[10]Capital assets primarily include infrastructure for the transmission grid, such as substations, power lines, pylons and cables. Capital assets outside of the project dimension are not included. Emission factors are primarily drawn from supplier EPDs. Where these are not available, general factors are used, such as those from DEFRA and ICE Database. The data for calculating emissions from transformer substations comes from LCAs at two different transformer substations. We adjust the amount of material used in the calculations for new transformer substations using scaling factors. We are working to establish a better data basis for these calculations. Emissions are counted from the year in which the component goes into operation, irrespective of its ownership status in that year. This is an amended methodology and has led to the updating of historic data reported in 2022 and 2021.

[11] Upstream emissions relating to the production of all the fuel we use. We use the well-to-tank factor from DEFRA.

[12] Source: Norsk Gjenvinning. Currently includes emissions relating to waste and waste management for 16 of our locations. At present, we have no information on our emissions for 2021.

[13] The emissions derive largely from air travel and car journeys (though not commuting to/from the workplace). We source information on flights, rail travel and hotel accommodation from our travel agent, while car journeys are calculated on the basis of mileage expense forms submitted. The calculations are based on the percentage of electric vehicles and electricity consumption from Statistics Norway (SSB).

[14] Emissions relating to commuting are 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 relating to the leasing out of Statnett's vessel.

[16] There may be some difference in the methodology that the managers use to calculate carbon intensity. Statnett uses the most up-to-date factor issued by the manager.

[17] Statnett's GHG reporting is continuously being improved. Over the past year, we have worked to increase our knowledge about our greenhouse gas emissions related to interventions and changes to land and nature. Statnett recycles large quantities of materials in connection with the decommissioning of old infrastructure. In 2023, we decommissioned one of our ships, cf. note 5. We do not currently report on emissions associated with the end of life for our infrastructure. We have the ambition to increase data quality and gain more knowledge about these emissions in connection with next year's reporting.

18) In 2023, we report on the following Scope 3 categories: 1, 2, 3, 5, 6, 7, 13, 15. We are working to map and identify relevant data on the following categories: 4. The following categories are currently assessed as not relevant for Statnett: 8, 9, 10, 11, 12 and 14.

Levels and emissions, SF_6	Unit	2023	2022	2021
Levels as of 31 Dec[1)]	kg	181 374	180 105	175 199
SF_6 emissions	kg	252	301	284
Substations with gaseous components	Number	193	180	178
Of which gas-insulated substations	Number	47	41	35

[1)] Inventory includes SF_6 in stations and stock. Inventory per 31.12.2023 amounted to 8 869 kg

Information on social conditions

Safety

Serious Incident Frequency SIF	2023 Number	2023 SIF value	2022 Number	2022 SIF value	2021 Number	2021 SIF value
Total	11	2,6	17	4,1	10	2,3

Lost-time injuries (LTI)	Number of injuries	LTI value	Number of injuries	LTI value	Number of injuries	LTI value
Employees	7	2,2	3	1,0	3	1,0
Subcontractors	3	2,7	9	7,2	6	4,0
Total	10	2,3	12	2,9	9	2,0

Injuries (TRI)	Number of injuries	TRI value	Number of injuries	TRI value	Number of injuries	TRI value
Employees	12	3,8	5	1,7	7	2,4
Contractors	6	5,3	15	12,0	19	12,7
Total	18	4,2	20	4,8	26	5,9

Fatalities	2023	2022	2021
Employees	0	0	0
Subcontractors	0	0	0

Lost day rate (LDR)	Number of lost days	LDR value	Number of lost days	LDR value	Number of lost days	LDR value
Employees	175	56,0	21	8,0	90	31,0
Subcontractors	67	60,0	24	19,0	167	112,0
Total	242	57,0	45	12,0	257	58,0

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	2023	2022	2021
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

	2023		2022		2021	
Payment to suppliers[1),2)]	**MNOK**	**Number of suppliers**	**MNOK**	**Number of suppliers**	**MNOK**	**Number of suppliers**
Contractors	2 486	66	2 070	60	3 007	66
IT	1 767	128	1 255	95	1 100	102
Materials	1 136	138	942	123	1 235	147
Indirect	952	248	897	244	950	287
Total (unique suppliers)	6 341	580	5 163	522	6 292	602

[1)] Certain suppliers deliver in several of the categories.

[2)] Only suppliers who have invoiced for over NOK 500,000 are included in the accounts.

Business ethics and anti-corruption

Whistle-blowing cases	Unit	2023	2022	2021
Total number of concerns reported [1)]	Number	9	46	58
Of which linked to business ethics and anti-corruption[2)]	Number	0	25	28
Of which linked to working environment[3)]	Number	9	21	30

Sanctions, business ethics and anti-corruption		2023	2022	2021
Cases where legal or administrative sanctions have been issued for material breaches of business ethics legislation[4)]	Number	0	0	0
Fines or charges for material breaches of business ethics legislation	MNOK	0	0	0

[1)] Annual reports from former Ethics Ombudsman in 2022 and 2021 contained quantitative overviews of the number of inquiries to the Ethics Ombudsman. No distinction was made between advisory cases and the handling of reported incidents. Based on the previous categorisation, it is estimated that around 15 out of 46 registered inquiries in 2022 (twelve months) fall within the category of reported incidents, thus a decrease in the number of cases is estimated. From 2023, an Ethics and Whistleblowing committee has been established with a new mandate that explains the reduced number of reported inquiries.

[2)] 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).

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

[4)] Material legal sanctions for accounting fraud, corruption.

Decent working life

Trade unions	Unit	2023	2022	2021
Percentage of employees with collective agreements as at 31.12	%	78	80	84

Penal sanctions, human rights	Unit	2023	2022	2021
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	2023	2022	2021
Employees as at 31 Dec [1)]	Number	1789	1579	1530
Employees in subsidiaries as at 31 Dec [2)]	Number	70	67	53
Employees in full-time positions as at 31 Dec	%	98,8	98,5	98,9
Turnover	%	5,6	5,8	4,0
Number of temporary employees at 31 Dec[3)]	Number	24	N/A	N/A
Apprentices as at 31 Dec	Number	41	39	30
Trainees as at 31 Dec	Number	10	11	11

Age distribution	Unit	2023	2022	2021
Employees under 30	%	8,1	7,0	6,7
Employees aged 30–50	%	46,5	46,0	47,6
Employees over 50	%	45,4	47,0	45,7
Average age, all employees	Years	46,9	47,7	47,4
Average age, men	Years	47,5	48,3	47,9
Average age, women	Years	45,5	46,3	45,8

Gender equality	Unit	2023	2022	2021
Female quota, Group	%	28,5	27,2	26,6
Female quota, management positions	%	36,5	31,0	29,5
Female quota, Group Management	%	62,5	62,5	50,0
Female quota, Board of Directors	%	44,4	44,4	44,4
Female quota, new employees	%	33,5	32,6	34,4
Female quota, new managers	%	47,1	61,5	57,9
Female quota, full-time employees	%	28,2	26,8	26,2
Female quota, part-time employees	%	52,4	50,0	53,8
Share of women among temporary employees[4)]	%	8,3	N/A	N/A

Employees by group	Number of women	Per-centage women	Average age women	Number of men	Per-centage 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	16	41,0	51,4	23	59,0	38,3	39	43,7	92,01	105,6
2	36	11,3	44,5	282	88,7	42,3	318	42,5	98,53	100,2
3	361	31,9	42,9	769	68,1	47,3	1 130	45,9	95,53	102,1
4	99	31,7	51,7	213	68,3	53,8	312	53,1	101,07	99,5
Total	**512**	**28,5**	**45,0**	**1 287**	**71,5**	**47,1**	**1 799**	**46,5**	**100,2**	**99,9**

The breakdown of Statnett's workforce is based on the company's own categorisation system, in which Group 1 primarily consists of cleaners and younger workers with trade certificate. Group 2 largely consists of trade certified workers with experience or additional education, engineers and mercantile positions. Group 3 largely consists of engineers and economists with a master's degree, senior engineers and managers at levels 3 and 4 in the organisation. Group 4 mainly consists of senior technical specialists and managers at levels 1 and 2 in the organisation. The figures for 2023 are based on full-time employment. In previous years, apprentices and temporary staff have been included in the figures of which the breakdown is based.

Equal pay	Unit	2023	2022	2021
Average salary for women as a percentage of average salary for all employees	%	100,2	101,4	99,6
Average salary for men as a percentage of average salary for all employees	%	99,9	99,5	100,1
Average salary for female managers as a percentage of average salary for all managers	%	103,9	103,8	101,0
Average salary for male managers as a percentage of average salary for all managers	%	97,9	98,2	99,7

Sickness absence	Unit	2023	2022	2021
Short term, 1–16 days	%	1,53	1,90	1,10
Long term >16 days	%	2,44	2,20	1,80
Women	%	6,57	6,30	3,80
Men	%	3,01	3,30	2,70
Totalt	**%**	3,96	4,10	3,00

Statnett as employer	Unit	2023	2022	2021
Employee satisfaction and motivation				
Employee engagement[5)]	Skala 0-10	7,5	7,2	-
Response rate	%	89	88	-
Employees who have had an annual appraisal	%	93	90	82

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

[2)] Elhub

[3)] The number of temporary employees applies to temporary engagements/temporary work and temporary overlapping positions pending retirement

[4)] The figure for the share of women among temporary employees includes temporary engagements/substitutions and temporary overlapping positions pending retirement

[5)] From Statnett's quarterly organizational survey.

Operational key figures

Power lines divided into voltage level [1]	Unit	2023	2022	2021
132 kV	km	2 154	2 314	2 332
300 kV	km	4 107	4 091	4 092
420 kV	km	4 863	4 796	4 706

[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	2023	2022	2021
Power lines in operation	km	11 389	11 465	11 395
Underground cables and subsea cables in operation[1]	km	2 341	2 552	2 550
Power lines comissioned	km	54	79	76
Upgraded exisisting power lines	km	0	0	0
Demolished facilities	km	36	28	96
Number of comissioned field circuit breaker	Number	58	48	40

Security of supply	Unit	2023	2022	2021
Frequency variances *	Minutes	9 671	9 376	10 670
Non-Delivered Energy (NDE)	MWh	134	83	701
Reliability of supply	Percent	99,9999	99,9999	99,9986

* Frequency deviation measures stability in the power balance. In the Nordic countries, the requirement is that the frequency must be within a band of 50.00 +/- 0.10 Hz.

Distribution of value creation	Unit	2023	2022	2021
Employees – Salary and social benefits [1]	MNOK	2 141	1 949	1 840
State and municipal taxes and fees [2]	MNOK	793	688	659
Interest expenses	MNOK	2 191	1133	696
Owner – dividends [3]	MNOK	793	296	737
The company – Retained equity	MNOK	-3 719	5 445	2 464

[1] Payroll costs (excl. employer's national insurance contributions).

[2] Tax expense, property tax and employer's national insurance contributions.

[3] Profit for the year less proposed dividends

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To the Board of Directors of Statnett SF

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON STATNETT SF SUSTAINABILITY REPORTING FOR 2023

We have performed a limited assurance engagement for the Board of Directors of Statnett SF (the Company) on the sustainability reporting as defined in GRI Index 2023 and EU Taxonomy reporting (the "Selected Information") within the Annual Report for the reporting period ended 31 December 2023.

Our limited 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 for the year ended 31 December 2023, as described below, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Statnett SF has engaged us to provide independent Limited assurance 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 year ended 31 December 2023 is as follows:

Selected Information	Applicable Criteria
GRI Index 2023	Reporting in accordance with GRI Standards, published by the Global Reporting Initiative (globalreporting.org).
Taxonomy KPIs	Article 8 of EU Regulation 2020/852 from the European Parliament and the Council of 18 June 2020, as well as Annex I pt. 2 and Annex II in the Delegated Act supplementing Article 8 of the Taxonomy Regulation (EU Commission's Delegated Regulation 2021/2178 of 6 June 2021), as interpretated by the management as described in the Basis for preparation included in the EU Taxonomy reporting. Point 4.9 in Annex II supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council of June 2020, as interpretated by the management as described in the Basis for preparation included in the EU Taxonomy reporting.

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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 self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

Board of Directors' 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
- 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.

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 and included, among others, an assessment of

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the appropriateness of the Applicable Criteria. In carrying out our Limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Through inquiries of relevant personnel obtain an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify areas where material misstatement in the Selected Information is likely to arise, providing a basis for designing and performing procedures to respond to address these areas and to obtain limited assurance to support a conclusion.
- Through inquiries of relevant personnel obtain an understanding of the internal processes relevant to the Selected Information and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information.
- Perform procedures on a sample basis to assess whether the Selected Information has been collected and reported in accordance with the Applicable Criteria, including comparing to source documentation.

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, 21 March 2024

Deloitte AS

Guro Magnetun Heimvik

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

Statnett

Corporate governance

FPhoto: Sverre Hjørnevik

Corporate management

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

1. Statement on corporate governance

Statnett SF is owned by the Norwegian state through the Ministry of Energy. The enterprise is organised as a group.

Sound corporate governance is a prerequisite for stable long-term value-creation. Sound corporate governance helps ensure that Statnett delivers products and services that meet the requirements and expectations of customers, public authorities and other stakeholders.

The Board ensures that Statnett exercises sound corporate governance and internal control. Together with Statnett's policies, rules, processes, procedures and other internal governing documents, these guidelines constitute the frameworks for corporate governance. These frameworks contribute to effective risk management and facilitate continuous improvement and increased efficiency.

2. Operational performance

Statnett has a sectoral policy goal stated in its articles of association. Statnett is the operator of the transmission grid and acts as transmission system operator (TSO) for the Norwegian power system. The enterprise is responsible for operating and developing the transmission grid in a socio-economically rational manner. Statnett must, on its own or in conjunction with others, plan, design, build, own and operate power transmission infrastructure. Statnett's articles of association are displayed on the Group's website.
The Government's Ownership White Paper (Meld. St. 6 (2022–2023: Greener and more active state ownership)) clarifies the owner's expectations relating to sustainability. The Norwegian state emphasises the importance of Statnett conducting its activities in a responsible manner. This means that Statnett must act in an ethically responsible manner and identify and manage 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 2023 financial year 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 net profit for the year after tax, adjusted for the change in the year's accumulated post-tax higher/lower revenue balance. Furthermore, the capital structure is managed through the raising and repayment of current and non-current debt, as well as changes in liquidity reserves. There were no significant changes in the targets and guidelines for capital management during the year.

4. Equal treatment of owners and related-party transactions

Statnett SF is wholly owned by the Norwegian state through the Ministry of Energy. As a result, the company does not have dedicated guidelines governing equal treatment of different owners. As required by legislation, 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 that could raise questions about conflicts of interest.

5. Tradeable shareholdings

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

6. General Meeting

As sole owner, the Ministry of Energy exercises the ultimate authority in the enterprise through the General Meeting. The annual General Meeting considers the adoption of Statnett SF's income statement and balance sheet, including allocation of the net profit for the year or coverage of the net loss for the year, adoption of the consolidated income statement and consolidated balance sheet. Other matters that fall to the General Meeting in accordance with legislation or the company's Articles of Association are also considered. This includes the election of the Board of Directors and remuneration of Board members and Board committees. The Board and the auditor participate in the General Meeting. The Ministry of Energy's ownership authority is exercised through the General Meeting. The General Meeting adopts Statnett's Articles of Association, including Statnett's objectives, 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 owner-elected Board members are appointed by the Ministry of Energy 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. In 2023, Statnett's Board of Directors consisted of nine members, three of whom were elected by and among the company's employees. In accordance with Section 21 of the Norwegian Act relating to state-owned enterprises, Board members are elected for a term of up to two years but can remain in office until a new Board member has been elected even if their term of office has expired.

With the exception of employee-elected representatives, the Board members are independent of the enterprise and owner.

9. The work of the Board of Directors

The Board of Directors has overarching responsibility for ensuring that Statnett executes its social mission in a sustainable manner. The Board is responsible for ensuring the appropriate management, governance and control of Statnett. The Board's work follows an annual plan and is performed in compliance with adopted rules of procedure for the Board. These rules clarify the allocation of roles and responsibility between the Board and the CEO and help to ensure that 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 administration of Statnett and ensures that the company's activities are conducted in compliance with Statnett's objectives and Articles of Association, and that Statnett complies with laws, regulations and other formal requirements.

The Board helps ensure that it is appropriately composed, and that the Board's work is based on transparency, trust, competency and impartiality. The Board members' collective competency is intended to contribute to effective, long-term value-creation and development at Statnett. Statnett satisfies statutory requirements for representation of both genders on the Board. Eight Board meetings were held in 2023.

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 matters for the Board's review of the financial reporting process and monitor the systems for risk management and internal control, including the enterprise's internal audit function. The Audit Committee must further maintain ongoing contact with the enterprise's elected auditor regarding the audit of the enterprise, as well as assess and monitor the auditor's independence in accordance with the Norwegian Auditors Act. The Audit Committee is also responsible for preparing matters for the Board's follow-up with regard to sustainability, including reviewing sustainability reporting, and for dealing with reports of censurable conditions. The Vice Chair of the Board is the Chair of the Audit Committee. The

Committee held seven meetings in 2023. The Board Chair chaired four of the Committee's meetings in the Committee Chair's absence.

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. The Remuneration Committee, which is chaired by the Board Chair, held three meetings in 2023.

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 purpose of the Project Committee is to ensure sound governance of Board-approved projects and to follow up on these projects from the time investment decisions are made in Statnett's project model. The Project Committee must present the results of its deliberations to the Board but does not make decisions on behalf of the Board. The Project Committee, which is chaired by Board member Egil Gjesteland, held eight meetings in 2023.

Board member	Role	Manner of participation
Nils Kristian Nakstad	Board Chair	8
	Chair of the Audit Committee (Deputy)	4
	Chair of the Remuneration Committee	3
Wenche Teigland	Vice Chair	6
	Chair of the Audit Committee	3
Maria Sandsmark	Board member	8
	Member of the Project Committee	8
Christian Reusch	Board member	7
	Member of the Remuneration Committee	3
Egil Gjesteland	Board member	8
	Chair of the Project Committee	8
Hilde Singsaas	Board member	8
	Member of the Audit Committee	7
Steinar Jøråndstad	Employee-elected Board member	8
	Member of the Project Committee	8
Ingeborg Ligaarden	Employee-elected Board member	8
	Member of the Remuneration Committee	3
Rolf-Amund Korneliussen	Employee-elected Board member	8
	Member of the Audit Committee	7

Owner meeting

In addition to General Meetings, the Ministry of Energy holds meetings with the Board of Directors in its capacity as company owner. These are intended to serve as an informal forum in which the Board and owner can exchange opinions and discuss matters of major economic or strategic importance for Statnett. 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 and compliance

All Statnett's operations must comply with prevailing laws and regulatory requirements. We also follow the internal guidelines set out in our constitutive and governing documents.

Statnett's governing documents and key processes, together with the company's and division of internal

responsibility, form the basis for internal control in the company.
Statnett is certified to ISO 55001, Asset management, and ISO 14001, Environmental management systems.

Statement on corporate governance
Statnett complies with the government's Code of Conduct on Corporate Governance and the recommendations of the Norwegian Corporate Governance Board (NUES) to the extent they are relevant.

Code of Conduct
Statnett's Code of Conduct is the foundation for the company's ethical framework. These describe expectations and requirements regarding each individual's conduct. The Code of Conduct applies to all permanent and temporary employees of Statnett, including consultants, as well as Board members. All Statnett's policies, instructions and rules of procedure are based on the principles set out in the Code of Conduct.
Statnett has appointed an Ethics and Whistleblowing Committee whose mandate is to ensure compliance with the requirements of the Norwegian Working Environment Act by facilitating reporting of any censurable conditions. The Committee also serves as a whistle-blowing channel for both Statnett employees and external parties.

Supplier Code of Conduct
Our Supplier Code of Conduct sets requirements for all partners, business associates and suppliers. This includes the supplier's employees, Board members, contract 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. Violation of these guidelines is deemed to be a serious matter and may result in sanctions. Compliance with the Code of Conduct guidelines is followed up by means of checks on and audits of the suppliers.

Sustainability
Statnett's clearly formulated codes of conduct for its own employees and suppliers play a key role in enabling the company to execute its social mission in a sustainable manner. Through its Code of Conduct and dialogue with suppliers, Statnett strives to prevent corruption and all forms of bribery, fraud and illegal business activities throughout the supply chain.
Our sustainability efforts are integrated into all processes, our management systems and our corporate strategy. Statnett's sustainability policy is embedded in the management system and is designed to ensure that we adopt a unified approach to our responsibilities relating to sustainability.

Statnett uses recognized standards for reporting and has signed up to the UN Global Compact's ten principles for responsible business.
Goals and measures relating to sustainability are discussed in a separate section in the annual report.

11. Remuneration to the Board of Directors

Remuneration paid to the Board of Directors is determined by the Ministry of Energy in its capacity as company owner. A detailed overview of the remuneration paid to the Board of Directors is disclosed in the annual financial statements.

12. Remuneration paid to senior executives

Statnett complies with the principles for remuneration of senior executives in state-owned enterprises. The Board issues a declaration on remuneration of senior executives in compliance with Article 8 of the company's Articles of Association, the Norwegian Public Limited Liability Companies Act, the Norwegian Accounting Act and the guidelines for state-owned enterprises. This declaration is presented at the General Meeting. A detailed overview of remuneration paid to senior executives can be found in the notes to the annual financial statements and the remuneration declaration, which are published on the company's website.
In June 2023, the General Meeting adopted guidelines for the remuneration of senior executives at Statnett. These form the basis for the 2023 declaration on remuneration paid to senior executives.

13. Information and communications

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 compliance with legislation and practices both open governance and transparency with regard to how we handle negative impacts on fundamental human rights and decent working conditions that may arise as a result of the company activities. Financial and operational information, as well as the enterprise's financial calendar, are made available 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 programme for the Audit Committee. The auditor meets the Audit Committee when relevant items are due to be considered and participates in the General Meeting that reviews 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 part of the various efforts made to ensure the auditor's independence,
the Board has established guidelines concerning engagement of the auditor for non-auditing services. The auditor reviews the company's internal control each year in conjunction with the Audit Committee. Details of the auditor's remuneration, split between audit and other services, are disclosed in the annual financial statements.

15. Guidelines for equality and diversity

Statnett's work on diversity, equality and inclusion is described in the section concerning Statnett as a workplace, provided as a subsection of the section on sustainability.

Risk management and internal control

Statnett's ability to identify and manage risk is a prerequisite for long-term value creation. The aim of Statnett's holistic risk management is to ensure appropriate risk exposure in accordance with the Board's established risk tolerance and the company's adopted strategy. Risk management is a strategic tool that contributes to effective prioritisation and sound decision-making, to enable Statnett to achieve its goals. The systems for risk management and internal control enable Statnett to identify, evaluate and report risks. This in turn allows the company to respond strategically, operationally and financially.

Roles and responsibilities

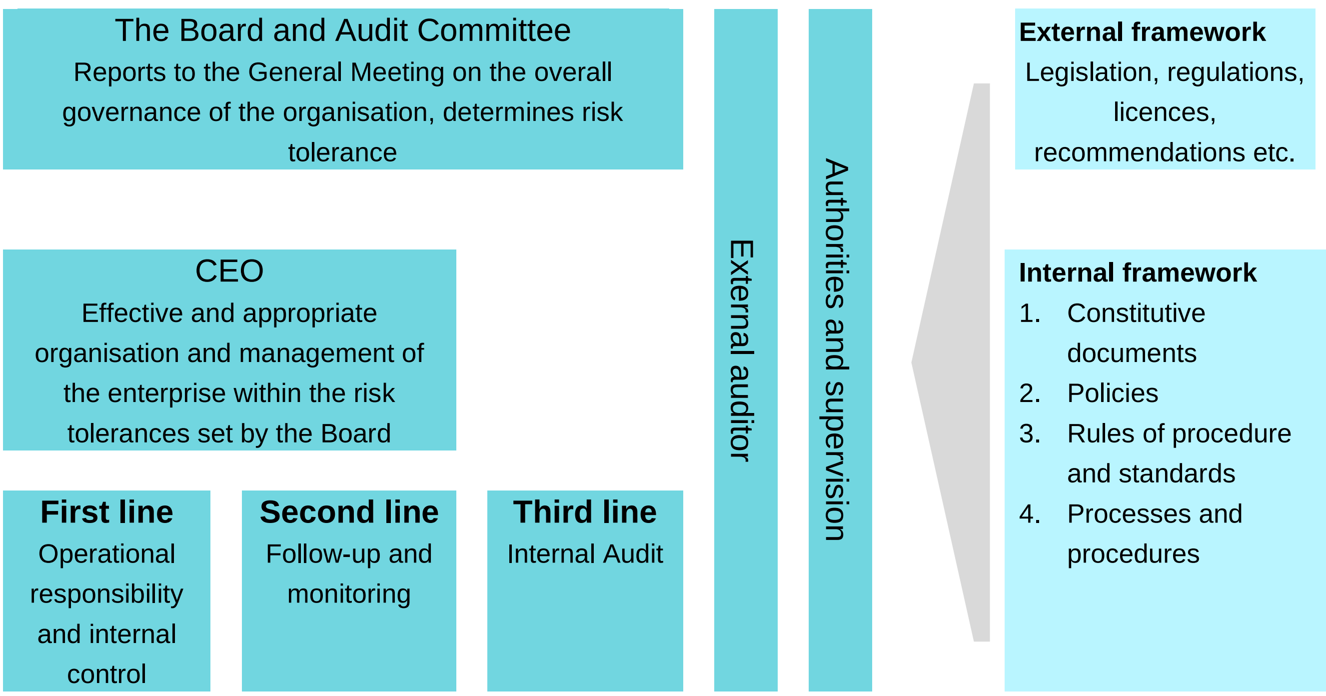
Statnett's Board has overall responsibility for ensuring that the company has good internal control and appropriate risk management systems. The Board oversees important processes and monitors significant risk areas.

Statnett's Audit Committee prepares financial reporting matters for consideration by the Board, follows up the company's external and internal auditors, and monitors 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 that material risks are handled in line with Statnett's goals and corporate social responsibility. Responsibility for day-to-day management is delegated to managers at all levels of the company, applying the guiding principle that risk is owned and managed at the lowest possible organisational level.

Statnett's risk management and internal control systems are organised in accordance with the three-line model. This model highlights the roles and responsibilities relating to management and control of the enterprise: The model distinguishes between three groups (lines), where the first line of defense

Three-line model for governance and control



comprises risk owners and those responsible for risk management and implementation of internal control measures within their own organisation.

In 2023, Statnett initiated measures to re-establish the second line of defense. This includes establishing a new compliance function. Going forward the second line of defense will establish and further develop the overarching framework for risk management and internal control. It will also monitor risks, evaluate the internal control function, assist management in developing a methodology to systematically identify and manage risks, and perform its own assessments/checks to review compliance with the framework. The third line of defense (Internal Audit) provides independent assessments for the Board, based on its observations of the efficiency of the risk management and internal control systems.

Framework and implementation

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

The status of goal achievement and the risk profile are reviewed at least once a quarter. 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 finance policy. The company's finance policy establishes specific frameworks for financial management, including credit risk, settlement risk and counterparty risk.

Operational risk

Operational risk is linked to physical assets, people, processes and the use of technology in the company's day-to-day activities. Operational risk can have positive or negative effects. Management of operational risk involves handling uncertainties, opportunities and risks in ongoing operations as well as the consequences of undesired events. Statnett continuously strives to minimise undesired operational risk, for example through further development of management systems and internal control. This also includes the strengthening of operational planning and risk assessments.

Risk of personal injuries

Statnett's project activities and operational tasks involve a high inherent risk of personal injury. We actively endeavor to ensure that all employees enjoy safe working conditions, and to minimise the risk of personal injuries in our construction projects.
Statnett's safety policy is designed to prevent any serious personal injury through a focus on safety culture, prevention, risk management and internal control.

Sustainability

The world is facing an environmental crisis caused by human activity and depletion of nature. The goal of ensuring a socially equitable transition must be taken into account in Statnett's development of the transmission grid. The need for new transmission capacity must be addressed, but with limited use of natural areas, as well as the least possible impact on biodiversity and landscape values, individuals and local communities. Greenhouse gas emissions from our own operations must be kept to a minimum.

Statnett adopts the precautionary principle and takes a holistic approach to our responsibility for nature and the climate when planning, constructing and operating our facilities. Conflicts of interest can arise in multiple areas where grid expansion is being considered.
Statnett has extensive experience of engaging in early and meaningful dialogue with various stakeholders to help address such issues.
Statnett has established systems for internal control in accordance with the Norwegian Energy Act Regulations, and these are followed up through internal procedures and systems.

Our work on climate and nature risk, and our efforts to reduce the risk of negative impacts on human rights and decent working conditions, are described in more detail in the section on sustainability in this report.

Security of supply

Statnett must ensure a good security of supply for society, a well-functioning power market and rational development of the grid. This requires a good understanding of risk factors, continuous monitoring and good risk assessment in both system and asset operations.

In the short term, we reduce risk through sound operational planning, proper maintenance of our assets and effective preventive measures in the field of cyber security. We regularly conduct risk assessments of physical harm to assets that could affect security of supply. Good emergency response planning reduces downtime and the consequences of faults and errors. The current power system is already highly utilised. However, to handle the rapid growth in consumption, it needs to be used even more efficiently. 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. To ensure more efficient grid utilisation in future, we will take calculated risks and accept more N-0 operations, as well as increase the utilisation of existing assets and the use of system protection schemes. In situations with a normal level of operational security, multiple simultaneous faults could cause outages.

Some regions are deemed to be particularly vulnerable. Infrastructure faults, attacks on or hacking of operational control systems and acts of terrorism against physical assets are examples of events that pose a risk to security of supply. The security policy situation resulting from conflicts in Europe impacts Statnett's actions, both internally and in cooperation with external parties.

More extreme weather events and a greater focus on climate policy, including stricter legal requirements in Europe and Norway, are heightening the risk and uncertainty around Statnett's operating activities. 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 assets. We design new assets to withstand potential extreme weather scenarios.

In the slightly longer term, a more strained power balance will affect security of supply, consumption trends and transmission requirements. In addition, increasingly complex operations could affect security of supply.

System operations will be subject to significant change in the coming years, partly due to the connection of new renewable electricity production and more flexible consumption. Major variations in production and changes in the import and export of power between Norway and other countries will challenge both system operations and operations at our assets.

To reduce long-term risk, Statnett continuously works to improve solutions for efficient system operations, including the development of new and automated solutions for handling congestion and imbalances. The move towards a higher degree of automation is being effected in close collaboration between TSOs, regulators and market actors. A common market system and close collaboration with the rest of the Nordic region and Europe will make the power system more efficient and robust, benefiting Norwegian and European consumers.

Cyber security

The digital risk picture for 2023 is characterised by the turbulence caused by the conflicts in Ukraine and the Middle East. A number of incidents are complicating the threat picture. Exploitation of unidentified vulnerabilities has been used in a number of cyberattacks, including against the Norwegian Government Security and Service Organisation (DSS) in the summer of 2023.

Statnett closely monitors the threat picture and implements the necessary measures to protect critical infrastructure to the best extent possible. This includes making appropriate contingency arrangements to be able to handle targeted attacks and withstand demanding long-term scenarios.

The development of robust digital security has been accorded a high priority. Resilient infrastructure is vital for Statnett's operations. The use of new technology such as artificial intelligence (AI) is also complicating the threat picture, although the technology can also be used to protect our own solutions.

Protecting critical infrastructure requires close cooperation, both internally and across sectors.
A robust digital security culture is a cornerstone of a resilient organisation. We will therefore continue our efforts to strengthen the safety culture at Statnett in 2024.

Financial risk

Statnett is exposed to several types of financial risk,

Market risk

Statnett's costs include transmission losses and system operation expenses, both of which are affected by power prices. However, risks linked to power prices are mitigated through revenue regulation. Increased costs relating to changes in the volume of transmission losses and system operations are included in Statnett's revenue cap with a two-year time lag. Power prices also affect congestion revenue. However, this is also safeguarded through income regulation that offsets higher/lower revenue over time.

Interest rate risk

The Group is exposed to interest rate risk through its debt portfolio, liquidity reserves and financial hedging activities. Statnett SF is also exposed to the interest element of the revenue cap (the RME interest rate). Interest rate risk is mitigated by the fact that the interest cost on Statnett's debt correlates with interest on the revenue side through the RME interest rate. Statnett reduces residual interest rate risk and fluctuations by entering into interest swaps for associated liabilities. Internal guidelines and limits are in place related to the share of floating interest debt.

Liquidity risk

Liquidity risk in the Group relates to the maturity of operational and financial payment obligations. Statnett continuously maintains liquidity cover the financing of operations and investments 12-months forward, without having to raise new debt. This reduces the risk of Statnett being unable to refinance its debt in periods of limited capital access.
Statnett has access to multiple loan and capital markets and has a diversified debt maturity structure. Access to debt is supported by a credit rating for long term borrowings of A+ and A2 from Standard & Poor's and Moody's Investors Service, respectively.

Foreign exchange risk

Foreign exchange risk arises when the Group has income or costs, raise debt, has bank deposits or makes investments in securities in foreign currency. Project investments may also be expose Statnett to foreign exchange risk. Large supplier contracts use Norwegian kroner.

All Statnett's foreign-currency debt is converted to NOK using currency swaps.

Credit risk

Statnett is exposed to credit risk through deposits of surplus liquidity in banks and interest funds. The Group has internal requirements for credit quality and maximum exposure for each individual placement of surplus liquidity.

Statnett also assumes credit risk through its role as power balance settlement responsible. Credit risk for the role of power balance settlement responsible is minimized through established procedures for follow-up and collateral for participants in this market.

Statnett is exposed to derivatives counterparty risk. Statnett has CSA agreements in place to reduce this risk.

Strategic risk

Project portfolio risk

Statnett will substantially increase grid capacity moving forward. We also have a large digital project portfolio for system operations, including projects linked to flow-based market coupling and automated balancing solutions. Major risk attaches to operating such a large project portfolio. Statnett must ensure sufficient capacity, both internally and through suppliers and contractors. Furthermore, some projects in the portfolio will also be interdependent. Statnett has prioritised important measures to manage such risks, including those relating to supplier development, outsourcing of assignments, digital tools, organisational development and staffing.

Balancing the power system

Statnett must secure sufficient reserves from the market to be able to ensure that there is always a

balance in the power system. Such reserves play an important role in day-to-day operations and prior to the commissioning of systems for automatic balancing.
Statnett is working on this in consultation with other market actors.

Framework conditions in Norway and Europe

The RME's economic regulation of Statnett is a key framework condition for Statnett to fulfil its social mission and execute its strategy.
There is a risk that Statnett's permitted operating revenue, which is established by the RME, may not adequately reflect changes in costs and higher activity levels. Risk also attaches to changes in Statnett's economic regulation. The main principles of this regulation have remained stable for a long time and are considered by Moody's Investors Service to be some of the most stable in Europe.
See "Economic regulation of Statnett" for more information.

Framework conditions for the development and operation of hybrid connections are a key component of Norway's investment in offshore wind. Norwegian authorities are in the process of establishing regulations for the area, which need to come into place quickly to ensure necessary progression.

An efficient permitting process is an important prerequisite for increasing grid capacity. Simplifications of this process, on the part of both the licensing authority and Statnett, will help increase implementation capacity.

The European Commission is working on principles for revenue and cost (re)distribution to be used in developing the power system. We are keen to ensure that these principles do not result in unreasonable costs for Statnett, as these would lead to unnecessarily higher tariffs for our customers.

Economic regulation of Statnett

Statnett's operating revenue mainly derives from regulated activities. The Norwegian Energy Regulatory Authority (RME) determines how much revenue Statnett can collect from regulated activities each year, and the underlying profit/loss is based on this permitted revenue. However, the operating revenue derives from transmission charges (tariff) and congestion revenue, which vary. This means that in some years, the IFRS accounting profit/loss deviates from the underlying profit/loss.

Regulated operating revenue

Statnett's operating revenue from regulated activities comprises the tariff paid by transmission grid customers, fee revenue from the role as balance settlement operator and congestion revenue. The transmission charge (tariff) is established ahead of the calendar year. You can read more about how we calculate the tariff on our website. The balance settlement operator receives fee revenue for balance settlement of the Norwegian power system and operation of Elhub, the central data hub for meter values and market processes in the Norwegian power market. Congestion revenue arises when power is transmitted from areas with a low power price to areas with a high power price in Norway and between Norway and other countries via interconnectors.

Permitted revenue

Permitted revenue is intended to cover costs arising from the role of system operator and from grid activity, and provide a reasonable return on investment. The prerequisite is that the grid must be built, operated and utilised efficiently. To give Statnett incentives to be cost-efficient, the revenue cap is adjusted by applying an efficiency factor. The factor is determined by comparing Statnett's costs with a historic cost level, taking into account changes in the size of the infrastructure base. The revenue cap is also adjusted by a general productivity requirement of 0.23 per cent per year. The fees determined for the balance settlement operator shall cover annual operating expenses and provide a reasonable return on invested capital, provided that efficiency is maintained.

Higher/lower revenue

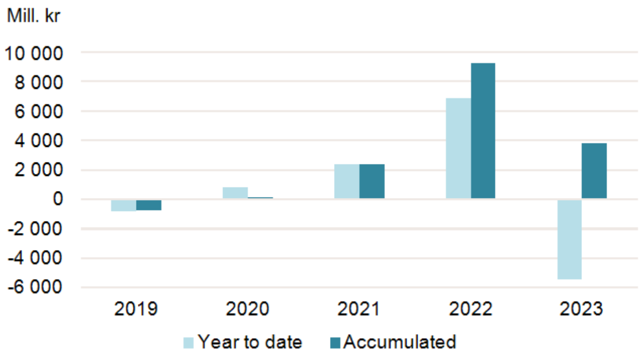
Most years, the operating revenue from regulated activities will differ from the permitted revenue that RME sets after the end of the year. These differences are known as higher or lower revenue, which in accordance with RME regulations must be balanced over time through adjustment of future transmission charges. Consequently, higher/lower revenues represent temporary amounts that are not recognised in the balance sheet in accordance with IFRS. This results in a difference between the IFRS accounting profit/loss and the underlying profit/loss.

In recent years, major variations in congestion revenue have resulted in substantial higher/lower revenues and fluctuations in Statnett's recognised operating revenue and accounting profit/loss. Underlying revenue and profit/loss, adjusted for higher/lower revenue, are more stable than accounting figures, although underlying variables may also vary due to changes in the cost base for the permitted revenue.

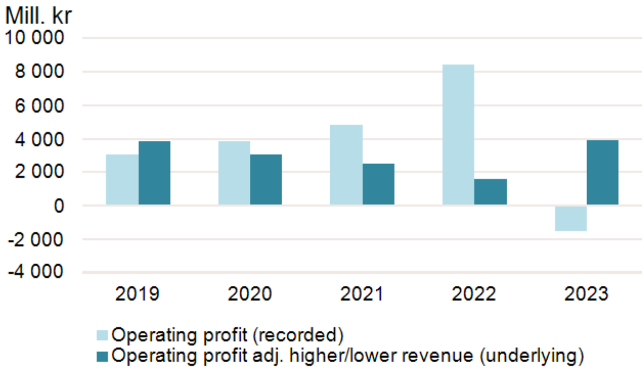
Unusually high congestion revenue in the period 2021–2023 resulted in operating revenue from regulated activities exceeding permitted revenue. Statnett therefore reduced tariffs by as much as possible in 2022 and 2023. Statnett has also compensated owners of the underlying grid for costs resulting from high transmission losses in 2022 and 2023, in accordance with a temporary exemption scheme which has been extended to 2024. This resulted in lower revenue of NOK 2.6 billion in 2023.

Despite the tariff reductions and compensation paid, Statnett had an accumulated higher revenue balance of NOK 3.9 billion at the end of 2023. Statnett expects the higher revenue balance to decrease during 2024.

Changes in higher/lower revenues, Group



Group EBIT adjusted for higher/lower revenues



Statnett

Financial reporting 2023

Photo: Per Einar Olsen

Comprehensive income

Parent company				Group	
2022	2023	*(Amounts in NOK million)*	Note	2023	2022
		Operating revenue			
21 285	9 771	Regulated operating revenue	4	10 994	22 243
710	604	Other operating revenue	4	606	750
21 995	**10 376**	**Total operating revenue**		**11 600**	**22 993**
		Operating expenses			
3 788	3 390	Ancillary services	5	3 390	3 788
3 920	2 203	Transmission losses	5	2 203	3 920
1 305	1 490	Salaries and payroll costs	6, 7, 23	1 547	1 354
2 849	2 995	Depreciation, amortisation and impairment	8, 9	3 291	3 070
2 238	2 581	Other operating expenses	27	2 716	2 427
14 101	**12 659**	**Total operating expenses**		**13 147**	**14 560**
7 894	**-2 283**	**Operating profit**		**-1 547**	**8 433**
456	668	Financial income	10	217	180
989	2 139	Financial expenses	10	2 032	983
-533	**-1 471**	**Net financial items**		**-1 815**	**-803**
7 361	**-3 754**	**Profit before tax**		**-3 362**	**7 630**
1 620	-828	Income tax expense	19	-745	1 680
5 741	**-2 926**	**Profit for the year**		**-2 617**	**5 949**
		Other comprehensive income			
524	115	Changes in fair value of cash flow hedge reserve	15, 28	115	524
-115	-25	Tax effect	19, 28	-25	-115
409	**90**	Other comprehensive income to be reclassified to profit or loss in subsequent periods		**90**	**409**
-142	-46	Changes in estimate deviations of pensions	7, 28	-46	-142
31	10	Tax effect	7, 19, 28	10	31
-111	**-36**	Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-36**	**-111**
298	**54**	**Total other comprehensive income**		**54**	**298**
6 039	**-2 872**	**Total comprehensive income**		**-2 562**	**6 248**

Balance sheet

Parent company 31.12.2022	Parent company 31.12.2023	*(Amounts in NOK million)*	Note	Group 31.12.2023	Group 31.12.2022
		Assets			
		Non-curent assets			
1 327	1 363	Intangible assets	8	1 937	1 807
60 881	63 949	Tangible assets	8	71 119	68 247
6 131	6 286	Assets under construction	9	6 320	6 291
2 373	2 339	Investment in subsidiaries	20	-	-
189	189	Investments in joint ventures and associates	20	173	169
32	117	Pension assets	7	118	33
3 333	4 360	Derivatives	15	4 360	3 333
4 615	4 044	Other non-current financial assets	14	138	122
78 881	**82 648**	**Total non-current assets**		**84 164**	**80 002**
		Current assets			
8	22	Inventories		22	8
2 578	1 776	Trade and other current receivables	11	1 221	1 930
2 263	1 352	Market-based securities	12	1 855	2 725
13	397	Derivatives	15	397	13
2 432	2 550	Cash and cash equivalents	13	2 644	2 507
7 294	**6 096**	**Total current assets**		**6 139**	**7 182**
86 174	**88 744**	**Total assets**		**90 303**	**87 184**
		Equity and liabilities			
		Equity			
5 950	5 950	Contributed capital		5 950	5 950
482	572	Hedge reserve		572	482
19 601	16 343	Other equity accrued		17 596	20 546
26 033	**22 865**	**Total equity**		**24 118**	**26 978**
		Non-current liabilities			
5 656	4 844	Deferred tax liability	19	5 039	5 805
247	270	Pension liabilities	7	270	247
650	875	Other liabilities	24	895	654
838	863	Derivatives	15	863	838
38 407	44 856	Long-term interest-bearing debt	16	44 843	38 407
45 798	**51 708**	**Total non-current liabilities**		**51 909**	**45 951**
		Current liabilities			
9 203	10 106	Short-term interest-bearing debt	16	9 993	8 969
4 915	4 066	Trade and other current payables	17	4 211	5 016
226	-	Derivatives	15	-	226
-	-	Tax payable	19	71	45
14 343	**14 172**	**Total current liabilities**		**14 275**	**14 255**
86 174	**88 744**	**Total equity and liabilities**		**90 303**	**87 184**

Oslo, 21. march 2024, Statnett SF's Board of Directors

Nils Kristian Nakstad Board chair	Hilde Singsaas Board member	Maria Sandsmark Board member	Egil Gjesteland Board member
Wenche Teigland Board member	Christian Reusch Board member	Ingeborg Ligaarden Board member	Rolf-Amund Korneliussen Board member
	Steinar Jøråndstad Board member	Hilde Tonne CEO	

Changes in equity

Parent company

(Amounts in NOK million)	Contributed capital	Hedge reserve	Other equity accrued	Total equity
01.01.2022	**5 950**	**73**	**14 708**	**20 731**
Profit/loss for the year	-	-	5 741	5 741
Other comprehensive income, note 28	-	409	-111	298
Dividends declared	-	-	-737	-737
31.12.2022	**5 950**	**482**	**19 601**	**26 033**
01.01.2023	**5 950**	**482**	**19 601**	**26 033**
Profit/loss for the year	-	-	-2 926	-2 926
Other comprehensive income, note 28	-	90	-36	54
Dividends declared	-	-	-296	-296
31.12.2023	**5 950**	**572**	**16 343**	**22 865**

Group

(Amounts in NOK million)	Contributed capital	Hedge reserve	Other equity accrued	Total equity
01.01.2022	**5 950**	**73**	**15 443**	**21 467**
Profit/loss for the year	-	-	5 949	5 949
Other comprehensive income, note 28	-	409	-111	298
Dividends declared	-	-	-737	-737
31.12.2022	**5 950**	**482**	**20 546**	**26 978**
01.01.2023	**5 950**	**482**	**20 546**	**26 978**
Profit/loss for the year	-	-	-2 617	-2 617
Other comprehensive income, note 28	-	90	-36	54
Dividends declared	-	-	-296	-296
31.12.2023	**5 950**	**572**	**17 596**	**24 118**

Cash flow

Parent company 2022	Parent company 2023	(Amounts in NOK million)	Note	Group 2023	Group 2022
		Cash flow from operating activities			
7 361	-3 754	Profit before tax		-3 362	7 630
-56	-18	Loss/gain(-) on sale of fixed assets	8	-18	-56
2 849	2 995	Depreciation, amortisation and impairment	8	3 291	3 070
-	-	Net paid taxes	19	-10	-4
682	1 483	Interest recognised in the income statement	10	1 696	814
100	409	Interest received	10	442	109
-742	-1 730	Interest paid, excl. construction interest	10	-1 977	-889
503	1 000	Proceeds from sale of market-based securities	12	1 578	723
-1 750	-69	Purchase of market-based securities	12	-637	-1 973
-65	142	Changes in trade accounts receivable	11	129	-63
372	415	Changes in trade accounts payable	11, 17	438	329
-415	-1 723	Changes in other accruals	11, 17	-1 343	-416
8 837	**-850**	**Net cash flow from operating activities**		**228**	**9 274**
		Cash flow from investing activities			
480	46	Proceeds from sale of tangible assets	8	46	480
-4 795	-5 461	Purchase of tangible and intangible assets and assets under construction	8, 9	-5 527	-4 926
-176	-249	Construction interest paid	9	-249	-176
-7	11	Cash flow from changes in capital in subsidiaries	20	-	-
-22	-0	Cash from changes in investment in associates, jointly controlled and other companies	20	-0	-22
-83	-	Cash flow from long-term loan receivables	14	0	-
270	826	Cash flow from short-term loan receivables	11	-0	-
141	171	Received dividends and group contributions	10, 20	14	7
-4 192	**-4 655**	**Net cash flow from investing activities**		**-5 716**	**-4 637**
		Cash flow from financing activities			
1 000	11 962	Proceeds from new interest-bearing debt	16	11 962	1 000
-2 769	-8 015	Repayment of interest-bearing debt	16	-8 013	-2 766
-2 014	1 973	Changes in collateral under CSA (Credit Support Annex) agreements	18	1 973	-2 014
-737	-296	Dividends paid		-296	-737
-4 521	**5 623**	**Net cash flow from financing activities**		**5 626**	**-4 518**
124	**118**	**Net cash flow for the period**		**137**	**120**
2 308	2 432	Cash and cash equivalents at period start	13	2 507	2 387
2 432	2 550	Cash and cash equivalents at period close	13	2 644	2 507

Note 1 General information and basis for preparation of financial statements

General information

Statnett SF (the parent company) is a Norwegian state-owned enterprise that was founded on 20 December 1991. The sole owner is the Norwegian State, represented by the Ministry of Energy (ME). Statnett has issued bond loans that is listed on the Oslo Stock Exchange, the London Stock Exchange and Euronext Dublin as of 31 December 2023. The company’s head office is located at Nydalen allé 33, 0484 Oslo, Norway.

The financial statements were approved by the Board of Directors on 21 March 2024.

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

Basis of preparation of the financial statements

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

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

- Derivatives, financial assets and liabilities are classified at fair value through profit or loss, amortised cost or fair value through other comprehensive income.
- The carrying amount of hedged assets and liabilities is adjusted in order to recognise changes in fair value as a result of the hedging.

The accounting policies are discussed in the individual notes to the consolidated financial statements. Please refer to Note 2 for an overview of notes containing material accounting policy information.

Measurement of fair value

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

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

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

Segment reporting

Statnett has identified its reporting segment based on the risks and rates of return that affect the business. The Group considers that there is only one operating segment. This corresponds to internal reporting to the Group's ultimate decision-maker, which is deemed to be the CEO. Statnett's revenues are mainly based on a tariff model determined in guidelines provided by the Norwegian Water Resources and Energy Directorate (RME). Internal reporting is based on the Group's underlying profit before tax, by adjusting the ordinary profit for the change in higher/lower revenue as explained in Note 4. The business is reported as a single geographical segment. The company's subsidiaries do not qualify as separate reporting segments in accordance with IFRS criteria. The company and the Group are therefore reported as a single operating segment.

Increased interest rates

The higher interest rate level throughout 2023, combined with a higher average loan balance, has resulted in higher interest expenses for the Group. In order to reduce interest rate risk, the interest expense on Statnett's debt should correlate to the greatest possible extent with the interest element in the revenue cap (the NVE-RME interest rate) through the use of interest rate swaps. This process is described in more detail in the note on financial risk analysis, the Board of Directors' Report, and the description of corporate governance in the annual report.

Note 2 Amended accounting principles and new accounting standards

New and amended standards affecting the financial statements

Material accounting policy information

IAS 1 and Practice Statement 2 have been amended to clarify the requirements regarding the disclosure of accounting policies. The revised statement requires companies to disclose "*material accounting policy information*", rather than "*significant accounting policies*" as previously stated. The amendment also requires explanations of accounting policies to be more extensively adapted to specific conditions and reduce the use of standardised information. It is no longer necessary to disclose immaterial items or transactions if these are not relevant to the users of the financial statements. The amendment has not resulted in any changes in the Group's accounting policies. The Group has clarified its material accounting policies as described in the individual notes. Other policies are referred to as general accounting policies.

The following notes are considered to contain material accounting policy information:

Note 3 Estimates, management judgement and climate risk
Note 4 Operating revenue
Note 5 Ancillary services and transmission losses
Note 7 Pensions
Note 8 Tangible and intangible assets
Note 9 Assets under construction
Note 12 Market-based securities
Note 15 Derivatives and hedge accounting
Note 16 Interest-bearing debt
Note 19 Taxes
Note 21 Joint operations
Note 24 Other liabilities
Note 26 Contingent assets and liabilities

IFRS 17 Insurance contracts

IFRS 17 Insurance Contracts replaced IFRS 4 Insurance Contracts with effect from 1 January 2023. IFRS 17 specifies principles for the recognition, measurement, presentation and disclosure of insurance contracts. The profit element of insurance contracts is recognised over the period the insurance service is provided. The new standard has not resulted in any significant changes in the financial statements.

Other amendments

The IASB has also adopted some minor changes and clarifications in various standards effective from or after 1 January 2023. None of these changes are considered to have significant effects for the Group.

The regulations on global minimum taxation

Statnett is considered to be covered by the exemption for public entities pursuant to the regulations on global minimum taxation (Pillar 2) and will therefore not be covered by the Norwegian Act on the implementation of global minimum taxation.

Note 3 Estimates, management judgements and climate risk

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies. This impacts the carrying amounts of assets and liabilities at the balance sheet date and reported income and expenses for the period.

This note provides an overview of areas characterised by a high degree of uncertainty and where significant discretionary judgements are required to determine carrying amounts. Apart from potentially extending the useful economic life of Statnett's facilities and infrastructure, no estimates have been identified that are considered to result in a significant risk of material changes in the carrying amounts of assets and liabilities in the next accounting year. See the detailed description below.

Material accounting policies

Some amounts that affect the consolidated financial statements must be estimated. This requires management to make assumptions with regard to values or uncertain conditions at the time of the preparation of the financial statements. Key accounting estimates are estimates of importance for the presentation of the Group's financial position and results, and which require management's discretionary judgement. Such estimates often relate to conditions characterised by significant measurement uncertainty. Management evaluates such estimates on an ongoing basis based on historical results and experience, consultations with experts, trends, forecasts and other methods that management considers reasonable in individual cases. Changes in accounting estimates must be recognised prospectively with effect on future periods.

Main sources of estimate uncertainty:

Useful economic life of tangible assets

Statnett owns and is responsible for developing and operating the transmission grid in a socio-economically rational manner. This includes transformer substations, high-voltage power lines, subsea and onshore cables. The useful economic life of the components that make up the transmission grid depends on multiple factors, including technological developments, regulatory requirements and environmental and climate risk. This means that there is a significant risk that the useful economic life of the various facilities may change, and therefore materially affect future depreciation charges. Useful economic lives are based on the technical lifetime of asset groups that are included in the basis used to calculate investment decisions. These are determined in consultation with technical personnel and continuously assessed against retirements of facilities and through analysis of fully depreciated assets still in operation. Statnett conducts an annual assessment of the useful economic life that is used as a basis for its various classes of operating assets. The assessments, based on historical experience, indicates that it may be appropriate to increase the useful economic life of overhead power lines from 55 to approx. 70 years. Additionally, minor adjustments to some other classes of components are also being considered. Statnett is in the process of finalising these assessments. Consequently, it is considered likely that the depreciation schedule will be changed from 2024. Should these changes be implemented from 1 January 2024, it is estimated that the effect would be a reduction in the depreciation charge for 2024 by NOK 90–110 million. The depreciation schedule would be adjusted using the break-even method and would not have any effect on carrying amounts as of 31 December 2024.

Climate risk

The power grid should enable Europe and Norway to achieve their goal of becoming emission-free by 2050. The transition to a low-emission society gives Statnett the opportunity to contribute to a sustainable future by developing and upgrading the power grid for the transport of renewable energy, but with reduced climate emissions and limited use of wild areas. However, more frequent extreme weather events and the transition to a low-emission society are also creating heightened risk and uncertainty around the Group's operational activities and financial results. Statnett operates critical infrastructure with a long useful economic life throughout Norway. This makes climate and natural risk highly relevant topics.

Physical risk entails the risk that climate change may lead to limitations or disruptions in Statnett's transmission capacity due to extreme weather or climate change, as well as the risk of shorter useful economic lives or the need to recognise write-downs. Planning and scenario analyses are important tools for preventing damage as a result of more extreme weather events. All new facilities are designed to withstand extreme weather events. Statnett's technical experts have assessed the implications of more frequent extreme weather events and climate change for the useful economic lives of various infrastructure components. The assessments were carried out in connection with the annual assessment of useful economic lives referred to above. Assessments indicating longer useful economic lives for overhead power lines have taken into account climate change and more frequent extreme weather events. Consequently, climate change is not deemed to entail a risk of further changes in depreciation schedules or the impairment needs in the next accounting period.

Transition risk is the risk that Statnett's facilities are subject to restrictions or increased costs as a result of changes in technology, market conditions, new legal requirements, cuts in own emissions or other factors. The greenhouse gas inventory for 2023 show that leaks of SF_6 are Statnett's largest source of emissions in the category direct emissions (Scope 1). Statnett holds Norway's largest inventories of SF_6 and therefore has a particular responsibility for reducing emissions and use of the gas. Statnett's facilities is to be completely SF_6-free by 2050. Statnett's goals take into account the new regulation in EU for fluorinated greenhouse gases (including SF_6), which was published on 20 February 2024 regarding a phased-out approach to SF_6. Various technological solutions are being considered to achieve this goal. From an accounting perspective, a key consideration has been the potential implications this may have for the existing infrastructure. Our assessment of the various infrastructure components where SF_6 gas is used indicates that there is no risk of material effects relating to shorter depreciation periods or impairment needs in the next accounting period.

Tax treatment of maintenance costs

On 3 November 2022, Statnett received a notice from the Norwegian tax authorities regarding amendment of the tax assessment for 2018 concerning deductions for maintenance costs relating to the replacement of components in the transmission grid. The company has entered into further dialogue with the tax authorities since receiving the provisional decision. The case is still ongoing. The conclusion will not have any impact on the Group's tax expense, but could result in a reduction in deferred tax assets relating to tax losses carried forward and a corresponding increase in deferred tax assets relating to tax-reducing temporary differences. For further details, see Note 19 Taxes.

Critical infrastructure and energy stability

The energy situation in Norway and Europe in 2023 was far more stable than it was in 2022. This resulted in lower power prices in 2023 compared to 2022. The war in Ukraine and the security situation continue to lead to higher exposure and increased threat levels against critical infrastructure. Statnett continuously works to further develop and strengthen our security and emergency preparedness efforts to prevent and handle extraordinary events. For information on risk assessments and measures to address this risk, please refer to the board's annual report and the description of corporate governance in the annual report. It is our assessment that there is no risk of significant changes in the carrying amounts of assets or liabilities, nor any impairment needs as a result of this risk.

Note 4 Operating revenue

Statnett is licensed as a grid owner in Norway, and primarily generates its revenue from operations regulated by the Norwegian Energy Regulatory Authority (RME). Operating revenue derived from the licence as grid owner is recognised under “Regulated operating revenue”.

Statnett is also licensed by the RME to act as balance settlement operator in Norway. In this role, Statnett is responsible for coordinating the measuring and settlement of all power sales in Norway, and for ensuring that all input and withdrawal of electrical energy are correctly offset, thereby ensuring economic balance in the power market. Operating revenue derived from this licence is recognised under “Regulated operating revenue”.

Operating revenue from regulated grid operations relates to Statnett SF and NordLink Norge AS. Operating revenue from the role of balance settlement operator relates to fee revenues from Elhub AS and Statnett SF.

Other operating revenue includes revenue from non-regulated grid activities. Other operating revenue includes revenue from consultancy assignments for external parties, construction carried out on behalf of distribution grid owners (customer projects), and rental income.

A far more stable European energy situation in 2023 compared to 2022 has led to reductions in energy prices and in the price differences within Norway and to Europe. This resulted in a significant reduction in overall congestion revenues in 2023 to NOK 9,943 million, down from NOK 22,662 million in 2022.

Extraordinary congestion revenues are redistributed according to a time-limited statutory regulation authorising Statnett to compensate the owners of the regional grid for increased transmission losses directly through reimbursement of congestion revenue.
In 2023, Statnett has paid NOK 2,568 million in such compensations.

Material accounting policies

Operating revenue from regulated activity

Operating revenue is calculated using a tariff model based on guidelines issued by the RME.

a) The fixed element of tariff revenue is recognised on an ongoing basis throughout the year, based on the established tariff for the year in question.
b) The energy element of tariff revenue is recognised in line with the customer’s metered input and withdrawal of power from the grid.
c) Other grid revenue is primarily recognised based on the customer’s metered use of the grid.
d) Congestion revenue is recognised on the basis of metered input and withdrawal of power from the grid between different price areas, and on each side of international interconnectors.
e) Compensation paid to other grid owners is recognised on an ongoing basis throughout the year based on estimates of the other owners’ respective revenues.
f) Extraordinary reimbursements to grid owners are recognised in the period to which RME’s decision relates.

Permitted revenue

Permitted revenue is calculated using a tariff model based on guidelines issued by the RME. Statnett’s actual operating revenue from regulated activity consists of tariff revenue from the transmission and distribution grids, and congestion revenue.

Each year, a difference arises between Statnett's actual operating revenue from grid activity and Statnett's permitted revenue, which the RME determines after the year-end. This difference is referred to as higher/lower revenue.

Higher/lower revenue from grid operations

Higher revenue arises when actual revenue is higher than permitted revenue in any given year. Lower revenue arises when the company's actual operating revenue is lower than the permitted revenue. Higher revenue, plus interest, is returned to customers in the form of lower future tariffs, whereas lower revenue, plus interest, can be recouped from customers through higher future tariffs. This is regulated in Regulation 1999-03-11-302 governing financial and technical reporting, revenue caps for grid operations and transmission tariffs (the control regulations). The obligation to reduce future tariffs and opportunities to collect increased tariffs do not qualify for balance sheet recognition in accordance with IFRS and therefore represent a contingent liability (accumulated higher revenue) or a contingent asset (accumulated lower revenue). Consequently, the annual change in these items will also not be included in the IFRS income statement, but will be reported as part of the underlying profit.

In cases where Statnett mainly acts as a balance settlement operator for the common grid and power trading, net revenue is reported.

Regulated operating revenue from the role of balance settlement operator

The balance settlement operator is responsible for balance settlement in the Norwegian power system, operation and development of the Elhub datahub, and issuance of electricity certificates and guarantees of origin. Elhub AS, a wholly owned subsidiary, operates the datahub and provides system support for Ediel (a service aimed to ensure the introduction, operation and development of electronic data exchange for external communication between grid owners, suppliers and the balance settlement operator)
Operating revenue from the role of balance settlement operator is mainly recognised in accordance with the actually metered input and withdrawal of power from the grid.

Higher/lower revenue from the role of balance settlement operator

In some years, differences may arise between actual fee revenue from these activities, and the ceiling set for these fees by the regulator. This affects the level of future fees, and is referred to as higher/lower revenue from the role of balance settlement operator. Higher/lower revenue from the role of balance settlement operator is not recognised in the income statement, but included in the calculation basis for the underlying profit, in the same way as higher/lower revenue from grid operations.

RME has decided a new regulation model for Elhub for the period 2023-2025. The regulation is mainly a continuation of the previous regulation, which is a "cap and floor" model for regulating revenues. This incentivises cost-efficient operation and development of Elhub, where Elhub can increase returns by reducing operating expenses during a regulation period. In the current regulation period fees have been regulated to compensate for lower revenues in previous regulation periods.

Permitted revenue – monopoly-regulated activities

Statnett owns transmission infrastructure and is the transmission system operator (TSO). These are monopoly-regulated activities. Consequently, RME sets a ceiling for Statnett's revenue – the permitted revenue. Statnett's permitted revenue comprises a revenue cap and certain additions to the revenue cap. The revenue cap for the year is based on expenses relating to operations, including capital expenditure, two years back. Costs related to transmission losses and the year's system services are also included. Transmission losses included in the revenue cap reflect the metered actual loss in MWh two years back, valued at the current accounting year's regulated reference price, which is based on the spot price for electricity (elspot). To incentivise cost-efficient operations, the revenue cap for Statnett will be adjusted by an efficiency factor. This factor is determined by comparing Statnett's costs to a historical cost level, while taking into account development in the transmission grid asset base. The revenue cap is also adjusted by an annual productivity requirement of 0,23 per cent. In addition to the revenue cap, Statnett’s permitted revenue consists of the following: The year’s property tax, cross-border compensation and a supplement for investments. The supplement for investments ensures that capital expenditure is reflected in the permitted revenue for the year in which the investment is available for use. In addition, Statnett’s permitted revenue is adjusted for interruptions through KILE (quality-adjusted revenue cap for energy not supplied).

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

As the operator of the transmission grid and common regional grids, Statnett is responsible for invoicing users for the services they receive. Invoices are raised using a tariff model based on guidelines issued by the RME. The pricing system includes fixed elements and variable elements (energy elements). Fixed elements are invoiced on an ongoing basis throughout the year, while energy elements are invoiced in line with the customers’ metered input or withdrawal of power from the grid.

Congestion revenue
Congestion revenue arises as a result of price differences within Norwegian price areas, and also between Norway and its trading partners abroad, both when power is imported and exported. The price differences arise when the market wants to transmit more power between different countries than the existing capacity allows. The congestion revenue is calculated by multiplying the price difference by the transmitted power volume, hour by hour. The owners of the international interconnector concerned share the congestion revenue, usually 50/50. In Norway, Statnett SF owns all the interconnectors, and therefore receives all the revenue.
Domestic congestion revenue arises when the market wants to transfer more power between domestic price areas than the capacity allows. Domestic congestion revenue is paid in full to Statnett.

Extraordinary reimbursement to grid operators
Extraordinary high congestion revenues in the period 2021–2023 have resulted in higher revenues than permitted revenue as set by RME. Excess revenues are to be redistributed to grid owners through reduced tariffs. In accordance with the temporary regulation on the use of congestion revenues, Statnett compensates underlying grid owners for increased transmission losses which exceed a specified normal level through direct transfers. The transferrable amounts are determined by RME. Statnett recognises the compensation payments in the applicable period it relates to and presents "Regulated operating revenue" net of compensation payments.

General principles

Other operating revenue
Revenue from customer projects is recognised as and when control of Statnett’s deliverable is transferred to the customer. When Statnett performs consulting assignments for external parties, control is considered to be transferred to the customer at the time the service is performed. When Statnett constructs facilities for distribution grid owners, the transfer of control can either occur progressively during construction or upon completion of the facility, depending on the specific contractual terms. Both invoiced and accrued customer project revenue is recognised under “Trade and other current receivables”. When customer projects are expected to incur a loss, the total expected loss is recognised as an expense.

Operating revenue

(Amounts in NOK million)

Parent Company			Group	
2022	2023	Operating revenue from regulated grid operations	2023	2022
3 393	2 105	Tariff revenue fixed element generation	2 105	3 393
457	517	Other grid revenue	517	457
1 372	488	Tariff revenue energy element	488	1 372
22 662	9 943	Congestion revenue	9 943	22 662
-5 918	-2 568	Extraordinary transfer to grid owners	-2 568	-5 918
-726	-892	Income from other owners in the grids	-21	-4
21 239	**9 594**	**Total operating revenue from regulated grid operations**	**10 465**	**21 963**
462	595	Fee revenue from imbalance settlement	946	696
-415	-417	Fee revenue covered by imbalance settlement	-417	-415
46	**177**	**Total fee revenue**	**529**	**280**
21 285	**9 771**	**Total operating revenue from regulated activities**	**10 994**	**22 243**
710	604	Other operating revenue	606	750
21 995	**10 376**	**Total operating revenue**	**11 600**	**22 993**

Permitted revenue regulated operations

(Amounts in NOK million)

Parent Company			Group	
2022	2023	Permitted revenue grid operations	2023	2022
12 665	13 711	Revenue cap	14 609	13 344
1 773	1 693	Supplement to revenue cap	1 670	1 811
14 438	**15 404**	**Total permitted revenue grid operations**	**16 279**	**15 154**
		Permitted revenue imbalance settlement		
70	86	Permitted fee revenue imbalance settlement	396	371
14 508	**15 490**	**Total permitted revenue grid operations and imbalance settlement**	**16 675**	**15 525**

Higher/lower revenue — This year's change and total balance

(Amounts in NOK million)

Parent Company			Group	
2022	2023	Regulated grid operations	2023	2022
-6 805	5 810	This year's higher/lower revenue (-/+), not recognised	5 814	-6 810
-160	-306	This year's provision for interest higher/lower revenue (-/+), not recognised	-306	-160
-6 965	**5 504**	**This year's changed balance for higher/lower revenue (-/+)**	**5 508**	**-6 970**
-2 659	-9 624	Balance higher/lower revenue (-/+), incl. interest as on 1 Jan.	-9 629	-2 659
-6 965	5 504	Changed balance for higher/lower revenue (-/+), incl. Interest	5 508	-6 970
-9 624	**-4 120**	**Balance higher/lower revenue (-/+), incl. interest as on 31 Dec.**	**-4 121**	**-9 629**

Parent Company			Group	
2022	**2023**	**Imbalance settlement**	**2023**	**2022**
24	-92	This year's higher/lower revenue (-/+), not recognised	-133	91
1	1	This year's provision for interest higher/lower revenue (-/+), not recognised	12	11
26	**-91**	**This year's changed balance for higher/lower revenue (-/+)**	**-121**	**102**
44	70	Balance higher/lower revenue (-/+) incl. interest 1 Jan.	351	249
26	-91	Changed balance for higher/lower revenue (-/+) incl. interest	-121	102
70	**-20**	**Balance higher/lower revenue (-/+) incl. interest 31 Dec.**	**230**	**351**

Parent Company			Group	
2022	**2023**	**Total balance higher/lower revenue**	**2023**	**2022**
-2 615	-9 554	Balance higher/lower revenue (-/+) 1 Jan.	-9 278	-2 410
-6 805	5 810	Change in balance for grid operations, excl. interest	5 814	-6 810
24	-92	Change in balance for imbalance settlement, excl. interest	-133	91
-159	-305	Interest on change in balances	-294	-149
-9 554	**-4 140**	**Total balance higher/lower revenue (-/+) 31 Dec.**	**-3 891**	**-9 278**

Underlying profit and return on invested grid capital

(Amounts in NOK million)

Parent company			Group	
2022	2023		2023	2022
7 896	-2 417	Operating profit within grid operations	-1 761	8 391
-2	133	Operating profit outside grid operations	214	42
7 894	**-2 283**	**Total operating profit**	**-1 547**	**8 433**
-6 965	5 504	This year's higher/lower revenue (-/+) from grid operations, incl. interest, not recognised	5 508	-6 970
929	**3 221**	**Underlying operating profit from grid operations**	**3 961**	**1 463**
26	-91	This year's higher/lower revenue (-/+) from imbalance settlement, incl. interest, not recognised	-121	102
955	**3 130**	**Underlying operating profit**	**3 840**	**1 565**
-533	-1 471	Net financial expenses	-1 815	-803
422	**1 659**	**Underlying profit before tax**	**2 025**	**762**
-93	-363	Tax expense, incl. not recognised tax effects on higher/lower revenue	-440	-169
329	**1 296**	**Underlying result**	**1 585**	**592**

Underlying operating profit from grid operations is the operating profit adjusted for the non-recognised change in higher/lower revenue from grid operations.

Statnett received in 2024 a decision by RME on the revenue cap for 2023. A deviaton between the decision and previous notice from RME result in an impact of NOK 129 million, from 13,711 million to 13,582 million. This change will only affect the underlying result with no accounting effect for 2023.

Basis for return on invested grid capital

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

Parent company			Group	
2022	2023		2023	2022
61 494	63 183		70 451	69 024

Return on invested grid capital

Return is defined as the underlying operating profit/loss compared to the regulatory asset base. The reported underlying operating profit/loss is given as the annual permitted revenue from own grid less costs of own grid.

Parent company			Group	
2022	2023	*(Return in percentage)*	2023	2022
2%	5%		6%	2%

Note 5 Ancillary services and transmission losses

Ancillary services are costs relating to the exercise of Statnett's responsibility for maintaining an instantaneous balance in the power grid and ensuring satisfactory delivery quality, as defined in the Regulations Relating to System Responsibility. The frequency in the power grid must be 50 Hz. As transmission system operator (TSO), Statnett is responsible for ensuring that this frequency remains stable. The requirement for reserve capacity for regulatory purposes is split between primary, secondary and tertiary reserves. Statnett purchases reserves in agreed capacity markets for the elspot and regulating power markets. Prices are affected by available power, regulating opportunities and prices in the regulating markets.

System service costs are reduced compared to 2022. Reduction in prices and price differences on electricity has led to reduced costs in the capacity market.

Statnett purchases transmission losses (volume) at spot price (market price) through the market exchanges for the hour in which the transmission loss arises. During any transformation or transfer of energy, a portion of energy will always be lost. The size of the loss will vary depending on factors such as temperature, grid load and the electricity price. The total grid transmission loss is distributed pro rata between the grid owners, in accordance with their economic interest in the transmission grid. At the end of the year, 100 per cent of the transmission grid facilities are owned by Statnett SF.

Transmission losses have decreased compared to last year due to significantly lower price of electricity during 2023 compared to 2022.

Material accounting policies

Costs for ancillary services and transmission losses are recognised when acquired.

Ancillary services can be split into the following categories:

Primary reserves

Primary regulation is automatically and immediately activated in the event of changes in the power grid frequency using a pre-agreed reserve capacity. The requirement to maintain a reserve capacity for regulating purposes imposes limitations on producers, in that it prevents them from generating and selling their full generator capacity. Primary reserve costs reflect expenses Statnett incurs when purchasing reserve capacity from energy generators. The extent of primary reserves is determined by pan-Nordic agreements, and the reserves are procured through market solutions.

Secondary reserves

Automatic secondary reserves are activated to release activated primary reserves in order to quickly be able to handle any new faults or imbalances. To activate automatic secondary reserves, the TSO sends a signal to a market player/power plant, which then adjust its generation. Secondary reserves are also referred to as automatic Frequency Regulating Reserves (aFRR). In the Nordic countries, these are mainly used to handle frequency variations. The extent of secondary reserves is determined through pan-Nordic agreements, and the reserves are procured through market solutions.

Tertiary reserves

Norway has an options market for regulating power. This is used to ensure that sufficient regulating resources are available in the Norwegian portion of the regulating power market, including during periods of demand for increased output, such as in the winter. In the winter, the system operator establishes a market where it purchases a guarantee that market members will submit bids for the regulating power lists for the following week. These guarantees relate to both consumption and generation.

Cross-border compensation

The power system in Europe is connected through transmission lines/cables that cross international borders. Cross-border compensation is a form of compensation to grid owners in countries through which the electricity flows (transit countries), as this restricts transmission capacity in the grid.

Special regulation

In some cases, the transmission capacity can be restricted (congested), which may mean that the bids in the regulating power market cannot be utilised in the “correct” price order. Activated adjustments that are not in price order are categorised as special regulations and are compensated through the associated bid price. These do not affect the regulating power price. Statnett incurs a cost equal to the difference between the price of activated bids used for special regulations and the actual hourly price in the primary direction in the regulating power market, multiplied by the specially regulated volume.

Specification of system services

Parent company			Group	
2022	2023	*(Amounts in NOK million)*	2023	2022
275	74	Net regulating and peak power	74	275
538	647	Primary reserves	647	538
1 316	638	Secondary reserves	638	1 316
589	1 037	Tertiary reserves	1 037	589
413	760	Transit costs	760	413
529	283	Special adjustments	283	529
128	-49	Other system services	-49	128
3 788	**3 390**	**Total system services**	**3 390**	**3 788**

Specification of transmission losses

Parent company			Group	
2022	2023		2023	2022
2 707	2 949	Volume (GWh)	2 949	2 707
1 448	747	Price (NOK/MWh)	747	1 448
3 921	2 204	Transmission losses	2 204	3 921
-1	-1	Transmission losses other grid owners	-1	-1
3 920	**2 203**	**Total transmission losses**	**2 203**	**3 920**

Note 6 Salaries and payroll costs

Salaries and payroll costs represent the total expenses for remuneration of personnel in the Group, including compensation to the Group's Board of Directors. Salary costs do not include expenses relating to third-party contract staff. Salaries can be either fixed or hourly paid and are paid out on an ongoing basis throughout the year. Holiday pay is normally paid in the holiday months the following year. Employer's national insurance contributions are normally paid in arrears every other month.

General accounting policies

Salary costs are expensed as incurred. Salaries are earned on an ongoing basis. Holiday pay accrues based on ordinary salary. Employer's national insurance contributions are calculated and expensed for all salary-related costs. Pensions are earned in accordance with separate rules (see Note 7). Remuneration paid to the Board of Directors is earned on an ongoing basis, in accordance with individual agreements approved by the General Meeting. The salary costs have been reduced by the value of separately capitalised investment activities, consisting of wage costs and a share of directly allocable shared expenses.

Specification of salaries and personnel costs

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
1 477	1 644	Salaries	1 705	1 531
236	286	Employer's national insurance contributions (NICs)	296	245
259	264	Pension costs (Note 7)	272	266
148	160	Other benefits	165	152
2 120	**2 354**	**Total salaries and personnel costs**	**2 438**	**2 194**
-815	-864	Of which own investment projects	-890	-840
1 305	**1 490**	**Net salaries and personnel costs**	**1 547**	**1 354**
1 569	1 649	Number of full-time equivalents	1 718	1 635

Employee loans

As of 31 December 2023, employee loans totalled NOK 2 million. The loans are repaid through salary deductions over a period of up to two years. The loans are interest-free for the employee. The interest benefit on loans that exceeds 3/5 of the Norwegian National Insurance Scheme's basic amount is taxable at the prevailing base rate set by the authorities.

Note 7 Pensions

The parent company and subsidiaries operate defined-benefit and defined-contribution pension plans that provide employees with future pension benefits. All the defined-benefit plans have been closed, and all the Group's new employees are enrolled in the defined-contribution plans.
The Group's pension plans satisfy the requirements of the Norwegian Mandatory Occupational Pension Act. For the defined-contribution plans, the Group pays an agreed annual contribution to the employee's pension plan, but any risk for the future pension is borne by the employee. The future pension will be determined by the amount of the regular contributions and the return on the pension funds over time. In the defined-benefit plans, the Group pays an agreed level of pension to the employee based their final salary. The cost for the accounting period reflects the employee's accrual of agreed future pension benefits in the financial year.

Material accounting policies

Defined-contribution pension plans

In defined-contribution pension plans, the company makes an agreed contribution to the employee's pension fund. The future pension will be determined based on the amount of the contributions and the return on the pension fund. Once the contributions have been paid, the employer has no further payment obligations for the defined-contribution pension plan, and no pension liability is recognised in the balance sheet. The pension cost relating to the defined-contribution plans equals the contributions to the employees' pension funds for the reporting period.

The AFP early retirement plan is a defined-benefit multi-employer plan that is recognised as a defined-contribution plan, since pension payouts are not attributable to individual participating companies.

Defined-benefit pension plans

In the defined-benefit pension plans, the company agrees to pay employees a certain level of pension on retirement, normally defined as a percentage of final salary. The company is responsible for the future pension benefit payments, and the financial value of this obligation must be recognised in the income statement and the balance sheet.

The accrued liability is determined using a linear earnings model, and is measured as the present value of the estimated future pension payments accrued at the reporting date. The net liability recognised in the balance sheet is the sum of the accrued pension liability less the fair value of any related pension assets.

Changes in the liability relating to defined-benefit plans which are due to changes in pension plans, and which result in an immediate entitlement to a paid-up policy are recognised in their entirety in the income statement. Changes in pension liabilities and assets attributable to changes in and deviations from calculation assumptions are called estimate deviations. Estimate deviations are recognised in equity through "Other comprehensive income" in the period in which they arise. The discount effect of the pension liabilities and expected return on pension assets is presented net under "Salaries and payroll costs" as this is deemed to reflect the Group's pension cost most accurately.

Further information about the pension plans

Defined-contribution plans

Most of the Group's employees are enrolled in pension plans classified as defined-contribution plans. The contribution level in defined-contribution plans is based on maximum contribution rates permitted in the Norwegian Defined-Contribution Pension Scheme Act. Defined-contribution plans also encompass pension plans that are shared among multiple companies, where the pension premium is determined independently of the demographic profile of each individual company (multi-company plan).

The Group is a member of the private contractual early retirement scheme (AFP plan). Under the AFP plan, employees receive a life-long addition to their pension. The pension can be drawn from age 62, also while the employee continue to work. The AFP plan is a defined-benefit, multi-employer plan, organised through a joint office and funded through premiums stipulated as a percentage of salary. The premium level has increased annually since the plan was established and is expected to continue to increase in the years to come.

Defined-benefit plans

The Group has a closed pension plan classified as a funded defined-benefit plan, in addition to closed unfunded defined-benefit plans, financed from the companies' current earnings. For employees affected by the transition to a defined-contribution plan a compensation scheme was established. This plan is an unsecured defined-benefit plan, providing annual accruals until the age of 67. Payments under the compensation scheme occur at the age of 67 or upon earlier resignation.

Certain members of Group management have individual supplemental agreements. For further information, please see Note 23, Remuneration to Group management.

The net pension liability in the balance sheet is presented after adjusting for the effect of changes in estimates recognised in “Other comprehensive income”. The net pension liability is recognised under “Pension liabilities”. When a plan's funds exceed the estimated liability, net pension assets are reported under “Pension assets”.

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

Employees who leave the Group before retirement age receive a paid-up policy. These paid-up policies are managed by Statnett SF's Pensjonkasse and Storebrand Livsforsikring AS. Statnett has no further obligations to employees once the paid-up policies have been issued. Assets and liabilities are measured on the date of issuance of the individual policy and are separated from pension assets and liabilities.

An external actuary calculates the pension liabilities. When calculating the pension liabilities, account is taken of the employer's national insurance contributions that the company is required to pay when paying direct pensions as well as premiums for funded plans.

Assumptions for defined-benefit plans

The Group uses the Norwegian Accounting Standards Board's assumptions as a basis for pension calculations, after assessing the extent to which these are applicable to the Group.

The discount rate is based on the discount rate for covered bonds (OMF). Statnett considers the OMF market to represent a sufficiently deep market to be used to calculate the discount rate.

Pension costs

Parent company 2022	Parent company 2023	*(Amounts in NOK million)*	Group 2023	Group 2022
97	111	Defined benefit plan	112	98
139	128	Defined contribution plan	134	144
23	25	Defined multi-employer plan	27	24
259	**264**	**Pension costs**	**272**	**266**
29	32	Employer's contributions	33	30
288	**296**	**Total pension costs, incl. employer's contribution**	**305**	**296**
142	**46**	**Changes in estimate variances in other comprehensive income**	**46**	**142**

Net estimated pension liabilities

Parent company 2022	Parent company 2023	*(Amounts in NOK million)*	Group 2023	Group 2022
2 731	2 809	Estimated pension liabilities	2 810	2 741
-2 516	-2 656	Pension assets	-2 657	-2 527
215	**153**	**Net pension liabilities**	**153**	**214**
-32	-117	Net pension assets - funded plan	-118	-33
247	270	Unfunded pension	270	247
215	**153**	**Net pension liabilities**	**153**	**214**

Funded and unfunded pension liabilities

Parent company 2022	Parent company 2023	*(Amounts in NOK million)*	Group 2023	Group 2022
		Change in gross pension liability		
2 369	2 731	Gross pension liability on 1 Jan.	2 732	2 375
109	99	Present value of the year's pension contributions	100	111
94	86	Interest costs of pension liability	86	95
250	-4	Actuarial gains and losses	-4	250
-20	-24	Employer's contribution on premium paid	-24	-20
-71	-81	Disbursed pension/paid-up policies	-81	-71
2 731	**2 807**	**Gross pension liabilities as on 31 Dec.**	**2 810**	**2 741**

Funded and unfunded pension liabilities

Parent company 31.12.2022	Parent company 31.12.2023	*(Amounts in NOK million)*	Group 31.12.2023	Group 31.12.2022
		Change in gross pension assets		
2 317	2 607	Fair value of pension assets at 1 Jan.	2 622	2 321
99	85	Interest income on pension assets	85	99
108	-139	Actuarial gains and losses	-139	108
165	171	Premium paid	171	165
-81	-69	Pension/paid-up policies disbursed	-69	-71
2 607	**2 656**	**Fair value of pension assets as at 31 Dec.**	**2 671**	**2 622**
215	**-153**	**Net pension liabilities as at 31 Dec.**	**-153**	**214**

Changes in estimate variances for the year

Parent company 2022	Parent company 2023	*(Amounts in NOK million)*	Group 2023	Group 2022
-696	-282	Change in discount rate	-282	-696
-108	378	Interest income on pension assets	378	-108
946	-50	Salaries growth *)	-50	946
142	**46**	**Total changes in estimate variances for the year**	**46**	**142**

*) Effect of change pension portfolio is included with Salaries growth and pension regulation

Financial/actuarial assumptions, parent company and Group	2023	2022
Discount rate corporate covered bonds (OMF)	3,10%	3,20%
Interest income on pension assets	3,10%	3,20%
Expected wage adjustments*	3,50%	3,75%
Expected pension adjustments*	3,25%	3,50%
Expected adjustment of basic amount (G) under NIS	2,80%	2,75%
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 2023 are based on the facts and circumstances on 31 December 2023.
Actual results may differ significantly from these estimates.

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

(Amounts in NOK million, except per cent)				
Parent company			Group	
245	6,4 %	Discount rate increase 0.5 per cent *	245	6,4 %
-264	-1,1 %	Expected salary increase 0.5 per cent	-264	-1,1 %
-265	-6,2 %	Expected pension increase 0.5 per cent	-265	-6,2 %

Percentual breakdown of pension assets into investment categories, parent company and Group as at 31 December	2023	2022
Property	10%	11%
Held-to-maturity bonds	23%	23%
Nordic bonds	7%	8%
Alternative bonds	13%	12%
Foreign bonds	26%	26%
Bank deposits	9%	10%
Nordic money market	6%	1%
Emerging markets shares	4%	7%
Foreign shares	2%	2%
Total	**100%**	**100%**

Members of the defined-benefit plan

Parent company			Group	
2022	2023		2023	2022
792	786	Members of the pension fund	250	795
527	538	Of which pensioners	539	528
265	**248**	**No. of active pension scheme members**	**789**	**267**

Disbursement flow Statnett SF

Based on the pension assumptions applicable as of 31 December 2023, the average weighted maturity for pension liabilities under the main scheme at Statnett SF was estimated at 12 years. Statnett SF's Pensjonskasse does not reconcile pension assets against the maturity profile of the plans' pension liabilities as of 31 December 2023.

Note 8 Tangible and intangible assets

Tangible assets comprise power lines, substation infrastructure, buildings, land, ICT equipment etc. that are necessary for the Group’s operations. Intangible assets mainly relate to proprietary software and are classified under “ICT” in the table below. Goodwill is a negligible amount and is classified as “Other”.

Material accounting policies

Tangible assets

Tangible assets are recognised in the balance sheet at cost price less accumulated depreciation and write-downs. The acquisition cost of an asset comprises its purchase price, including non-refundable taxes relating to the purchase, costs directly attributable to bringing the asset to its intended location and condition, less any discounts. Directly attributable costs include elements such as wages, assembly and installation costs, delivery costs, construction loan interest, document fees and transaction costs. One-off compensation in connection with land acquisition etc. is included in the cost price of the operating asset. Ongoing compensation payments are small sums and are recognised in the income statement in the year in which the compensation is paid.

With the exception of land, tangible assets are depreciated to their estimated residual value at the end of their estimated useful economic life on a straight-line basis from the time they are available for use. The same applies to operating assets acquired from other grid owners. Material components of an operating asset are depreciated individually. Materiality is assessed based on the cost price of the components in relation to the cost price of the asset as a whole.

The value of work carried out and facilities is transferred from “Assets under construction” to “Tangible assets” when the asset is available for use. In projects where material components become available for use at different times, each finished component is transferred to “Tangible assets” as and when it becomes available for use. The criteria used to determine when a component is considered available for use is described in Note 9, Assets under construction.

Cost estimates for the retirement of tangible assets are recognised as part of the acquisition cost at the time the Group is considered to have a legal or constructive removal obligation. The estimate is measured as the present value of the expenditure expected to be incurred at a future point in time. The annual interest expense resulting from the liability being one year closer to settlement is expensed. The estimate may be subsequently amended as a result of a change in the estimated size of the expenditure, a change in the expected schedule and/or a change in the discount rate. The changes are recognised in the balance sheet as an increase or decrease in the carrying amount of the asset. If a potential decrease is higher than the asset’s carrying amount, the excess amount is recognised in the income statement.

Maintenance costs are recognised in the income statement as they accrue.

Depreciation

Depreciation is based on management’s assessment of the useful economic life of tangible assets. These assessments may change, for example, due to technological developments and past experiences. This may result in a change in the asset’s estimated useful economic life and consequently its depreciation. It is difficult to predict either the speed or nature of technological developments, and management may change its views on such matters over time. If expectations change significantly, depreciation will be adjusted with effect for future periods. The estimated useful economic life, depreciation method and residual value are assessed at least once a year. For most assets, the residual value at the end of their useful economic life is estimated at zero.

Intangible assets

Intangible assets are measured at acquisition cost on initial recognition. In subsequent periods, intangible assets are recognised at acquisition cost less accumulated amortisation and write-downs. Intangible assets with a finite useful economic life are amortised over their useful economic life, which is assessed at least once a year. Intangible assets are amortised on a straight line as this most accurately reflects their use.

General principles

Right-of-use assets

Right-of-use assets are recognised as tangible assets, i.e. on the same accounting line as the corresponding underlying assets would have been presented if they were owned.

On initial recognition of leases, right-of-use assets are measured at the value of the estimated lease liability plus restoration costs at the end of the lease term, and material expenses relating to the establishment of the lease. The carrying amount of right-of-use assets is reduced by any lease incentives received.

After initial recognition, right-of-use assets are measured at acquisition cost less any accumulated depreciation and any accumulated write-downs. Depreciation is recognised on a straight-line basis over the term of the lease. The cost of right-of-use assets is adjusted to reflect any changes resulting from reassessments of the lease liabilities. Statnett has chosen to apply the recognition exemptions in IFRS 16 for short-term leases (maturing with 12 months) and for leases where the underlying asset is of low value. For leases containing service elements, Statnett separates the value of such service elements so that these are not recognised in the balance sheet.

Research and development

Research costs are expensed on an ongoing basis.

Expenses relating to development activities are recognised in the balance sheet if the product or process is technically and commercially feasible and the Group has adequate resources to complete the development. Expenses recognised in the balance sheet include the cost of materials, direct wage costs and a share of directly attributable overheads. Capitalised development costs are recognised at acquisition cost, less any accumulated depreciation and write-downs. Capitalised development costs are depreciated on a straight-line basis over their useful economic lives.

Assessment of useful economic life and climate risk

Information about the annual assessment of useful economic life and consequences climate risk has on our assets, is disclosed in Note 3 Estimates, management assumptions and climate risk.

Parent company

(Amounts in NOK million)	Power lines	Land and subsea cables	Main circuit equip-ment	Control and auxiliary equip-ment	ICT equip-ment	Buildings and land	Other	Total
Acquisition cost on 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
Acquisition cost on 1 Jan. 23	**25 473**	**12 636**	**18 358**	**5 547**	**6 438**	**17 381**	**1 814**	**87 648**
Additions, acquisition cost	1 531	224	1 292	420	896	1 573	156	6 092
Disposals, acquisition cost	-10	-25	-41	-4	-90	-17	-36	-223
Acquisition cost on 31 Dec. 23	**26 993**	**12 836**	**19 610**	**5 963**	**7 244**	**18 937**	**1 934**	**93 517**
Accumulated depreciation and amortisation on 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
Accumulated depreciation and amortisation on 1 Jan. 23	**7 036**	**2 244**	**5 046**	**2 386**	**4 050**	**3 471**	**1 207**	**25 440**
Depreciation and amortisation	501	330	500	293	690	518	104	2 937
Disposals, depreciation and amortisation	-4	-3	-25	-3	-90	-15	-34	-173
Accumulated depreciation and amortisation on 31 Dec. 23	**7 534**	**2 571**	**5 521**	**2 676**	**4 650**	**3 974**	**1 278**	**28 204**
Carrying value on 31 Dec. 22	**18 437**	**10 392**	**13 312**	**3 162**	**2 389**	**13 910**	**607**	**62 208**
Carrying value on 31 Dec. 23	**19 460**	**10 265**	**14 088**	**3 287**	**2 594**	**14 963**	**655**	**65 313**
Of which intangible fixed assets								
Carrying value on 31 Dec. 22	-	-	-	-	1 308	-	19	1 327
Carrying value on 31 Dec. 23	-	-	-	-	1 341	-	23	1 363
Of which right-of-use assets								
Carrying value on 31 Dec. 22	-	-	-	-	190	229	-	419
Carrying value on 31 Dec. 23	-	-	-	-	174	221	-	395
Of which asset retirement obligations								
Carrying value on 31 Dec. 22	78	65	82	-	-	-	2	227
Carrying value on 31 Dec. 23	101	48	184	-	-	-	2	335
Acquisition cost for tangible fixed assets fully depreciated, but still in use	293	203	947	945	2 943	474	885	6 691
Depreciation rate (straight-line)	0	2-7%	2-5%	3-13%	5-33%	0-7%	0-33%	

Purchase of grid facilities

Additions in 2023 include the purchase of grid facilities due to the third energy package for an amount of NOK 138 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 on 1 Jan. 22	**24 685**	**17 438**	**19 346**	**5 300**	**6 608**	**16 985**	**2 564**	**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
Acquisition cost on 1 Jan. 23	**25 744**	**17 858**	**19 828**	**5 759**	**7 185**	**18 224**	**1 892**	**96 490**
Additions, acquisition cost	1 531	223	1 292	420	1 090	1 573	156	6 284
Disposals, acquisition cost	-10	-25	-41	-4	-90	-17	-36	-223
Reclassification to Assets held for sale	-	-	-	-	-	-	-	-
Acquisition cost on 31 Dec. 23	**27 265**	**18 057**	**21 079**	**6 176**	**8 188**	**19 780**	**2 012**	**102 557**
Accumulated depreciation and amortisation on 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
Accumulated depreciation and amortisation on 1 Jan. 23	**7 056**	**2 665**	**5 148**	**2 446**	**4 345**	**3 527**	**1 248**	**26 437**
Depreciation and amortisation	506	461	531	306	796	532	105	3 237
Disposals, depreciation and amortisation	-4	-3	-25	-3	-90	-15	-34	-173
Reclassification to Assets held for sale	-	-	-	-	-	-	-	-
Accumulated depreciation and amortisation on 31 Dec. 23	**7 558**	**3 123**	**5 654**	**2 750**	**5 060**	**4 049**	**1 308**	**29 501**
Carrying value on 31 Dec. 22	**18 688**	**15 192**	**14 680**	**3 313**	**2 840**	**14 698**	**643**	**70 054**
Carrying value on 31 Dec. 23	**19 707**	**14 933**	**15 426**	**3 426**	**3 129**	**15 732**	**704**	**73 056**
Of which intangible fixed assets								
Carrying value on 31 Dec. 22	-	-	-	-	1 736	-	72	1 807
Carrying value on 31 Dec. 23	-	-	-	-	1 862	-	75	1 937
Of which right-of-use assets								
Carrying value on 31 Dec. 22	-	-	-	-	190	229	-	419
Carrying value on 31 Dec. 23	-	-	-	-	174	221	-	395
Of which asset retirement obligations								
Carrying value on 31 Dec. 22	78	65	82	-	-	-	2	227
Carrying value on 31 Dec. 23	101	48	184	-	-	-	2	335
Acquisition cost for tangible fixed assets fully depreciated, but still in use	293	203	947	945	2 960	474	886	6 709
Depreciation rate (straight-line)	0	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 capitalised in 2023 and 2022 have been expensed with NOK 35 million and NOK 41 million respectively.

Note 9 Assets under construction

Statnett has embarked on a phase of major investments. Most of these investments are made through projects recognised in the balance sheet as “assets under construction” until the assets are available for use.

Material accounting policies

Assets under construction are recognised in the balance sheet at acquisition cost less any write-downs. Assets under construction are not depreciated.

Construction projects start with a feasibility and alternatives study. Once the study’s conclusions are available, and the main development concept has been selected, project costs cease to be expensed in the income statement and are recognised in the balance sheet instead. At this point, a licence has not been granted and no final investment decision has been made. Statnett has generally found that once a main concept has been selected for development, it is highly probable that the project will be fulfilled. If Statnett no longer deems project completion probable, the capitalised project costs are written down.

Accrued costs for construction projects are measured in accordance with the stage-of-completion method. Assessment of the stage of completion is based on a number of discretionary judgements, including evaluations of whether project activities qualify for capitalisation or whether Statnett has assumed the risk for and control of project deliverables. Ongoing assessments are made of whether licensing conditions or other causes necessitate a full or partial write-down of project expenses incurred. These assessments are performed per project. Write-downs are reversed when there is no longer any basis for the write-down.

Borrowing costs relating to own assets under construction are capitalised as construction loan interest. The interest is calculated based on the average borrowing interest rate and the scope of the investment, since the funding is not allocated to specific projects.

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

Specification of this year's change of assets under construction

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
6 108	6 131	Acquisition cost on 1 January	6 291	6 197
4 661	5 779	Additions	5 829	4 789
189	249	Capitalised construction loan interest	249	189
-4 803	-5 816	Transferred to tangible and other intangible fixed assets	-5 991	-4 859
-24	-58	Write-downs	-58	-24
6 131	**6 286**	**Acquisition cost on 31 December**	**6 320**	**6 291**
-0	-	Hedge accounting effects	-	-0
6 131	**6 286**	**Assets under construction on 31 December**	**6 320**	**6 291**

Average rate for capitalisation of construction interest	2023	2022
	4,28%	2,41%

Contractual obligations

As of 31 December 2023, contractual obligations totalled NOK 4.9 billion. The total reported obligation reflects residual contractual obligations for construction projects.

Note 10 Financial income and expenses

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

General principles

Interest income and interest expenses on loans and receivables are calculated using the effective interest method and recognised in the income statement as they accrue/are incurred.

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

Interest expenses relating to estimated future asset retirement obligations are recognised as "Interest expenses". The interest element of the asset retirement obligations is discussed in more detail in Note 24, Other liabilities.

Interest expenses relating to assets under construction are recognised in the balance sheet together with the asset, see Note 9 Assets under construction.

Foreign exchange gains or losses deriving from operating assets and liabilities, as well as the hedging of these items, are classified as "Other operating expenses", see Note 27, Other operating expenses. Unrealised foreign exchange gains or losses relating to the hedging of loans are presented net as a change in the value of derivatives. Other foreign exchange effects are presented net as foreign exchange gains/losses.

The interest element of pension costs is recognised in salary costs, see Note 7, Pensions.

Information regarding the Group:
Investments in associates are recognised in accordance with the equity method in the consolidated financial statements. Statnett's share of profits/losses in associates is recognised in "Financial income" and/or "Financial expenses". Please also see Note 20, Investments in subsidiaries, joint ventures and associates.

Information regarding the parent company:
Investments in subsidiaries and associates are recognised in accordance with the cost method in the parent company's financial statements. Group contributions and dividends received from associates and subsidiaries are recognised in the income statement as financial income, to the extent that they do not exceed accrued earnings during the period of ownership. Group contributions and dividends are recognised in the year ` they are adopted. Write-downs and reversals of write-downs of shares in subsidiaries and gains/losses on the sale of shares in subsidiaries are presented as "Net financial income from Group companies" or as "Net financial expenses from Group companies".

Specification of financial income and financial costs

Parent company 2022	Parent company 2023	*(Amounts in NOK million)*	Group 2023	Group 2022
		Financial income		
124	157	Group contribution and dividend from	-	-
7	14	Net financial income from associates	17	5
146	245	Interest income from subsidiaries	-	-
99	162	Other interest income	169	100
21	90	Net gain/loss from market-based securities	107	20
58	-	Other financial income	-76	55
456	**668**	**Total financial income**	**217**	**180**
		Financial costs		
5	15	Interest costs from subsidiaries	-	-
1 134	2 190	Other interest costs	2 191	1 133
-176	-249	Capitalised construction interest	-249	-176
6	42	Net currency exchange loss	41	5
21	140	Other financial costs	50	21
989	**2 139**	**Total financial costs**	**2 032**	**983**

Note 11 Trade and other current receivables

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

General principles

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

Impairment losses

Trade and other current receivables are assessed for potential impairment on an ongoing basis. Write-downs for losses on trade receivables are recognised using the simplified method and are measured in an amount corresponding to the expected loss over the asset's lifetime. A loss provision is recognised if the loss potential is material, and it is deemed highly probable that the receivable will not be paid. The receivable is immediately written down if attempts to recover the receivable do not succeed and there are objective indications that a loss-inducing event has occurred that can be reliably measured and will affect payment of the receivable.

Other current receivables mainly consist of accrued congestion revenue and advance payments. On initial recognition, expected credit losses from potential default events are recognised as falling due within 12 months. An ongoing assessment is made of the individual assets' credit risk. If there is considered to have been a material increase in the expected credit loss, a loss provision is recognised based on all expected losses for all default events during the lifetime of the receivable.

Specification of trade and other current receivables

Parent company			Group	
2022	2023	*(Amounts in NOK million)*	2023	2022
515	378	Trade receivables	391	516
316	300	Short-term receivables group companies	-	-
1 747	1 098	Other short-term receivables *	830	1 414
2 578	**1 776**	**Total trade and other current receivables**	**1 221**	**1 930**

Age distribution trade receivables

(Amounts in NOK million)	Not due	1-30 days	31-60 days	61-90 days	Over 90 days	Total trade rec.
Parent company	319	58	0	-	1	378
Group	292	98	0	-	1	391

Impairment testing

Trade and other current receivables account for a relatively small proportion of the Group's balance sheet, and inaccurate assessments of customers/debt owners' ability to pay will normally not result in material errors in the financial statements. A material share of the Group's revenue derives from the Group's contracts with customers for connection to and use of the transmission grid. Stringent sanctions and requirements for pledging of collateral mean that the risk of losses on these trade receivables is deemed to be extremely low. A particular assessment is made of other material trade receivables that are past due for payment.

As of 31 December 2023, there is no provision in the consolidated financial statements for losses on trade and other current receivables. In the financial statements of the parent company, there is also no provision for losses as of 31 December 2023.

Note 12 Market-based securities

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

Material accounting policies

Market-based securities that are part of a trading portfolio and debt instruments that are held to meet cash flows over and above payments of principal amounts and interest are classified at fair value with changes in value through profit or loss. Market-based securities are recognised at fair value at valuation level 1, since the securities are listed on a stock exchange and freely tradable. Please also see the description of the measurement hierarchy in note 1 General information and basis for preparation of financial statements.

Market-based securities

Parent company			Group	
Acquisition cost	Carrying value	*(Amounts in NOK million)*	Acquisition cost	Carrying value
		Bond- and money market-funds		
1 341	1 352	Norwegian investment grade bonds and money market funds	1 758	1 780
1 341	**1 352**	**Total fixed income funds**	**1 758**	**1 780**
		Equity funds		
-	-	Norwegian equity funds	18	38
-	-	Foreign equity funds	21	38
-	**-**	**Total equity funds**	**38**	**76**
1 341	**1 352**	**Total market-based securities**	**1 796**	**1 855**

Note 13 Cash and cash equivalents

This note shows the Group's holdings of cash and bank deposits.

General principles

Cash and cash equivalents comprise cash and bank deposits. Bank deposits include deposits under Credit Support Annexes (CSA agreements) that can be freely used by the Group. Restricted bank deposits are funds that the Group may only use to a limited degree. Restricted bank deposits relate to withholding tax, deposits for power trading and subordinated capital in the balance settlement.

Specification of cash and cash equivalents

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
815	1 301	Bank deposits	1 392	887
1 617	1 249	Restricted bank deposits	1 252	1 619
2 432	**2 550**	**Total cash and cash equivalents**	**2 644**	**2 507**

Cash and cash equivalents exclude unused drawdown facilities of NOK 8,000 million and an unutilised loan of EUR 130 million.

Note 14 Non-current financial assets

This note shows financial items of a long-term nature and includes both interest-bearing and non-interest-bearing items.

General principles

Financial assets that are not expected to be realised within 12 months of the reporting date are classified as non-current. Non-current receivables and non-current loans receivable from Group companies are recognised at fair value at the agreement date plus any transaction costs, and subsequently measured at amortised cost using the simplified effective interest rate method. Shares that are not part of a trading portfolio are recognised at fair value through profit or loss.

Impairment losses

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

Specification of other non-current financial assets

Parent company			Group	
2022	2023	*(Amounts in NOK million)*	2023	2022
47	62	Long-term receivables	60	45
4 490	3 904	Long-term loans Group companies	-	-
75	75	Subord. capital in Statnett SF's pension fund	75	75
3	3	Shares and funds	3	3
4 615	**4 044**	**Total Other non-current financial assets**	**138**	**122**

Subordinated capital in Statnett SF's Pensjonskasse is recognised at fair value on the transaction date. Shares and funds are recognised at fair value at valuation level 3. Please refer to Note 1, General information and basis for preparation of financial statements, for a description of the measurement hierarchy.

There were no transfers between the respective levels in either 2022 or 2023. There were no changes in level 3 in either 2022 or 2023.

Non-current loans receivable from Group companies accounts for a material share of non-current financial assets. The risk of default for these loans is deemed to be extremely low, both in the short and long term, due in part to these companies' capital adequacy, association with regulated activities, including deliverables to the parent company, and financing agreements and guarantees with the parent company.

Non-current receivables account for an immaterial share of the company's balance sheet. Impairment testing is carried out on an ongoing basis, and a loss provision is recognised for material changes in the items' credit risk.

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

The difference between the carrying amount and fair value of non-current financial assets is deemed to be immaterial.

Note 15 Derivatives and hedge accounting

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

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

Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in exchange rates affecting Statnett's income statement and balance sheet. Foreign exchange risk arises when the Group has income or expenses, raises loans, has bank deposits, or makes investments in securities in foreign currency. Statnett may also be exposed to foreign exchange risk in procurement contracts as a result of acquisitions made in investment projects. Major procurement contracts are entered into in Norwegian kroner (NOK). The Group's finance policy defines guidelines for hedging the foreign exchange risk for loans and major procurement contracts

Interest rate risk

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

Material accounting policies

The Group applies the rules for hedge accounting when derivatives are used to hedge interest rate and foreign exchange risk, and when the criteria for hedge accounting under IFRS 9 are met.

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

Specification of derivatives

Parent company			Group	
2022	2023	*(Amounts in NOK million)*	2023	2022
3 333	4 360	Derivatives, interest-bearing	4 360	3 333
-	-	Derivatives, non-interest-bearing	-	-
3 333	**4 360**	**Total derivatives, non-current assets**	**4 360**	**3 333**
13	397	Derivatives, interest-bearing	397	13
-	-	Derivatives, non-interest-bearing	-	-
13	**397**	**Total derivatives, current assets**	**397**	**13**
3 346	**4 757**	**Total derivatives, assets**	**4 757**	**3 346**
838	863	Derivatives, interest-bearing	863	838
-	-	Derivatives, non-interest-bearing	-	-
838	**863**	**Total derivatives, non-current liabilities**	**863**	**838**
226	-	Derivatives, interest-bearing	-	226
-	-	Derivatives, non-interest-bearing	-	-
226	**-**	**Total derivatives, current liabilities**	**-**	**226**
1 064	**863**	**Total derivatives, liabilities**	**863**	**1 064**
2 281	**3 894**	**Total derivatives, net asset (+) / liability (-)**	**3 894**	**2 281**

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

Description of derivatives used in hedging relationships

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

The Group uses the following types of hedging relationships

Fair-value hedges

A fair value hedge is defined as a hedge of the exposure to changes in the fair value of a recognised asset, liability or binding agreement that can be attributed to a particular risk and can affect profit or loss. Changes in the fair value of derivatives designated as hedging instruments are recognised in the income statement on an ongoing basis. Changes in the fair value of hedged items are similarly recognised in the income statement within the same accounting line. Changes in value of fair-value hedges of hedged items recognised at amortised cost are amortised in the income statement over the residual term to maturity

The key terms of loans hedged using interest swaps or combined interest and currency swaps are matched so that there is complete alignment between cash flows in the hedged item and the hedging instrument. Although terms and cash flows align, fluctuations will occur due to basis spread changes in derivative contracts between relevant currencies. These unrealised changes in value during the hedging relationship only affect the hedging instrument, giving rise to an inefficiency in the hedging which is recognised in the income statement on an ongoing basis. NOK 90 million was expensed for this inefficiency in fair value hedges in 2023.

Foreign exchange futures contracts can be used to hedge the fair value of any major procurement contracts that have not been entered into in the Group’s functional currency. Fair value is calculated for both the hedging instrument and the hedged item. Different maturity dates for the hedging instrument and hedged item and rolling of the hedging instrument will result in inefficiency that is recognised in the income statement under “Other operating expenses”. Realised effects of the hedge for the hedging instrument and the hedged item are recognised in the income statement in the same period.

The Group discontinues fair-value hedging if:
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 deems it appropriate to cancel the hedge for other reasons.

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

Cash flow hedges
A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with the whole or a component of a recognised asset or liability or a highly probable forecast transaction, which could also affect profit or loss.

All derivatives defined as hedging instruments in cash flow hedges are recognised at fair value in the balance sheet. The effect is recognised as a cash flow hedge reserve. The effective portion of changes in the fair value of the hedging instrument is recognised in “Other comprehensive income”, and reclassified to profit or loss on the implementation of the transaction that the derivative is hedging and is presented on the same line as the hedged transaction. If the change in the fair value of the hedging instrument is greater than that of the hedging object, the ineffective portion is recognised in the income statement on an ongoing basis (over hedging). If the forecast future transaction is no longer expected to be implemented, the amount previously recognised in other comprehensive income is recognised under financial income or financial expenses. If the hedging instrument expires or is sold, terminated or exercised, or Statnett elects to discontinue the hedging relationship, despite the fact the hedged transaction is expected to take place, accumulated gains or losses remain in other comprehensive income and are transferred from equity to the income statement when the transaction is implemented, with the result that the hedging instrument and the hedged item are recognised in profit or loss in the same period. If the hedged transaction is no longer expected to take place, the accumulated unrealised gains or losses on the hedging instrument are immediately recognised in the income statement.

Economic hedges – derivatives not included in hedge accounting
Statnett also holds both interest swaps and forward exchange futures contracts that do not qualify for hedge accounting under IFRS. These derivatives are measured at fair value and all changes in value are recognised in the income statement as “Financial income” or “Financial expenses”. These types of derivatives are referred to as “free-standing derivatives”.

Fair value measurement
Forward exchange futures contracts are measured at fair value based on observable forward rates on contracts with similar terms at the balance sheet date. The fair value of interest and currency swaps is the present value of future cash flows based on observable market interest rates and foreign exchange rates at the balance sheet date. The fair value of interest swaps is the present value of future cash flows based on observable market interest rates at the balance sheet date. Since 2020, the Group has used market data from Bloomberg to calculate the fair value of interest and currency swaps and pure interest swaps. By using market data from a single source, the Group ensures that the fair value can be calculated at the same point in time on the balance sheet date for all contracts.

Repayment profile for derivatives related to debt

Parent Company and Group *(Amounts in NOK million)*	Under 1 year	1 to 5 years	5 to 10 years	10 to 15 years	> 15 years	Total market value	Type of hedge accounting
Assets							
Interes swap fixed to floating	-	6	-	-	-	6	Fair value hedge
Interest rate floating to fixed	6	82	-	-	-	87	Cash flow hedge
Interest and currency swap	391	1 596	2 477	-	199	4 663	Fair value hedge
Total assets 31.12.2023	**397**	**1 684**	**2 477**	**-**	**199**	**4 757**	
Total assets 31.12.2022	**13**	**819**	**1 640**	**695**	**178**	**3 346**	
Liabilities							
Interes swap fixed to floating	-	-	-132	-	-	-132	Fair value hedge
Interest and currency swap	-	-	-261	-	-	-261	Fair value hedge
Interest and currency swap	-	-	-471	-	-	-471	Cash flow hedge
Total liabilities 31.12.2023	**-**	**-**	**-863**	**-**	**-**	**-863**	
Total liabilities 31.12.2022	**-226**	**-**	**-838**	**-**	**-**	**-1 064**	

The table below shows the effect of cash flow hedges that are recognised as a cash flow hedge reserve (negative figures reduce the Group's equity). No effects relating to hedging instruments that no longer qualify for hedge accounting were recognised in the income statement in the financial years 2022 or 2023.

Development in cash flow hedge reserve

(Amounts in NOK million)	31.12.2023	31.12.2022
Cash flow hedge reserve before tax on 1 January	618	94
Change in market value	115	524
Cash flow hedge reserve before tax on 31 December	**733**	**618**
Deferred tax on cash flow hedge reserve	-161	-136
Cash flow hedge reserve after tax on 31 December	**572**	**482**

Embedded derivatives in procurement contracts in foreign currency

As of year-end 2023, the Group has no significant embedded derivatives in its procurement contracts. There are no effects recognised in profit or loss for 2023 related to effects from realised or unrealised changes in market values during the year.

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 have so far been affected by the changes, only interest on collateral (CSA). The transition to new reference rates has not caused changes to accounting of or cash flows related to financial instruments. Nor, have the amendments impacted Statnett's hedge accounting, and none of the hedge accounting relationships have been cancelled following the amendments. The IBOR reform has not changed Statnett's approach to financial risk management. Please see note 16 Interest-bearing liabilities for a specification of interest-bearing debt and derivatives pr. currency.

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

Note 16 Interest-bearing debt

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

Material accounting policies

Interest-bearing debt relating to hedge accounting is measured at fair value at valuation level 2. Please see the description of the hierarchy in Note 3, Accounting estimates and assumptions.

Other interest-bearing debt is recognised at the fair value of the funds received, net after transaction costs. Loans are subsequently recognised at amortised cost using the effective interest method, where the difference between net funds and the redemption value is recognised in the income statement over the term of the loan.

General principles

Lease liabilities are measured at the present value of fixed lease payments over the lease term, taking into account prolongation options or termination rights that it is reasonably certain that the Group will use. Statnett has exercised the exception provision by consecutively expensing short-term lease agreements of up to 12 months and low-value contracts. The first year's instalments are classified as current.

Specification of interest-bearing debt

Parent company *(Amounts in NOK million)*	**2023**		**2022**	
Debt	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Long-term interest-bearing debt	44 716	44 647	38 275	37 620
Long-term interest-bearing debt Group companies	13	13	-	-
Long-term lease liabilities	127	127	132	132
Total long-term interest-bearing debt	**44 856**	**44 787**	**38 407**	**37 752**
Short-term interest-bearing debt	9 916	9 911	8 888	8 911
Short-term interest-baring debt Group companies	113	113	234	234
Short-term lease liabilities	76	76	80	80
Total short-term interest-bearing debt	**10 106**	**10 100**	**9 203**	**9 226**

Group *(Amount in NOK million)* **Debt**				
Long-term interest-bearing debt	44 716	44 647	38 275	37 620
Long-term lease liabilities	127	127	132	132
Total long-term interest-bearing debt	**44 843**	**44 774**	**38 407**	**37 752**
Short-term interest-bearing debt	9 916	9 911	8 888	8 912
Short-term lease liabilities	76	76	80	80
Total short-term interest-bearing debt	**9 993**	**9 987**	**8 969**	**8 992**

Changes in liabilities arising from financing activities

Parent company			Group	
2022	2023	*(Amounts in NOK million)*	2023	2022
54 068	48 678	Liabilities in debt portfolio 01.01. - previously reported	48 440	53 903
1 000	11 962	Borrowing of new debt (cash flow, received)	11 962	1 000
-2 769	-8 013	Repayment of debt (cash flow, paid)	-8 010	-2 766
-1 944	1 902	Changes in CSA liabilities (cash flow, received)	1 902	-1 944
-1 736	1 386	Changes in fair value (non-cash flow)	1 386	-1 736
9	-	Amortisations (non-cash flow)	-	9
-	-	Changes in intercompany liabilities (cash flow, paid)	-	-
-3	-3	Changes in intercompany liabilities (cash flow, received)	-	-
61	-105	Changes in intercompany liabilities (non-cash flow)	-	-
-12	22	Other (non-cash flow)	19	-26
48 674	**55 825**	**Liabilities in debt portfolio 31.12.**	**55 699**	**48 440**

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	2 393	14 782	20 736	-	574	38 485
Lease liabilities	76	67	45	5	11	203
Total fixed rate loans 31.12.2023	**3 469**	**14 849**	**20 780**	**5**	**585**	**39 688**
Total fixed rate loans 31.12.2022	**5 156**	**9 727**	**16 025**	**1 941**	**562**	**33 411**
Floating rate loans						
Collateral under CSA agreements[1]	3 991	-	-	-	-	3 991
Other interest-bearing debt	113	13	-	-	-	126
Bond issues	2 000	550	-	-	-	2 550
Loans from financial institutions	532	3 187	3 983	739	164	8 605
Total floating rate loans 31.12.2023	**6 636**	**3 750**	**3 983**	**739**	**164**	**15 272**
Total floating rate loans 31.12.2022	**4 046**	**4 367**	**3 798**	**1 611**	**378**	**14 200**
Total interest-bearing debt 31.12.2023	**10 106**	**18 599**	**24 763**	**743**	**749**	**54 961**
Total interest-bearing debt 31.12.2022	**9 202**	**14 094**	**19 823**	**3 552**	**940**	**47 611**

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

Group

The repayment profile for interest-bearing debt of the Group differs from the parent company's repayment profile with intra-group loans. Within "Other interest-bearing debt" Statnett SF has two intra-group long-term loans, totalling NOK 37 million, payable on demand.
In addition, Statnett SF has intra-group debt of NOK 113 million, concerning the Group cash pool arrangement. The loans are eliminated
in the Group statement. Please refer to the analysis of liquidity risk in note 18 Financial risk management.

Maturity of fixed interest 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 31.12.2023	49 667	4 686	593	5	11	54 961
Interest-bearing debt 31.12.2022	37 783	5 468	4 346	6	7	47 611

Specification of interest-bearing debt and derivatives	Principal debt Currency *(Amounts in million)*	Principal debt NOK *(Amounts in NOK million)*	Principal swap NOK *(Amounts in NOK million)*	Interest rate loan	Interest rate swap	Fair value swap *(Amounts in NOK million)*
Secured liabilities - fair value hedging						
NOK	-3 400	-3 400	-3 400	3,94%	5,76%	-125
SEK	-3 100	-2 994	-2 994	3,54%	5,96%	148
USD	-1 080	-7 208	-7 208	3,17%	5,97%	2 209
EUR	-1 570	-16 001	-16 001	1,90%	5,53%	928
Secures liabilities - cash flow hedging						
NOK	-2 000	-2 000	-1 000	5,39%	2,31%	6
USD [1]	-360	-3 039	-3 039	2,79%	6,08%	646
EUR [2]	-	-	-3 000	0%	2,49%	82
Unsecured liabilities						
NOK - floating interest rate	-6 700	-6 700	-	2,94%	0%	-
NOK - fixed interest rate	-9 155	-9 155	-	5,37%	0%	-
CSA						
NOK	-1 443	-1 443	-	[3]	0%	-
EUR	-227	-2 548	-	[4]	0%	-
Total						**3 894**

[1] Hybrid accounting policy of USD 360 million Cross Currency Interest Rate Swap. Underlying hedged object is included both as fair value hedge and cash flow hedge

[2] Interest Rate Swap NOK 3 000 million for hedging of floating interest to fixed interest. Underlying hedged object is included under fair value hedges

[3] NOWA (Norwegian Overnight Weighted Average rate) – Daily interest for NOK deposits

[4] EONIA overnight – daily interest published by European Banking Federation (EBF)

Note 17 Trade and other current payables

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

General principles

Non-interest-bearing debt is classified as current when it is part of ordinary operations, is used for trading purposes and matures within 12 months. Other debt is classified as non-current. Trade and other current payables are measured at amortised cost using the effective interest method. The interest element is disregarded since it is deemed to be immaterial.

Specification of trade and other current payables

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
1 885	2 301	Trade payables	2 322	1 893
16	4	Current liabilities Group companies	-	-
355	176	Public fees	194	368
310	340	Payroll	351	319
433	605	Accrued interest	605	433
96	49	Asset retirement obligations	49	96
1 820	592	Other short-term debt	690	1 908
4 915	**4 066**	**Total trade and other current payables**	**4 211**	**5 016**

Provisions relating to stage-of-completion measurement in investment projects are classified as “other current liabilities”. Measurement of the stage of completion is discussed in more detail in Note 9, Assets under construction.

Note 18 Financial risk management

Financial risk

Statnett SF's finance policy is designed to enable the company to provide the necessary financing of planned operational and investment programmes in accordance with external legal and regulatory requirements and internal risk tolerance. A detailed framework has also been developed for the execution of the finance function in order to minimise the company's credit, interest rate and foreign exchange risks. Statnett SF uses financial derivatives to manage financial risk.

Capital management

The main objective of Statnett's capital management structure is to ensure that the company has a sound financial position that enables it to operate and develop the transmission grid in a socioeconomically rational manner in accordance with established plans and the owner's expectations. Statnett's Board of Directors has decided that the enterprise must maintain a robust A rating or better. Dividends are adopted by the General Meeting each financial year. The owner's dividend policy is to distribute 50 per cent of the Group's underlying profit. The dividend basis is defined as the Group's net profit for the year after tax, adjusted for the change in the year's accumulated post-tax higher/lower revenue. In other respects, the capital structure is managed through the raising and repayment of current and non-current debt, as well as changes in liquidity reserves. The loan agreements do not impose any capital requirements on the company that are expected to restrict the Group's capital structure. Nor are there any explicit equity requirements other than those stipulated in applicable laws and regulations. There were no significant changes in the targets and guidelines for capital management during the year.

Overview of capital included in capital structure management

Parent company			Group	
2022	2023	*(Amounts in NOK million)*	2023	2022
38 407	44 856	Long-term interest-bearing liabilities	44 843	38 407
9 203	10 106	Short-term interest-bearing liabilities	9 993	8 969
4 695	3 902	Liquid assets and investment in market-based securities	4 499	5 232
42 915	**51 060**	**Net liabilities**	**50 337**	**42 144**

Liquidity risk

Statnett SF aims to be able to carry out 12 months of operations, investments and refinancing without raising any new debt. This will reduce Statnett's vulnerability during periods of restricted access to capital in the financial markets and periods with unfavourable borrowing conditions. Statnett has established procedures to ensure continuous monitoring and adaptation of its liquidity.

Statnett reduces liquidity risk relating to the maturity of financial liabilities by maintaining a diversified maturity profile, limits on the proportion of the loan portfolio that can mature within a 12-month period, access to multiple sources of funding in Norway and abroad, and sufficient liquidity to cover scheduled operations, investment and financing needs without incurring any new debt within a time horizon of 12 months.

At the reporting date, liquidity consisted of bank deposits, market-based securities and a credit facility of NOK 8 billion that was 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 unutilised loan from the European Investment Bank (EIB) of EUR 130 million. Together with other sources of liquidity, this provides Statnett with good opportunities to handle large liquidity needs that may arise at short notice, such as the pledging of collateral for derivatives under CSA agreements with weekly settlement.

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

The table below presents all gross cash flows relating to financial liabilities. Derivatives include the cash outflows in the derivative agreements. The cash flows have not been discounted and are based on interest rates and exchange rates at the end of the reporting period.

(Amounts in NOK million) **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	11 660	23 590	30 263	1 260	1 071	67 844
Trade acc.payable and other short-term debt	4 066	-	-	-	-	4 066
Derivatives	2 421	14 715	19 342	116	481	37 075
Financial liabilities 31.12.2023	**18 147**	**38 305**	**49 605**	**1 376**	**1 552**	**108 985**
Financial liabilities 31.12.2022	**20 151**	**27 923**	**35 681**	**5 032**	**1 643**	**90 430**

Derivatives	**Under 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**	**15 years +**	**Total**
Received	2 127	14 504	21 188	125	777	38 721
Disbursed	-2 421	-14 715	-19 342	-116	-481	-37 075
Net derivatives 31.12.2023	**-294**	**-211**	**1 846**	**9**	**296**	**1 646**
Net derivatives 31.12.2022	**-431**	**310**	**2 148**	**966**	**312**	**3 305**

(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	11 660	23 576	30 263	1 260	1 071	67 830
Trade acc.payable and other short-term debt	4 211	-	-	-	-	4 211
Derivatives	2 421	14 715	19 342	116	481	37 075
Financial liabilities 31.12.2023	**18 292**	**38 291**	**49 605**	**1 376**	**1 552**	**109 116**
Financial liabilities 31.12.2022	**20 215**	**27 923**	**35 681**	**5 032**	**1 643**	**90 494**

Derivatives	**Under 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**	**15 years +**	**Total**
Received	2 127	14 504	21 188	125	777	38 721
Disbursed	-2 421	-14 715	-19 342	-116	-481	-37 075
Net derivatives 31.12.2023	**-294**	**-211**	**1 846**	**9**	**296**	**1 646**
Net derivatives 31.12.2022	**-431**	**310**	**2 148**	**966**	**312**	**3 305**

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations and that this will result in a financial loss for the Group.

Parent company			**Group**	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
2 432	2 550	Liquid assets	2 644	2 507
2 263	1 352	Investment in market-based securities	1 855	2 725
1 328	766	Derivatives	766	1 328
4 615	4 044	Long-term receivables, excl. derivatives	138	122
2 578	1 776	Trade accounts and other short-term receivables	1 221	1 930
13 216	**10 489**	**Total maximum credit exposure**	**6 624**	**8 612**

To limit credit risk, Statnett has frameworks establishing requirements for creditworthiness and maximum exposure for each individual counterparty. Furthermore, the company ensures that credit risk in hedging relationships is extremely low by entering into collateral agreements based on Credit Support Annexes for its most important derivative counterparties.

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

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

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

Specification of the relationship between collateral and derivatives

(Amounts in NOK million)	Totaly paid	Market value derivatives under CSA agreements	Market value all derivatives
Received collateral under CSA agreements	3 991	3 965	3 986
Collateral under CSA posed to counterparty	-	-	-

Internal limits define minimum ratings that counterparties in CSA agreements should have received from leading rating agencies. Particularly stringent rating requirements are defined for counterparties without CSA agreements.

The Group's customer base primarily consists of municipal energy companies, Norwegian industrial customers and other Nordic TSOs. Historically, losses on accounts receivable have been low and this situation is not expected to change in the immediate future. In the event of default, the Group has efficient procedures to ensure rapid and close follow-up of customers, stringent sanction options and opportunities to demand collateral as part of the grid agreement. Consequently, the Group deems credit risk for accounts receivable to be very low.

Statnett SF has extended loans to subsidiaries, joint ventures and associates. The parent company has established a group cash pool scheme, where the subsidiaries Elhub AS and NordLink Norge AS pool their cash with the cash of their parent. Each of the subsidiaries may draw up to NOK 100 million as a loan from the parent company under the group cash pool scheme. The creditworthiness of the relevant subsidiaries is closely linked to Statnett SF's own credit rating due to ownership, the pledging of guarantees and/or receipt of services. Statnett SF also provides loans if needed to eSett Oy (associate) and Fifty AS (jointly controlled entity). Credit assessments are carried out when loan terms are established. All companies are monitored through board representation. Some of the loan agreements have covenants for equity ratios. No conditions have been registered that indicate potential impairments of loans.

Recognition and measurement of expected credit losses

The Group recognises provisions for expected credit losses on financial assets measured at amortised cost or at fair value through profit or loss under “Other operating expenses” or “Other comprehensive income” in accordance with IFRS 9. The loss provision is based on the Group’s assessment of the financial assets’ credit risk.

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

1. Expected credit loss over the asset’s lifetime

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

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

2. Expected credit loss over 12 months

The portion of the expected credit loss during a financial instrument’s lifetime that comprises the expected credit loss attributable to potential default events in the 12 months after the reporting date.

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

The Group has defined the following credit risk assessment categories:

Category	Description	Method of impairment recognition
Secure payer	No overdue liabilities and no increase in credit risk since initial recognition.	Expected credit loss over 12 months.
Doubtful payer – not creditworthy	Liabilities more than 30 days overdue, or there has been a significant increase in credit risk since initial recognition.	Expected credit loss over the asset’s lifetime; effective interest is calculated on the gross amount.
Doubtful payer – creditworthy	Liabilities more than 90 days overdue, but there are indications that the creditor is creditworthy.	Expected credit loss over the asset’s lifetime; effective interest is calculated at amortised cost.
Loss written off	There are indications that the creditor’s financial problems are so great that the receivable must be deemed to be lost.	The receivable is written off in full.

See also Note 11, Trade and other current receivables, and Note 14, Non-current financial assets, for further details of loss assessments.

Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in foreign exchange rates that will result in changes in Statnett's income statement and balance sheet. Foreign exchange risk relating to major procurement contracts and loans in foreign currency is hedged within the framework defined for the execution of the finance function as detailed in Note 15. At the reporting date, there were no material currency reserves that had not been swapped or reserved for future liabilities. The Group has foreign equity funds and shares totalling NOK 38 million.

Interest rate risk

The Group is exposed to interest rate risk through its borrowing portfolio, liquidity reserves and financial hedging activities. Statnett SF is also exposed to the interest rate level used to establish the revenue cap for grid operations (the NVE-RME interest rate). In order to reduce interest rate risk and minimise fluctuations in profits, the interest expense on Statnett's debt should correlate to the greatest possible extent with the income from grid operations that is derived from the NVE-RME interest rate. This interest rate is calculated annually as an average of the daily observation of the 5-year swap rate. To achieve the desired interest terms on the company's debt, swap agreements linked to the underlying debt are used. At the end of 2023, 75% per cent of the Groups debt is exposed to floating interest rates, counteracted by NVE-RME interest rates on the revenue regulation.

Average effective interest rate

The table below shows the average effective interest rate for individual financial instruments.

Parent company			Group	
2022	2023		2023	2022
0,27%	5,38%	Investment in market-based securities	5,04%	0,21%
2,18%	3,71%	Bank deposits	3,71%	2,18%
-	-	Shares and equity funds	17,60%	-4,40%
3,71%	4,28%	Loans	4,28%	3,71%

Sensitivity analysis

Interest rate sensitivity

Parent company		Change in interest rate level	Group	
2022	2023	*Percentage points*	2023	2022
-12	-8	+ 1	-18	-20
12	8	- 1	18	20

The table above shows the sensitivity on potential changes in the value of asset placements following changes in interest for Statnett SF and the Group. The calculated effect shown demonstrates effect on net financial income following a change of marked interest of +/- 1 per cent as per December 31. For debt instruments the group utilises interest rate swap agreements to minimise variations in profit and loss due to changes in interest rates.

Exchange rate sensitivity

Parent company		Change in NOK exchange rate	Group	
2022	2023	*Percent*	2023	2022
-9	-13	+ 5	-15	-12
9	13	- 5	15	12

The table above shows the sensitivity for Statnett SF and the group's profit and loss due to potential changes in the exchange rate of NOK towards applicable currencies. The calculated effect to profit and loss (before tax) is due to a change in the monetary value of items that are not fully hedged. This mainly includes bank balances and euro-denominated CSA deposits. Other monetary items and all foreign currency debt is hedged, and following hedge accounting, the change in fair value of debt is offset by change in fair value of the derivative.

Note 19 Taxes

General principles

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

Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed are offset. Deferred tax benefit is recognized when it is probable that the company will have sufficient taxable income to utilise the tax benefit. Deferred tax and tax benefit that can be capitalised are capitalised at nominal value and presented net in the balance sheet.

Tax effect of items recognised in other comprehensive of income is also recognised in other comprehensive income, and tax effect on items related to equity transactions is recognised in equity.

The tax expense comprises the following

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
-	-	Income tax	71	45
1 620	-828	Change in deferred tax/tax benefit	-816	1 635
1 620	**-828**	**Tax**	**-745**	**1 680**

Tax payable in the balance sheet

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
-	-	Tax payable for the year	71	45
-	**-**	**Tax payable**	**71**	**45**

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 2023 and 2022.

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
7 361	-3 754	Profit before tax	-3 362	7 630
1 620	-826	Expected tax expense at nominal rate	-740	1 680
		Effect on taxes of:		
-	-2	Permanent differences	-5	-0
0	-	Share of profit/loss in associates	-	0
1 620	**-828**	**Tax**	**-745**	**1 680**
22%	**22%**	**Effective tax rate**	**22%**	**22%**

Breakdown deferred tax

The following table provides a breakdown of the net deferred tax. Deferred tax assets are recognised in the balance sheet to the extent it is probable that these will be utilised. The tax rate used when assessing deferred tax is 22 per cent as of 31 December 2023 and 2022.

Parent company *(Amounts in NOK million)*	**31.12.22**	**Recognised**	**Other compre-hensive income**	**Group contribution**	**31.12.23**
Current assets/current liabilities	-3	7	-	-	4
Fixed assets	5 536	28	-	-	5 565
Pension liabilities	-47	24	-10	-	-34
Other long term items	1 048	15	25	-	1 089
Tax loss carried forward	-878	-902	-	0	-1 780
Total	**5 656**	**-828**	**15**	**0**	**4 844**

Group *(Amounts in NOK million)*	**31.12.22**	**Recognised**	**Other compre-hensive income**	**Group contribution**	**31.12.23**
Current assets/current liabilities	38	-38	-	-	4
Fixed assets	5 698	122	-	-	5 820
Pension liabilities	-47	24	-10	-	-34
Other long term items	1 048	-5	25	-	1 067
Tax loss/interest expenses carried forward	-930	-888	-	-	-1 818
Total	**5 806**	**-786**	**15**	**-**	**5 039**

Uncertain tax positions

On 17 December, 2021, Statnett SF received a notice from the Norwegian tax authorities regarding the adjustment of the tax assessment for 2018 concerning deductions for maintenance costs related to the replacements of components in the transmission grid. The notification was of a preliminary nature, and it was not possible to quantify any potential exposure. Statnett SF fundamentally disagrees with the legal basis for amending the tax assessment and provided its response to the tax authorities on 6 May 2022. Therefore, no provision was made for an uncertain tax position related to maintenance deductions in the 2021 financial statements.

In November 2022, Statnett SF received a draft decision regarding the amendment of the tax assessment for 2018. The tax authorities for the most part maintained their assessment from the original notification in 2021, but without quantifying any deviations. Statnett commented on the draft office decision in a letter dated 4 November 2022. In 2023, the tax office provided new comments which Statnett has addressed. The matter is still under consideration. A decision is expected to be reached in the first half of 2024. The tax office is expected to maintain its view regarding the obligation to capitalise pure insulation measures of power lines but states that there may be room for increased deductions related to other maintenance measures.

The company fundamentally disagrees with the assessments made by the tax authorities and believes there is a likelihood that Statnett's position will prevail in the Tax Appeals Board or, alternatively, in a dispute resolution process. Therefore, no uncertain tax position based on the received draft decision has been recognised in the financial statements. If the tax authorities prevail with their view regarding the obligation to capitalise pure insulation measures of power lines, the estimated exposure related to these costs is calculated to be NOK 564 million. The tax effect of the estimated exposure amounts to NOK 124 million and may potentially reduce the deferred tax liability related to tangible assets and be offset by a corresponding reduction in the deferred tax asset related to carry forward losses.

Deferred tax recognised in other comprehensive income

Parent company			Group	
31.12.22	**31.12.23**	*(Amounts in NOK million)*	**31.12.23**	**31.12.22**
-31	-10	Change in estimate deviations of pension liabilities	-10	-31
115	25	Changes in fair value for cash flow hedges	25	115
84	**15**	**Total deferred tax recognised in other comprehensive income**	**15**	**84**

Note 20 Investments in subsidiaries, joint ventures and associates

The activities of Group companies are mainly concentrated in the parent company, Statnett SF. The Group also includes five subsidiaries, one joint venture and shareholdings in various associates. Please refer to Note 22, Related parties, for a description of the activities of the subsidiaries, joint ventures and associates.

General principles

Consolidated companies
The consolidated financial statements include Statnett SF and subsidiaries over which Statnett SF alone exerts a controlling influence. Normally, Statnett SF is assumed to exert a controlling influence when its direct or indirect ownership interests account for more than 50 per cent of the voting shares. If Statnett actually or through an agreement owns less than 100 per cent of the voting shares, the Group still makes a concrete assessment of whether the Group actually has control or not.

The consolidated financial statements have been prepared using the transaction method and present the Group as if it were a single entity. The cost price of shares in the subsidiaries is eliminated against equity at the time of acquisition. Any excess value beyond the equity recognised in the subsidiaries is allocated to the assets and liabilities to which the excess value can be attributed. The portion of the cost of purchasing a business that cannot be allocated to specific assets, is presented as goodwill.

Statnett SF's Pension Fund is not part of the Group. Equity contributed to the pension fund is measured at fair value on the transaction date with changes in value through profit or loss, and classified as a non-current financial asset.

Investments in associates
Associates are companies over which Statnett exerts significant influence. This means that Statnett can influence the company's financial and operational decisions, but does not have control over the company. This will normally be the case for companies in which the Group owns between 20 and 50 per cent of the voting shares. Associates are recognised in accordance with the equity method. This means that the Group's share of profit/loss after tax and depreciation of any excess values are recognised in the income statement. The financial statements of associates are restated in accordance with Statnett's accounting policies (IFRSs). In the consolidated balance sheet, shareholdings in associates are recognised as non-current financial assets at historical cost plus accumulated shares of profit/loss, less dividends and any write-downs.

Purchase/sale of subsidiaries, joint ventures and associates
On the acquisition or sale of subsidiaries, joint ventures and associates, the companies are included in the consolidated financial statements for that portion of the year in which they were part of or associated with the Group.

Investments in subsidiaries, joint ventures and associates in Statnett SF (parent company financial statements)
Investments in subsidiaries, joint ventures and associates are recognised in accordance with the cost method in the parent company's financial statements. Group contributions paid (net after tax) are added to the cost price of investments in subsidiaries. Group contributions and dividends received are recognised in the income statement as financial income to the extent that they do not exceed accrued earnings during the period of ownership.

Dividends in excess of accrued earnings during the ownership period are deducted from the carrying amount of the share investment. Group contributions and dividends are recognised in the year they are adopted.

Statnett SF had the following investments at 31 December 2023:

(Amounts in NOK thousand) **Company**	**Business nature**	**Year of acquisition**	**Registered office**	**Owner-ship interest**	**Voting rights**	**Carrying value**
Subsidiaries						
Statnett Forsikring AS	Insurance	1998	Oslo	100%	100%	30 200
NordLink Norge AS	Develop and operate national transmission grid	2010	Oslo	100%	100%	2 090 262
Nydalshøyden Bygg C AS	Real estate	2013	Oslo	100%	100%	2 371
Elhub AS	Data hub for electricity metering data	2014	Oslo	100%	100%	209 719
Statnett Sannan AS	Land ownership	2022	Trondheim	100%	100%	6 608
Total subsidiaries						**2 339 160**
Joint ventures and associates						
Fifty AS	Develop and operate regulation and market systems	2017	Oslo	50%	50%	5 000
TSO Holding AS	Marketplace	2002/2008	Bærum	32%	32%	55 143
eSett OY	Nordic imbalance settlement	2013	Finland	25%	25%	12 668
KraftCERT AS	IT security	2014	Oslo	33%	33%	1 623
Nordic RCC A/S	Operational security in Nordics	2022	Copenhage n Denmark	25%	25%	114 871
Total joint ventures and associates						**189 305**
Total subsidiaries, joint ventures and associates						**2 528 465**

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.**
2023					
TSO Holding AS, 32,2%	36 628	-	10 631	-13 523	33 736
eSett OY, 25,0%	21 945	-	1 829	-	23 774
KraftCERT AS, 33,3%	1 664	-	449	-	2 113
Nordic RCC A/S, 25%	108 589	-	4 548	-	113 136
Total associates	**168 825**	**-**	**17 456**	**-13 523**	**172 759**
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%	-	114 871	-6 282	-	108 589
Total associates	**56 502**	**114 871**	**4 807**	**-7 354**	**168 825**

Note 21 Joint operations

To facilitate the construction of subsea cables for energy transmission to foreign countries, the Group has entered into agreements for construction and operation with the system operators in the Netherlands, Denmark, Germany and the UK. These arrangements are considered to be “joint operations” under IFRSs.

Material accounting policies

A “joint operation” is a joint arrangement in which the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its share of assets, liabilities, revenue and operating expenses relating to its interests in joint operations.

Fifty AS

There is currently one jointly controlled company in the Statnett Group, Fifty AS, which is recognised as a joint operation. The main reason the company is considered a joint operation is that Statnett and another party are bound by a contract that gives the parties joint control over Fifty AS. The company is also considered a joint operation because the parties have rights to the assets and obligations for the liabilities of Fifty AS. The investment in the jointly controlled company is recognised in accordance with the principle of proportional consolidation (“the gross method”), which means that Statnett recognises its share of revenue, expenses, assets and liabilities on each accounting line in the financial statements.

Subsea cables

The following sections provide more information about the subsea interconnectors Statnett SF’s assets relating to the interconnectors are included in the asset group “Underground and subsea cables” in the note on “Tangible and intangible assets”.

NorNed

TenneT TSO BV and Statnett SF have constructed a subsea cable to transport energy between Norway and the Netherlands, known as the NorNed interconnector. Each party owns its physical half of the cable – Statnett SF the northern section and TenneT the southern section. The interconnector is 580 km long and has a transmission capacity of 700 MW. The NorNed interconnector entered operation in May 2008. Costs and trading revenue from the operation of the NorNed interconnector are shared equally between TenneT and Statnett.

Skagerrak

Statnett SF owns Skagerrak Cables 1-3 while Energinet (DK) has a long-term lease for half of the cable capacity. Revenue from the lease is recognised under “Other operating revenue”. At the end of December 2014, Skagerrak Cable 4 (SK-4) entered operation. Statnett SF and Energinet each own a physical half of SK-4 – Statnett SF the northern section and Energinet the southern section. Costs and trading revenue from the operation of the Skagerrak interconnector are shared equally between Energinet and Statnett.

Nordlink

Statnett SF and the German companies TenneT and KfW have constructed an interconnector to transport energy between Norway and Germany. The project. known as the Nordlink interconnector, has a transmission capacity of 1,400 MW. The cable was put into regular operation on 31 March 2021, following a trial operation period starting in December 2020. The interconnector consists of a 53-km overhead power line on the Norwegian side and a 514-km subsea cable and a 55-km onshore cable on the German side. Ownership is divided equally, with Statnett SF owning the northern section through its wholly owned subsidiary NordLink Norge AS, and TenneT and KfW the southern section through a jointly owned German company. Costs and trading revenues are shared equally between Germany and Norway.

North Sea Link

In the winter of 2015, Statnett SF signed a cooperation agreement with the UK company National Grid North Sea Link Ltd (NNL) with a view to realising an HVDC interconnector between Kvilldal in Norway and Blyth in North-East England. The North Sea Link project has a transmission capacity of 1,400 MW, and the interconnector consists of converter stations in Blyth and Kvilldal, a 714-km subsea cable, a 6-km onshore cable on the Norwegian side and a 2-km onshore cable on the UK side. Ownership is divided equally, with Statnett SF owning the eastern section and NNL the western section. Costs and trading revenues are apportioned equally between the parties. The entire facility was completed in 2021 and entered trial operation on 1 October 2021. It became fully operational in autumn 2022.

Note 22 Related parties

General principles
Two parties are related if one party can influence the other party’s decisions. Transactions between related parties are to be conducted on market terms.

Owner
As of 31 December 2023 Statnett SF was wholly owned by the Norwegian State through the Ministry of Energy (ME). Statnett has relations with ME both as owner and regulatory authority.

Regulatory authority
The Norwegian Parliament (Storting) is the legislative authority that passes legislation based on bills put forward by the government. Regulations are adopted by the King in Council. The ME delegates the administration of the greater part of the Norwegian Energy Act to the Norwegian Water Resources and Energy Directorate (NVE). The NVE leads the national preparedness for power supply. The NVE also processes applications for licences to construct power stations, power lines, transformer substations and other power supply infrastructure, as well as the regulation of watercourses. Pursuant to the Norwegian Public Administration Act, any administrative decision made by the NVE may be appealed to the ME as the superior authority.

The Norwegian Energy Regulatory Authority (RME), which is part of the NVE, is appointed as an independent regulatory authority for the electricity market in Norway. The RME’s mandate is to ensure that participants comply with the regulations designed to ensure competitive conditions in the power market and an efficiently operated power grid. Any individual decisions made by the RME can be appealed to the Energy Appeals Board.

Other related parties
Investments in subsidiaries, joint ventures and associates are listed in Note 20.

Parent company
Statnett SF is the lender of the Statnett Group external loans. The central treasury function at Statnett SF coordinates and manages financial risks relating to foreign currency, interest rates and liquidity within the Group. Loan agreements have been entered into between Statnett SF and subsidiaries.
Statnett SF administers the group cash pool system and is the holder of the main account. The participating group companies each have a sub-account linked to the main account. All the bank deposits in the cash pool system are recognised under cash and cash equivalents in Statnett SF’s financial statements. Sub-account holders’ shares of the main account are included in the intercompany balances. In addition, agreements have been entered into for the purchase and sale of services. All transactions are conducted as part of ordinary operations and on market terms. The most important transactions are described below.

Statnett Forsikring AS
Statnett Forsikring AS is licenced to provide insurance coverage and reinsurance for companies within the Statnett Group where the ownership exceeds 50 per cent. In addition, the company operates both as a direct personal accident insurance company and a non-life insurance company.

Statnett Transport AS, NorGer AS og NorGer KS
The companies were reported dissolved late 2023 and final liquidation have been decided by the Board of Directors. The companies will be deleted from the Brønnøysund Register Centre in 2024.

NordLink Norge AS

NordLink Norge AS is the owner of the northern section of the NordLink interconnector. The German companies TenneT and KfW owns the southern section through their jointly owned company. NordLink is the first direct interconnector between the Norwegian and German electricity markets, with a capacity of 1,400 MW. Power exchange started in December 2020, and the cable entered normal operation on 31 March 2021. NordLink is operated by the respective countries' TSOs, Statnett SF and TenneT.

NordLink Norge AS has no employees. Statnett SF has extended a loan to the company in connection with the construction of the interconnector. Statnett SF supplies project, operational and maintenance services, as well as administrative services to support the company's operations. NordLink Norge AS is included in the group cash pool system.

Elhub AS

Elhub AS operates and develops the central datahub for metering values and market processes in the Norwegian electricity market. The company's main function is automated processing and distribution of metering values, as well as processing market activities such as supplier changes, relocations, and reporting in the Norwegian electricity market. The datahub entered operation on 18 February 2019.

Statnett SF extended a loan to Elhub AS in connection with the development of the datahub. Statnett SF also provides administrative support services within ICT, legal affairs, procurement and treasury. Elhub AS is included in the group cash pool system.

Nydalshøyden Bygg C AS

The company is the title holder to the property Nydalen Allé 33 in Oslo where Statnett SF has its head office. The company has extended a loan of NOK 15 million to Statnett SF.

Statnett Sannan AS

The company is the title holder to a commercial plot in Steinkjer. There is no other operational activity of the company.

Fifty AS

Fifty AS is a joint operation between Statnett SF and Svenska kraftnät, where each company owns 50 per cent of the shares in Fifty AS. Fifty AS maintains and develops ICT systems to support the balancing of the Nordic power system. Fifty AS delivers licensing, maintenance and administrative services to Statnett SF. Fifty AS has no employees. Statnett SF provides project services relating to the management and development of ICT systems as well as administrative services to support the company's operations.

Transactions between Statnett SF and Fifty AS are included in the line "Joint operations" in the table below.

TSO Holding AS

TSO Holding AS is an associated company owned 32.2 per cent by Statnett SF as of 31 December 2023. The associate in turn has a 34 per cent shareholding in Nord Pool AS. Statnett SF purchases power from Nord Pool AS on a daily basis to compensate for transmission losses in the grid. Transactions are settled at the prevailing market prices on the power exchange.

eSett OY

eSett OY provides imbalance settlement services to the electricity market participants in Denmark, Finland, Sweden and Norway.

The company is equally owned by the four Nordic transmission system operators (TSOs) Energinet, Fingrid, Svenska kraftnät and Statnett SF, each party holding 25 per cent.

Nordic Regional Coordination Centre (Nordic RCC)

Nordic RCC was established on 1 January 2022 and entered operation on 1 July 2022. The company is equally owned by the four Nordic transmission system operators (TSOs) Energinet, Fingrid, Svenska kraftnät and Statnett SF, each party holding 25 per cent. Nordic RCC helps the Nordic TSOs maintain operational security in the Nordic power system, by calculating transmission capacity to the market and coordinating disconnections. Transactions between the parties are carried out according to the arm's length principle.

Dividends and Group contributions

In 2023, Statnett SF received dividends and group contributions from subsidiaries and associates totalling NOK 171 million.

Statnett SF inter-company accounts

	Trade accounts		Lending	
(Amounts in NOK million)	**2022**	**2023**	**2022**	**2023**
Subsidiaries	24	40	4 807	4 204
Joint operations	86	78	-	-

	Trade acc. Payable		Borrowing	
(Amounts in NOK million)	**2022**	**2023**	**2022**	**2023**
Subsidiaries	-	-	234	126
Joint operations	27	12	-	-

Interest rates

Interest rates on long-term borrowing and lending have been agreed at three or six months' NIBOR with a mark-up in the interval 0.3 - 1.3 per cent. The interest rates in the cash pool systems are agreed at three months NIBOR with a mark-up of 0,25 and 0,7 per cent for receivables and liabilities respectively.

Statnett SF's intra-group trading

	Regulated operating revenue		Other oper. revenues		Operating costs	
(Amounts in NOK million)	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Subsidiaries	-724	-872	105	147	-148	-171
Joint operations	-	-	58	40	-16	-23

	Financial income		Financial costs	
(Amounts in NOK million)	**2022**	**2023**	**2022**	**2023**
Subsidiaries	146	245	-5	-15
Joint operations	-	-	-	-

	Group contribution received		Dividend received	
(Amounts in NOK million)	**2022**	**2023**	**2022**	**2023**
Subsidiaries	137	158	7	14

Note 23 Remuneration to Group Management

Board's statement regarding salaries and other remuneration to senior executives 2023
The statement regarding remuneration paid to the CEO and Group management has been prepared in accordance with the company's Articles of Association, the provisions of the Norwegian Public Limited Liability Companies Act, and "Guidelines for the Remuneration of Senior Executives in Companies with State Ownership", as formulated by the Ministry of Trade, Industry and Fisheries' report on 12 December 2022.

Management remuneration policy
The guiding principle for the Group is that salaries and other benefits for Group management should be competitive, allowing the Group to attract and retain highly skilled senior executives. The compensation should not take a leading position when it comes to salary but still be competitive relative to our industry and other companies recruiting in the same market as Statnett. The salary should simultaneously reflect the individual's experience, scope of responsibility, and results achieved. The management remuneration policy applies to Statnett SF and its subsidiaries.

Guidelines for determining salaries and other remuneration
Based on the Ministry of Trade, Industry and Fisheries' "Guidelines for the Remuneration of Senior Executives in Companies with State Ownership", the Board of Directors has established a framework to determine which elements to be included in the Group's future salary and remuneration packages for new senior executives. The following framework apply:

Fixed salary: The fixed salary is determined based on an assessment of the position in question and the market, taking into account Statnett's policy of being competitive relative to our industry and other companies recruiting in the same market as Statnett. The salary should simultaneously reflect the individual's experience, scope of responsibility, and results achieved. When a fixed salary is determined, the combined value of the total benefits must be used as a basis. Moderation is important. When making considerations relating to moderation, differences in the remuneration of senior employees and other employees must be considered. Krone-related wage growth for other employees must also be taken into account.
Pension plan: Membership in Statnett's collective pension plan limited to 12 times the Norwegian National Insurance Scheme's basic amount (12 G).
Personal accident insurance: Schemes applicable for other employees including group life-, accident-, sickness insurance as well as occupational injury- and travel insurance, are also applicable for Group management.
Company car scheme: A car allowance can be offered. In exceptional cases, a company car can be offered if required for official business.
Other benefits: Coverage of newspaper, mobile phone and broadband communication costs in accordance with internal guidelines.
Internal Board members: : Internal board members do not receive remuneration. Board insurance exists for all board members.
Bonuses, share-based remuneration and other incentive based schemes shall not be included in remuneration to senior executives.
Severance pay: Agreements regarding severance pay may be entered into for Chief Executive Officer and daily manager of Statnett's subsidiaries limited to 12 months including period of notice. Severance pay will not be paid should the individual resign or if there are reasons to terminate the employment. Other income, including business income will reduce severance pay kroner by kroner.

Proportionate share of elements in compensation: Fixed salary is the main compensation. All other elements will equal to approximately 8-15% of fixed salary.

Existing schemes for Group management

Remuneration paid to Group management is determined in accordance with the guidelines described above. For historical reasons, members of Group management may have different remuneration due to individual agreements entered into 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 plan. In accordance with previously entered employment contracts, three members of Group management have individual pension agreements covering income exceeding 12 times the Norwegian National Insurance Scheme's basic amount (12G). Two members of Group management have a company car based on previously established employment contracts. In accordance with agreements entered into, the retirement age for three members of Group management is 65 years of age. Members of Group management employed during or after 2019 do not have such a provision in their employment contracts. In these employment contracts it is stated that 70 years of age is generally the upper age limit for employment at Statnett, and that there is a mutual understanding and acceptance to address the need or desire for transition to another position at any time after the age of 60. The company has not established any bonus, share-based remuneration or any other incentive-based schemes for senior executives.

In addition to a fixed salary, the CEO is enrolled in the Group's collective pension plan and collective insurance schemes and receives a car allowance and free newspapers and broadband communication. The CEO has an agreement for 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 manager at a subsidiary has an agreement granting 12 months' severance pay, including notice period, in the event of dismissal by the company.

Execution of remuneration principles in 2023

Remuneration for senior executives in Statnett and its subsidiaries in 2023 was conducted in accordance with the above-mentioned guidelines. The Board of Directors approves annual salary adjustment for the company's President and CEO's and adopts a framework that the President and CEO uses to adjust the salaries of other members of Group management.
The salaries for president and CEO and Group management were, in 2023 adjusted within the limits as the rest of the Group employees.

With respect to the need to maintain the present level of remuneration, the Board of Directors comments as follows:
Recruiting: The president and CEO was recruited in 2020. In 2022 two external recruiting processes were conducted in Group management. Through these processes we experienced that Statnett is not taking a leading position when it comes to salary neither for the president and CEO nor for members of Group management. The present level of remuneration is required in order to attract and recruit future external candidates to Group management.
Remuneration comparables obtained from certain comparable companies and Korn Ferry (HAY):
Information obtained from certain comparable companies show that Statnett is not taking a leading position when it comes to salary neither for the president and CEO nor for members of Group management. Salary statistics from Korn Ferry (HAY) show that the level of remuneration for the President and CEO and Group management is lower than the average in their respective bands.

Wage band: The increase in average basic salary for Group management is lower than that of Group employees.
Bonus: There are no bonus schemes in Statnett.

In the opinion of the Board of Directors, the overall remuneration package paid to senior executives is compliant with respect to the requirements in the Ministry of Trade, Industry and Fisheries' "Guidelines for the Remuneration of Senior Executives in Companies with State Ownership".

Organisation

The Board of Directors has established a Remuneration Committee, consisting of two board members appointed by the owner and one member elected by the employees. The Remuneration Committee is an advisory and preparatory body for the Board of Directors, and proposes salary adjustments in accordance with the guidelines specified in this statement. Separate instructions have been prepared for the committee. The EVP People and Sustainability regularly attends committee meetings, while the President and CEO attends when required. The EVP Employer Relations acts as committee secretary.

Remuneration guidelines applicable from 2023

In 2023, the Board of Directors prepared new guidelines for remuneration for senior executives at Statnett, based on Article 8 of the Articles of Association, §6-16a and §6-16b of the Norwegian Public Limited Liability Companies Act, and the Ministry of Trade, Industry and Fisheries' regulations relating to guidelines for and reporting of the remuneration of senior executives. The guidelines were adopted at the 2023 Annual General Meeting.

Remuneration to the Board *(Amounts in NOK)*		**Board remuneration**	
Board members		**2023**	**2022**
Nils Kristian Nakstad (from June 2022)	Chair	531 500	242 000
Jon Fredrik Baksaas (until June 2022)	Chair	-	242 000
Wenche Teigland (Vice Chair from June 2022)	Vice Chair	356 500	332 000
Tove Elisabeth Pettersen (until June 2022)	Vice Chair	-	185 500
Egil R Gjesteland	Board member	324 000	313 000
Maria Sandsmark	Board	304 000	293 000
Hilde Singsaas (from June 2022)	Board member	304 000	146 500
Christian Henrik Prahl Reusch	Board	269 000	258 000
Steinar Jøråndstad	Board member	304 000	258 000
Rolf-Amund Korneliussen (from June 2022)	Board	304 000	146 500
Ole Bjørn Kirstihagen (until June 2022)	Board member *)	-	146 500
Ingeborg Skjelkvåle Ligaarden	Board	269 000	293 000
Total board remuneration		**2 966 000**	**2 856 000**

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 2023 *(Amounts in NOK)*		**Salary**	**Other remun-eration[1]**	**Pension cost**	**Total remun-eration**
President and CEO					
Hilde Tonne		5 604 750	193 427	200 728	5 998 905
Executive Vice Presidents					
Håkon Borgen	Offshore Development	2 631 168	163 506	954 119	3 748 793
Cathrine Lund Larsen	Chief Financial Officer	2 695 569	164 363	200 728	3 060 660
Peer Olav Østli	System Operations	2 785 372	153 478	1 202 908	4 141 758
Elisabeth Vike Vardheim	Grid & Asset Management	3 053 858	216 090	1 020 187	4 290 135
Beate Sander Krogstad	Transformation & Digital	2 671 444	211 039	253 178	3 135 661
Gunnar G. Løvås	Markets & System Development	3 050 915	165 476	200 728	3 417 119
Anne Wilhelmine Flagstad	People & Sustainability	2 540 300	151 773	200 728	2 892 801
Total remuneration		**25 033 37**	**1 419 152**	**4 233 304**	**30 685 83**

All figures are exclusive of employer's NICs.

[1] Included value of company car or fixed car allowance, phone, newspapers and personal insurance.

Remuneration/benefits to the Group management 2022 *(Amounts in NOK)*		**Salary**	**Other remun-eration[1]**	**Pension cost**	**Total remun-eration**
President and CEO					
Hilde Tonne (as of March 15th)		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)	CFO, Finance & Corporate Affairs	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 47**	**1 366 509**	**4 450 592**	**29 412 57**

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

Terms of employment, Group management

Title/name	Terms relating to 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	Retirement age 65, but with the right to retire with an early retirement pension on reaching the age of 62. In the event of retirement between the ages of 62 and 65, an annual payment of 66 per cent of the pension base will be disbursed. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. In the event that income is received from others and this, together with the early retirement pension disbursed by Statnett, exceeds the final salary, the yearly retirement pension will be reduced by 50 per cent of the amount that exceeds the final salary. From the age of 65, the full annual retirement pension is 66 per cent of the pension base. The pension base is adjusted annually by the same percentage increase as in the basic amount under the Norwegian National Insurance Scheme. In the event of death, any surviving spouse and children under the age of 21 will receive a pension. Entitlements to pension benefits beyond those granted through the collective pension plan will lapse if the EVP is no longer employed by Statnett SF on reaching the age of 62. In the event of disability before the age of 65, a disability pension will be payable. The full disability pension equals the retirement pension awarded at the age of 65. The disability pension will be reduced in line with the degree of disability. Håkon Borgen is included in the enterprise's defined contribution plan and related compensation plan from the previous defined benefit pension plan.

Terms of employment, Group management

Title/name	Terms relating to retirement age, early retirement pension and retirement pension
Executive Vice President: Peer Olav Østli	Retirement age is 65 years, with the right to retire with an early retirement pension at any time after 62 years of age. The full qualifying period is 30 years. In the event of retirement between ages 62 and 65, an annual payment of 66 per cent of the pension base will become payable, less one percentage point for each year between the age of 62 and 65. The pension base will be adjusted annually by the same the percentage increase as in the basic amount under the National Insurance Scheme. Pension disbursement may be reduced if the member receives any salary, pension, or remuneration from other companies in the Statnett Group. From the age of 65, the full annual retirement pension is 66 per cent of pension base. The pension base is adjusted annually by the same percentage increase as in the basic amount under the National Insurance Scheme. From the age of 67, the annual retirement pension is covered through the Norwegian National Insurance Scheme and Statnett’s Group pension plan, plus 66 per cent of the pension base that exceeds 12 times the Norwegian National Insurance Scheme’s basic amount (12G), provided that the full qualifying period (30 years) has been achieved. Upon death, any children under the age of 21 will receive a children’s pension. If the EVP leaves the company before retirement age, a pension rights certificate will be issued, which will secure retirement pension benefits from the age of 65. The pension entitlement will be adjusted by 75 per cent of the increase in the Norwegian National Insurance Scheme’s basic amount for each year until retirement. In the event of disability before the age of 65, a disability pension will be payable. The full disability pension equals the retirement pension awarded at the age of 67, based on pensionable income at the time the disability occurred. The disability pension will be reduced in line with the degree of disability.

Executive Vice Presidents: Elisabeth Vike Vardheim Knut Hundhammer (until May 2022) Bente Monica Haaland (until April 2022)	The retirement age 65. In addition to ordinary membership in Statnett's collective pension plan, a private pension agreement has been entered into, where the pension is secured through a bank savings account, including interest, to be paid to the insured. Each year until retirement or resignation, Statnett will, each year until retirement or resignation, pay up to 30 per cent of the difference between the ordinary salary and 12 times the Norwegian National Insurance Schemes basic amount to the pension fund plan. Upon death, the surviving spouse or spouse equivalent will receive an amount corresponding to the remaining savings account balance including interest from Statnett SF. This lump sum will be taxable in the hands of the recipient. Knut Hundhammer and Elisabeth Vike Vardheim are additionally entitled to a pension from the company's collective defined-benefit plan from the age of 67.
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 plan, collective insurance schemes, car allowance and coverage of newspapers and broadband communication. Beate Sander Krogstad is also covered by the transitional scheme relating to the former defined-benefit pension plan.

No loans have been granted to, or collateral pledged on behalf of members of Group management or the Board of Directors.

Note 24 Other liabilities

Other liabilities mainly consist of asset retirement obligations relating to grid infrastructure and investment grants received.

Material accounting policies

Estimates of costs relating to retirement obligations for tangible assets are recognised as a liability from the time the Group deems that a legal or constructive retirement obligation exists. Asset retirement obligations are discounted using estimates of future inflation and NVE interest rate. Changes in estimates due to asset retirement obligations approaching the estimated time of settlement are recorded as interest expenses. Please also refer to Note 8, Tangible and intangible assets, for a more detailed description of the accounting treatment of asset retirement obligations.

General principles

Investment grants are financial contributions from other companies to finance facilities constructed and subsequently owned by Statnett. The investment grants are recognised as a liability on receipt, and subsequently recognised in the income statement over the useful economic life of the facility in question.

Specification of changes in other liabilities

Parent company *(Amounts in NOK million)*	Asset retirement obligations	Other liabilities	Total
Liabilities on 1 January 2022	**317**	**157**	**473**
New or changed estimates	150	-7	144
Amounts charged against liabilities	-91	-	-91
Accretion expenses	32	-	32
Reclassification to short-term liability	92	-	92
Liabilities on 31 December 2022	**500**	**150**	**650**
New or changed estimates	177	8	185
Amounts charged against liabilities	-54	-	-54
Accretion expenses	46	-	46
Reclassification to short-term liability	49	-	49
Liabilities on 31 December 2023	**716**	**159**	**875**

Group	Asset retirement obligations	Other liabilities	Total
Liabilities on 1 January 2022	**317**	**180**	**495**
New or changed estimates	150	-26	125
Amounts charged against liabilities	-91	-	-91
Accretion expenses	32	-	32
Reclassification to short-term liability	92	-	92
Liabilities on 31 December 2022	**500**	**154**	**654**
New or changed estimates	177	26	202
Amounts charged against liabilities	-54	-	-54
Accretion expenses	46	-	46
Reclassification to short-term liability	49	-	49
Liabilities on 31 December 2023	**716**	**179**	**895**

For expected timing of cash outflows, see note 18 Financial risk management.

Total asset retirement obligations amount to NOK 765 million at year end, of which NOK 49 million has been classified as short-term debt.

Note 25 Secured debt and guarantees

The parent company may not pledge the company's assets as collateral or other security against the company's assets, apart from as collateral to financial institutions in connection with day-to-day banking transactions, and customary collateral as part of day-to-day operations. For details of guarantees issued on behalf of subsidiaries, please refer to Note 22 on related parties.

Note 26 Contingent assets and liabilities

Material accounting policies

Contingent assets and liabilities are potential assets or obligations whose existence is uncertain, and which are contingent on a future event that may or may not occur, for example, the outcome of a legal case or the conclusion of an insurance settlement. Contingent liabilities are recognised in the financial statements, based on the estimated outcome, if it is probable (more than 50 per cent) that an obligation will materialise. When the probability is lower, information is disclosed if the potential obligation is material, and the likelihood of payment is very low. A contingent asset will only be recognised in the balance sheet if it is probable (more than 90 per cent) that the Group will receive the asset. If it is probable that the economic benefits of the asset will flow to the Group, this will be disclosed in a note to the annual financial statements.

In accordance with IFRSs, higher/lower revenue balances are contingent liabilities/assets and are therefore not recognised in the balance sheet. Please see Note 4 for further details.

A dispute, or the tax authorities' subsequent assessment of a particular tax treatment, can affect the accounting treatment of both tax payable and deferred tax. In assessing the accounting treatment of contingent deferred tax assets or deferred tax liabilities, the Group assesses whether it is probable that the asset or liability will be realised. If the final outcome of tax cases differs from the amount recognised in the balance sheet, the difference will affect the income tax expense in the subsequent period. See Note 19, Taxes, for more information about ongoing tax cases.

Sale of property

In 2014, Statnett entered into an agreement to sell its former head office at Husebyplatået, including Noreveien 22-26 in Oslo to Husebyplatået AS. The sale based on residual land value method, where the purchase price will depend on the utilisation of the property for which Husebyplatået AS obtains building permits. Total accumulated accounting profit recognised in relation to the sale is NOK 17 million. The final settlement has not been determined, however Statnett estimates that it will receive payments of approximately NOK 750 to 850 million during the period 2025–2035 if the outlined construction plans for Husebyplatået are realised. Planning proposals have been submitted to the City of Oslo for consideration.
These expected payments have not been recognised in the financial statements since the estimates are uncertain.

Note 27 Other operating expenses

Other operating expenses comprise cost categories that are not classified on the other lines under operating expenses.

General principles

Other operating expenses are recognised as they accrue.

Property tax is classified as an "other operating expense" and recognised in the financial year when an invoice that applies to the current year is received from the municipalities.

Parent company			Group	
2022	**2023**	*(Amounts in NOK million)*	**2023**	**2022**
85	116	Lease rental payable *	128	93
497	662	Contracted personnel/consultants/purchase of services	887	785
177	194	Insurance	109	40
359	510	Materials and subcontractors	518	333
379	401	Property tax	426	398
233	240	IT costs	241	245
508	458	Miscellaneous	406	533
2 238	**2 581**	**Total other operating costs**	**2 716**	**2 427**

* Includes only rental costs that do not qualify for recognition under IFRS16 Leases.
Leases recognised in the balance sheet in accordance with IFRS 16 are shown under Note 8 Tangible and intangible assets and Note 16 Interest-bearing debt.

Auditor's fee

Parent company			Group	
2022	**2023**	*(Amounts in NOK thousand)*	**2023**	**2022**
1 840	3 823	Statutory audit	4 506	2 367
973	1 145	Other attestation services	1 180	1 003
349	416	Other assistance	425	353
3 162	**5 384**	**Total fees (excl. VAT)**	**6 111**	**3 723**

Note 28 Other comprehensive income

Other comprehensive income is part of Total comprehensive income and is also part of Statement of changes in equity. Other comprehensive income to be reclassified to profit or loss in subsequent periods, is recorded as "Other items" in the Statement of changes in equity. Other comprehensive income not to be reclassified to profit or loss in subsequent periods, is recorded as "Other equity accrued" in the Statement of changes in equity

Spesification of other comprehensive income

Parent company/Group *(Amounts in NOK million)*	**Fair value of financial instruments**	**Cash flow hedge reserve see note 15**	**Total Other compre-hensive income recorded in Other items**	**Estimate deviations of pension liabilities**	**Total Other compre-hensive income recorded in Other equity accrued**	**Total Other compre-hensive income**
Carrying value 1.1.22	**-**	**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**
Carrying value 1.1.23	**-**	**482**	**482**	**-271**	**-271**	**211**
Changes, gross	-	115	115	-46	-46	69
Tax effect	-	-25	-25	10	10	-15
Carrying value 31.12.23	**-**	**572**	**572**	**-307**	**-307**	**265**

Note 29 Subsequent events

General principles

Significant events occurring after the balance sheet date that occur before the board has approved the financial statements may either require amendments to the annual accounts or disclosure of the event in the notes. If information arises about events that existed at the balance sheet date, and the event is significant, the financial statements must be amended.

There have been no events occurring after the balance sheet date that would have affected the financial statements or assessments made to a significant extent.

Regarding other matters not of financial significance for 2023, the following is disclosed:

Statnett entered into an agreement for the sale of land at Hamang to Fredensborg Bolig and Bolig Norge in February 2024.

The new EU regulation for fluorinated greenhouse gases (including SF_6 gas) published on 20 February 2024, is further discussed in Note 3.

A decision by RME regarding revenue cap for 2023 has been received in February 2024. See note 4 for additional information.

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 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
- The cons olidated financial statements of Statnett SF and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Statnett SF for 6 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 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in tangible fixed assets and plants under construction

Description of the Key Audit Matter	How the matter was addressed in the audit
Refer to the notes 8, 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 2023, the carrying value of tangible fixed assets amounts to NOK 71,119 million and the carrying value of plants under construction amounts to NOK 6,320 million. The Group's investments amount to NOK 6,078 million in 2023. 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	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 2023 we have for a sample tested when the project is transferred from plants under

Description of the Key Audit Matter	How the matter was addressed in the audit
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.	construction to tangible asset, 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. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' 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 IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Statnett SF, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 'stane-2023-12-31.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, 21 March 2024
Deloitte AS

Guro Magnetun Heimvik
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.

Statnett

Other information

Foto: Håkan Wallden

GRI index 2023

Statement of use	Statnett reports in accordance with the GRI Standards for the period 01-2023 - 12-2023.
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 2023.

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 the chapter "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 and 20.			
	2-3 Reporting period, frequency and contact point	Annual, 1 Jan - 31 Dec 2023, publication date of report: 21 March 2024. Contact Person: Head of ESG reporting Line Sunniva Flottorp Østhagen Line.Osthagen@Statnett.no			
	2-4 Restatements of information	See "About the Sustainability Chapter" and "Climate" in the Sustainability chapter, and the Sustainability Accounts.			
	2-5 External assurance	See the sections "Accelerating the green transition" and "Sustainability Governance" in the Sustainability chapter, and the chapters "Corporate Governance" and "Auditors Report".			
	2-6 Activities, value chain and other business relationships	See "Board of Directors' Report", the chapter on "Corporate Governance", the section on "Responsible Transition" in the Sustainability chapter and note 1 and 20.			
	2-7 Employees	See sections "Sustainability Governance" and "Statnett as a workplace" in the Sustainability chapter, and the "Sustainability Accounts".			
	2-8 Workers who are not employees	31.12.23: Statnett had 65 workers who are not employees (hired consultants).			The number includes a total of 24 temporary employees and 41 apprentices
	2-9 Governance structure and composition	See the chapter "Corporate Governance", the section "Statnett's Board of Directors", and the section "Sustainability Governance" in the Sustainability chapter.			

	2-10 Nomination and selection of the highest governance body	See the chapter on "Corporate Governance".			
	2-11 Chair of the highest governance body	See "Statnett's Board of Directors" and "Corporate Governance". 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 the chapter "Corporate Governance" and the section "Risk Management and Internal Control". Statnett's board has overall responsibility for ensuring the management of impacts and that the company has good internal control and appropriate systems for risk management. With regards to the management of due dilligence, see the section "Responsible Transition" in the Sustainability chapter.			
	2-13 Delegation of responsibility for managing impacts	See the section on "Risk Management and Internal Control".			
	2-14 Role of the highest governance body in Sustainability reporting	The Annual Report 2023, including the Sustainability chapter, has been reviewed and approved by the Board of Directors.			
	2-15 Conflicts of interest	See the sections "Responsible Transition" and "Sustainability Governance" in the Sustainability chapter, and the chapter "Corporate Governance".			
	2-16 Communication of critical concerns	See the section "Responsible Transition" in the Sustainability chapter, and the chapter on "Corporate Governance". 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 the section "Statnett's Board of Directors".			
	2-18 Evaluation of the performance of the highest governance body	See the chapter "Corporate Governance". Our process to identify our material impacts is described in the Sustainability chapter. Statnett's board has overall responsibility for ensuring that the company has good internal control and appropriate systems for risk management. See the section on "Risk Management and Internal Control".			

	2-19 Remuneration policies	The board members' remuneration is determined by the owner (ED). A detailed overview of remuneration to the board can be found in "Board of Directors' Report". 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	a) Median salary 2023: 881 000, Max salary 2023: 5 565 000, Compensation ratio: 15,83. b) Percentage decrease in compensation ratio: (15,94-15,83) = 0,7%. c) As the median salary in Statnett from 2022 to 2023 increased less in percentage than the CEO's salary, the compensation ratio will also be lower. This despite the fact that the salary settlement including salary slippage was over 6% for 2023, while the CEO's salary increased by 5%. The difference is explained by lower paid new hires, as the average salary growth for the workforce was above that of the CEO.			
	2-22 Statement on sustainable development strategy	See "Board of Directors' Report".			
	2-23 Policy commitments	See the Sustainability chapter for our overall commitments to responsible business practice. 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 chapter. 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/om-statnett/barekraft/			

	2-24 Embedding policy commitments	See the Sustainability chapter for our overall commitments to responsible business. The UN's sustainability goals provide a framework for our work. Concerning i.- iii; See section "Responsible Transition" in the Sustainability chapter.			
	2-25 Processes to remediate negative impacts	See sections "Sustainability Governance", "Climate", "Nature" and "Responsible Transition" in the Sustainability chapter. See also: https://www.statnett.no/en/about-statnett/ethics-and-whistleblowing/			
	2-26 Mechanisms for seeking advice and raising concerns	See the sections "Employees and Organisation" and "Sustainability Governance" in the Sustainability chapter, and the chapter "Corporate Governance". See also: https://www.statnett.no/en/about-statnett/ethics-and-whistleblowing/			
	2-27 Compliance with laws and regulations	See the "Sustainability Accounts".			
	2-28 Membership associations	See the sections "Sustainability Governance" and "Employees and Organisation" in the Sustainability chapter.			
	2-29 Approach to stakeholder engagement	See the "Board of Directors' Report" and the sections "Responsible Transition" and "Sustainability Governance" in the Sustainability chapter.			
	2-30 Collective bargaining agreements	See the "Sustainability Accounts" and the section "Employees and Organisation" in the Sustainability chapter . 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 introduction to the Sustainability chapter.			
	3-2 List of material topics	See the introduction to the Sustainability chapter.			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	See the Sustainability chapter. The sections in the chapter reflect the three prioritised areas for sustainability in Statnett that cover our material topics. The sections include a description of impacts, risiks and opportunities, 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 sections "Sustainability Governance" and " Responsible Transition".			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See "Financial Reporting" and "Board of Directors' Report".			

	201-2 Financial implications and other risks and opportunities due to climate change	See the section "Climate and Nature Risk" in the Sustainability chapter, and note 3 and 8 in "Financial Reporting".			
	201-3 Defined benefit plan obligations and other retirement plans	See note 7 in "Financial Reporting".			
	201-4 Financial assistance received from government	Not applicable.			
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 section "Responsible Transition" in the Sustainability chapter. 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.	a, b, c	Information unavailable /incomplete	

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	Statnett's Code of Conduct includes mandatory requirements related to ethics and anti-corruption. These requirements apply to all Statnett employees, including consultants and Board members. All Statnett policies and procedures are based on the Code of Conduct. All suppliers have to comply with Statnett's Supplier Code of Conduct. Integrity due diligence forms part of the procurement process. Monitoring occurs through inter alia supplier audits and dialogue, and incidents are followed up as detailed in section 'Responsible Transition'. are See also section "Sustainability Governance" and "Statnett as an Employer" in the Sustainability chapter, the "Sustainability Accounts" and "Corporate Governance".			
	205-2 Communicat-ion and training about anti-corruption policies and procedures	Statnett communicates its anti-corruption policies and procedures to all new staff and the executive management team	a.-e.	Information unavailable /incomplete	These numbers are not aggregated
	205-3 Confirmed incidents of corruption and actions taken	Confirmed incidents: 0. See the sections "Sustainability Governance" and "Employees and Organisation" in the Sustainability chapter, and the "Sustainability Accounts".			
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".			
	302-2 Energy consumption outside of the organization	See the "Sustainability Accounts".			
	302-3 Energy intensity	See the "Sustainability Accounts".	a.-d.	Information unavailable /incomplete	

	302-4 Reduction of energy consumption	Not available.		Information unavailable /incomplete	
	302-5 Reductions in energy requirements of products and services	Not available.		Information unavailable /incomplete	
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 section on "Nature" in the Sustainability chapter for a table of Statnett's operations in key sensitive areas.			
	304-2 Significant impacts of activities, products and services on biodiversity	See the section on "Nature" in the Sustainability chapter for key impacts on flora and fauna.			
	304-3 Habitats protected or restored	See the section on "Nature" in the Sustainability chapter for information about restored areas.			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	See the section on "Nature" in the Sustainability chapter for information about how transmission infrastructure affects faune, incl. wild reindeer.			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	See our response to GRI Standard 3-3 in this index.			
	305-1 Direct (Scope 1) GHG emissions	See the section "Climate" in the Sustainability chapter, and the "Sustainability Accounts".			

GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	See the section "Climate" in the Sustainability chapter, and the "Sustainability Accounts".			
	305-3 Other indirect (Scope 3) GHG emissions	See the section "Climate" in the Sustainability chapter, and the "Sustainability Accounts".			
	305-4 GHG emissions intensity	See the "Sustainability Accounts".			
	305-5 Reduction of GHG emissions	See the "Sustainability Accounts".	c.	Information unavailable /incomplete	
	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	See the section "Climate" in the Sustainability chapter, and the "Sustainability Accounts" concerning our SF_6-emissions.			
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 section "Nature" in the Sustainability chapter for key impacts on flora and fauna.			
	306-2 Management of significant waste-related impacts	See the section "Nature" in the Sustainability chapter, and the "Sustainability Accounts".			
	306-3 Waste generated	See the "Sustainability Accounts".			
	306-4 Waste diverted from disposal	See the "Sustainability Accounts" for waste generated in 2023. We currently only have information about waste diverted from disposal for waste handled by Norsk Gjenvinning, covering 727 metric tons, for which the split was 53.9% recycled materials (392 mt), 37.6% recycled as energy (273 mt) and 8.7% to landfill (62 mt).		Information unavailable /incomplete	
	306-5 Waste directed to disposal	See the "Sustainability Accounts" for waste generated in 2023. We currently only have information about waste directed to disposal for waste handled by Norsk Gjenvinning, covering 727 metric tons, for which the split was 53.9% recycled materials (392 mt), 37.6% recycled as energy (273 mt) and 8.7% to landfill (62 mt).		Information unavailable /incomplete	

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	Information unavailable / incomplete	a., b., d., e.	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.
	308-2 Negative environmental impacts in the supply chain and actions taken	See the sections "Climate" and "Responsible Transition" in the Sustainability chapter.	a., b., d., e.	Information unavailable /incomplete	In 2023 we implemented a new digital solution for supplier management to improve documentation and follow-up of risk mapping and control activities. The implementation and development of functionalities will continue in 2024. In 2023 the key focus was to migrate data to the new platform. As a result the data required for this disclosure was not available for 2023.
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".			Includes turnover and female percentage of new employee hires

	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 section "Employees and Organisation" in the Sustainability chapter.			
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 follows from the employment agreement or collective agreement and the notice periods for permanent employees follows the 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	We have implemented a health and safety management system that covers all employees, subcontractors and external workers performing work under our control and covers all activities and workplaces related to our operations. See the section on "Responsible Transition" in the Sustainability chapter.			
	403-2 Hazard identification, risk assessment, and incident investigation	We have processes to identify work-related hazards and assess risks on both a routine and non-routine basis, and conduct systematic inspections/safety rounds, risk assessments for new projects. We investigate incidents and follow-up near misses. Employees are encouraged and informed about how to report hazards and dangerous situations anonymously or through the whistleblowing channel. See the section on "Responsible Transition" in the Sustainability chapter.			
	403-3 Occupational health services	Statnett is required by Norwegian law to have an occupational health service that entail a duty to attend periodic health checks. The occupational health service participates in safety rounds and is represented on the working environment committee. See the section on "Responsible Transition" and "Employees and Organisation" in the Sustainability chapter.			

	403-4 Worker participation, consultation, and communication on occupational health and safety	Workers are represented in the Work environment committee (Arbeidsmiljøutvalget), in accordance with Norwegian law. The objective of the work environment committee is to ensure a responsible work environment in the company. The committee participates in the planning of OHS work and closely monitors the development of the working environment. See the section on "Employees and Organisation" in the Sustainability chapter.			
	403-5 Worker training on occupational health and safety	See the section on "Responsible Transition" in the Sustainability chapter.			
	403-6 Promotion of worker health	Statnett provides non-occupational medical care, including preventative treatment and mental health services for all its employees.			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See the section on "Responsible Transition" in the Sustainability chapter.			
	403-8 Workers covered by an occupational health and safety management system		a.	Information unavailable /incomplete	
	403-9 Work-related injuries	See the section on "Responsible Transition" in the Sustainability chapter and the "Sustainability Accounts".			
	403-10 Work-related ill health	See the section on "Responsible Transition" in the Sustainability chapter and the "Sustainability Accounts".			
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	See the section "Employees and Organisation" in the Sustainability chapter, and the "Sustainability Accounts".			
	405-2 Ratio of basic salary and remuneration of women to men	See the section "Employees and Organisation" in the Sustainability chapter, and the "Sustainability Accounts".			

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 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	See the sections "Responsible Transition" and "Employee and Organisation" in the Sustainability chapter, and the "Sustainability Accounts".			
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 sections "Responsible Transition", "Employees and Organisation" and "Sustainability Governance" in the Sustainability chapter.	a i, ii	Information unavailable /incomplete	We do currently not report fully on this indicator related to suppliers.
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		a,b and c	Information unavailable /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 the section "Responsible Transition" in the Sustainability chapter.	a, b	Information unavailable /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 section "Responsible Transition" in the Sustainability chapter.			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	See the "Sustainability Accounts". 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 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	See the section "Responsible Transition" in the Sustainability chapter.			
	414-2 Negative social impacts in the supply chain and actions taken		a	Information unavailable /incomplete	We do currently not report fully on this indicator related to suppliers.

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: DSOs (distribution system operators), power generators 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".			
EU25	Sustainability accounts 7, 13 EU25 Number of injuries and fatalities	See the "Sustainability Accounts".			
EU28	Power outage frequence	See the "Sustainability Accounts".			

Alternative performance measures

To provide a better understanding of Statnett's underlying profit/loss we also present a number of alternative performance measures. Alternative performance measures are defined in ESMA's guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Statnett's alternative performance measures are adjusted for higher/lower revenue and supplement the figures in the IFRS financial statements. Reported accumulated higher/lower revenue includes prior-year higher/lower revenue with interest.

Key figures *(Amounts in NOK million)*	**2023**	**2022**	**2021**
Operating revenue underlying[1]			
Operating revenue accounting	11 600	22 993	14 412
Change in accumulated higher/lower revenue (+/-) before tax	-5 387	6 868	2 350
Operating revenue underlying	**16 987**	**16 125**	**12 062**
EBITDA underlying			
EBITDA accouting	1 744	11 503	7 965
Change in accumulated higher/lower revenue (+/-) before tax	-5 387	6 868	2 350
EBITDA underlying	**7 131**	**4 635**	**5 615**
EBIT underlying			
EBIT accounting	-1 547	8 433	4 846
Change in accumulated higher/lower revenue (+/-) before tax	-5 387	6 868	2 350
EBIT underlying	**3 840**	**1 565**	**2 496**
Net profit for the year underlying			
Net profit/loss for the year (accounting)	-2 617	5 949	3 307
Change in accumulated higher/lower revenue (+/-) after tax	-4 202	5 357	1 833
Net profit for the year underlying	**1 585**	**592**	**1 474**
Equity (underlying)			
Equity accounting	24 118	26 978	21 467
Accumulated higher/lower revenue (+/-) after tax [2]	3 035	7 237	1 880
Equity underlying	**21 083**	**19 741**	**19 587**
EBIT to Regulatory Asset Base (RAB) and assets under construction			
EBIT to RAB and assets under construction	-2,0 %	11,2 %	6,6 %
Change in accumulated higher/lower revenue (+/-) before tax	-5 387	6 868	2 350
EBIT to RAB and assets under construction underlying[3]	**4,9 %**	**2,1 %**	**3,4 %**
Equity ratio underlying [4]			
Equity ratio after tax	4,9 %	2,1 %	3,4 %
Accumulated higher/lower revenue (+/-) after tax	3 035	7 237	1 880
Equity ratio underlying	**23,3 %**	**22,6 %**	**23,2 %**
Funds from operations to net debt underlying [5]			
Funds from operations to net debt	-0,9 %	26,0 %	14,6 %
Change in accumulated higher/lower revenue (+/-) after tax	-4 202	5 357	1 833
Accumulated higher/lower revenue (+/-) after tax	3 035	7 237	1 880
Funds from operations to net debt underlying	**9,9 %**	**7,7 %**	**9,1 %**

[1] In the underlying operating revenue, revenue from regulated activities is based on permitted revenue, while in the accounting operating revenues, revenues from regulated activities come from established tariffs, fees and congestion revenue. The difference is known as higher/lower revenue. (See note 4 to the financial statements on operating revenue.)

[2] Accumulated higher/lower revenue after tax = (accumulated higher/lower revenue before tax) * (1-tax rate)

[3] EBIT to Regulatory Asset Base (RAB) and assets under construction, average 1 Jan and 31 Dec. Regulated asset base (RAB) is defined as intangible assets + tangible assets - removal obligations (Note 8)

[4] Equity ratio (underlying) = (Equity + accumulated higher/lower revenue after tax) / (total assets)

[5] Debt Coverage ratio (underlying) = EBITDA (underlying) + financial income/expenses – construction loan interest – tax payable – change in working capital) / (Non-current and current interest-bearing debt adjusted for hedging effects – market-based securities – cash and cash equivalents – acc. higher/lower revenue after tax)

Alternative performance measures

Changes in the definition of financial key figures in relation to the 2022 annual report.

EBITDA:
Write-downs of assets under construction were not previously included in the key figure. These are now included in the figure to provide a better presentation of EBITDA. The change means that EBITDA increases by NOK 25 million for 2022 and NOK 39 million for 2021. Underlying EBITDA increases correspondingly by NOK 25 million for 2022 and NOK 39 million for 2021.

Equity ratio (underlying):
Both equity and total assets were previously adjusted for higher/lower revenue but following the change only equity is adjusted. This more accurately reflects the overall effect of higher/lower revenue. The change means that the key figure is altered from 24.7% to 22.6% for 2022 and from 23.7% to 23.2% for 2021.

Funds from operations to net debt (underlying):
The key figure was previously adjusted for the income tax expense but is now adjusted for tax payable. In addition, the change in working capital is now included in the key figure. Statnett considers that these combined changes more accurately reflect the cash flow from operating activities. The definition of net debt has also been slightly amended. This key figure changes from 6.9% to 7.7% for 2022 and from 8.6% to 9.1% for 2021.

Return on shareholder's equity after tax:
This key figure is no longer reported. It is considered that the other reported key figures give a comprehensive presentation of Statnett's financial position.

Regulatory Asset Base and assets under construction:
Statnett previously reported capital employed as part of its key figures. The economic regulation of Statnett is pre-tax. Therefore, we have replaced capital employed with a pre-tax capital measure allowing for a better assessment of the effects of the economic regulation.

EBIT to RAB and assets under construction (underlying):
Statnett previously reported the return on capital employed as part of its key figures. The economic regulation of Statnett is pre-tax. Therefore, we have replaced return on capital employed with a pre-tax capital measure, allowing for a better assessment of how the economic regulation affects our returns.

Amendments compared to the 2022 annual report:
Investments (additions assets under construction and construction interest) are now included in the key figures since they provide important information that is otherwise only disclosed in the text of the report.
The key figures table now also includes the equity ratio and funds from operations to net debt enhancing the information provided to readers of the financial statements.

Other changes compared to the 2022 annual report:
The following figures stated in the financial statements and notes are no longer reported as key figures: Depreciation and amortisation, Tangible assets, long term and short term debt (incl. hedging effects), Market value of interest- and currency swaps related to debt, Interest bearing debt excluding hedging effect, Equity adjusted for higher/lower revenue after tax.

Photo: Sverre Hjørnevik