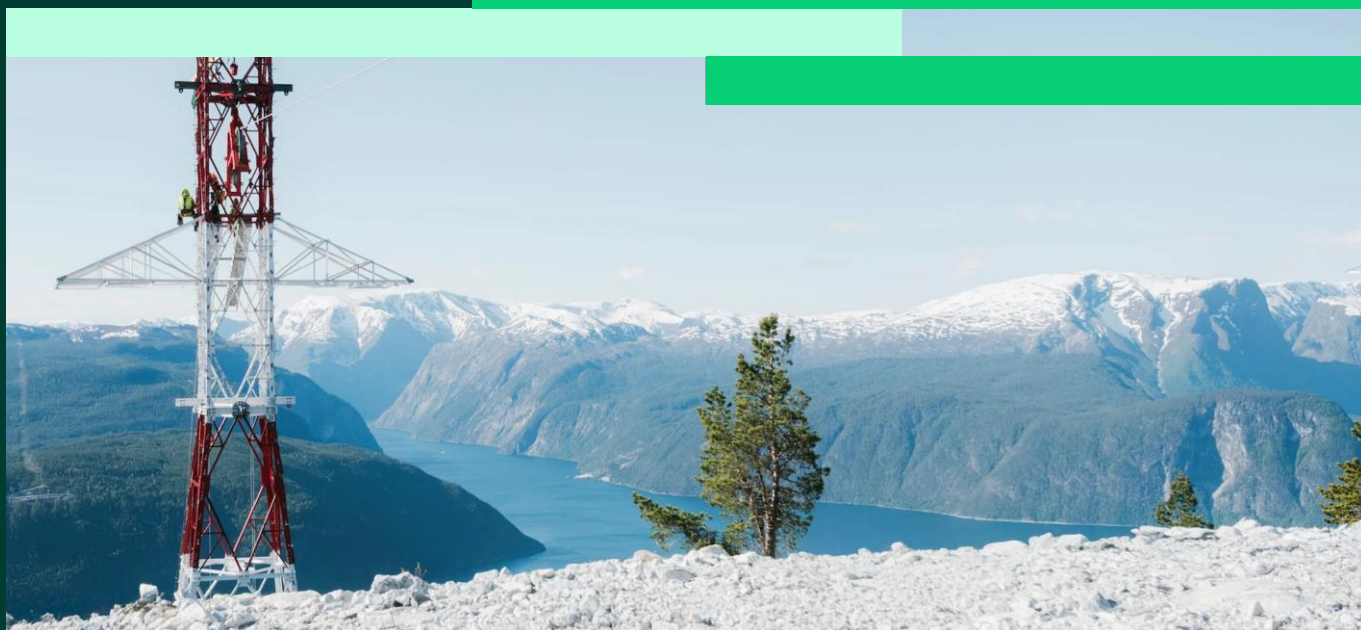


Statnett —

# Statnett's Compliance Programme



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# Background

## On compliance

In this document, 'compliance' means compliance with laws, regulations, etc. that apply to Statnett's operations, as well as compliance with Statnett's internal governing documents.

Compliance concerns both the responsibility of the Board, managers and employees to comply with applicable laws and rules, and the company's responsibility as a separate legal entity for compliance related to criminally sanctioned conduct.

Non-compliance can have serious consequences, including corporate criminal liability, loss of trust, harm to people and the environment, reduced room for manoeuvre and reputational damage.

The risk of non-compliance (compliance risk) is one of the operational risks in Statnett's overall risk profile. Identifying, assessing and managing non-compliance risk is a material part of Statnett's governance and management system.

## Roles and responsibilities for compliance at Statnett

The roles and responsibilities for compliance described below are defined in Statnett's governing principles and policy for risk management and internal control.

The Board has the overall responsibility for ensuring that Statnett has established a framework to manage the risk, including risk of non-compliance.

The CEO is responsible for ensuring that clear requirements are established for practical management of material compliance risks, by ensuring that appropriate systems, processes and controls are put in place.

All managers own the compliance risk within their area of responsibility and are responsible for managing this risk within the established framework, including establishing internal controls adapted to risk and materiality.

All employees have an independent responsibility to act in accordance with applicable laws, rules and Statnett's Code of Conduct in their day-to-day work.

To ensure compliance with material sector-specific legislations, Statnett has established various dedicated specialist units with responsibility for supporting managers and employees.

The compliance function is a key enabler of Statnett's systematic work on compliance with material laws, rules and standards. The function supports and advises management, the Board and employees on a structured approach to compliance. In addition, the compliance function owns, operates and continuously develops the 'compliance programme' described in this document.

# The compliance programme

## Rational for Statnett's compliance programme

A compliance programme is a continuous and systematic process intended to promote responsible and ethical conduct and to prevent criminal offences. It is mainly directed at regulations designed to protect public interests and is therefore an important tool for safeguarding integrity and maintaining public trust in the organisation.

The compliance programme is a supplement to the ongoing work of ensuring compliance with material regulation of operational activities. Accordingly, the programme does not cover sector-specific legislation that is managed by dedicated specialist units.

The term 'programme' is well established and is used both in the private sector and by authorities to describe this type of continuous process. Several of the largest Norwegian enterprises have established compliance programmes for the purposes described above, which is considered good practice.

A compliance programme should be risk-based, meaning that resources and measures should be focused on areas where the company is most exposed to material compliance risk.

Statnett's compliance programme has been developed to ensure responsible business conduct and a high ethical standard and is an important tool for strengthening and maintaining a strong ethical culture in which integrity is a core value. For Statnett, this is a fundamental prerequisite for achieving our strategic objectives.

Statnett is a state-owned enterprise under the Ministry of Energy, and clear expectations are set for state-owned companies through the 'State's direct ownership of companies' report. These include expectations that state-owned companies lead the field in the work on responsible business conduct, and it is emphasised that: 'To lead the field in the work on responsible business conduct entails acting in an ethically responsible manner and complying with best practice in this area at all times. The report highlights good compliance programmes as a key prerequisite for the prevention of financial crime and emphasises the need for systematic efforts in this area.'

Furthermore, Statnett may be subject to corporate criminal liability, typically for offences committed to promote the company's interests, or where the company has had, or could have obtained, an advantage from the offence. The company may also be deprived of the right to carry out its operations.

Decisions on whether to impose penalties, and the assessment of their severity, will depend in part on whether the company could have prevented the offence through guidelines, instructions, training, monitoring, controls or other measures. Økokrim (Norway's National Authority for Investigation and Prosecution of Economic and Environmental Crime)

also highlights the importance of having a preventive programme in place when assessing corporate penalties for breaches of the Penal Code.

# Statnett's compliance programme

The overarching purpose of Statnett's Compliance Programme is to continuously identify improvement measures to help ensure that Statnett acts responsibly and in accordance with statutory obligations, public expectations regarding conduct or business ethics, and best practice.

To achieve this purpose, Statnett's compliance programme comprises a set of systematic activities and measures designed to strengthen the organisation's ability to prevent, detect and respond to material compliance breaches, and to promote a culture of integrity and ethical conduct.

The compliance programme is based on a risk-based approach that ensures measures are prioritised where the company is most exposed to material compliance risk. The programme thereby supports effective compliance work and contributes to Statnett's strategic ambition of safe and efficient operations.

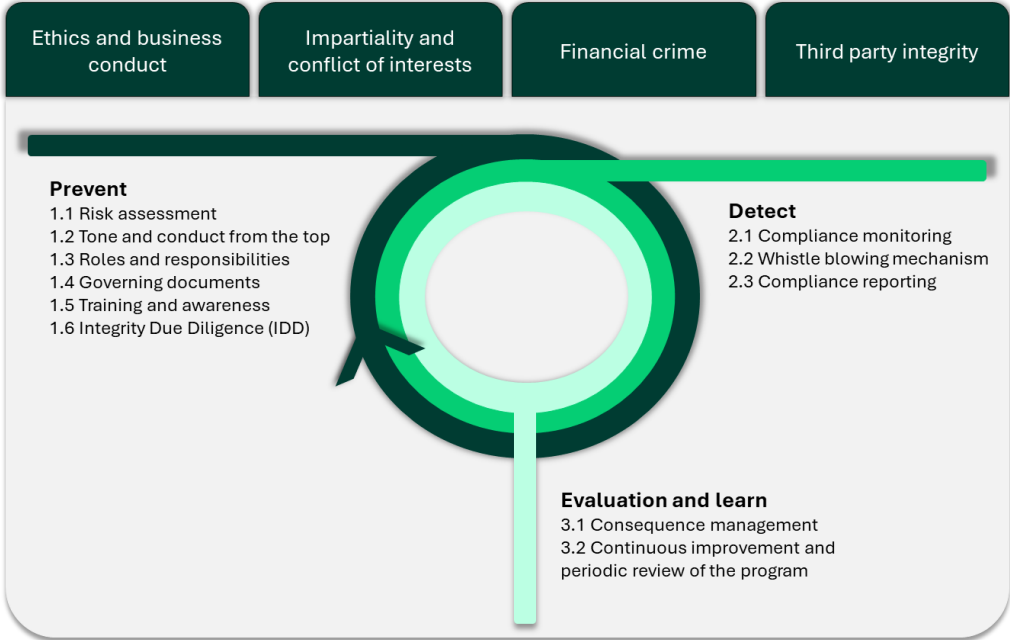


Figure 1: Statnett's compliance programme

The compliance programme is structured around 11 elements based on recognised good practice for effective compliance programmes. These elements are applied through four sub-programmes that address known material compliance risks. Each sub-programme aims to strengthen Statnett's work on responsible business conduct, ethical business conduct and the prevention of criminal offences within the risks covered by the sub-programme.

The sub-programmes do not cover compliance areas where Statnett has strong specialist environments that address these risks specifically, such as personal safety, sustainability or security and emergency preparedness for critical power infrastructure.

The sub-programmes and each element are described in more detail in the chapters below.

Within the sub-programmes, the compliance function cooperates with relevant business units to increase maturity or strengthen the elements where weaknesses have been identified. This implies that, through the measures and recommendations from the programme, the business

organisation strengthens its internal controls in the areas the programme identifies a need for this.

## The sub-programmes

This chapter elaborates on the background for the four sub-programmes mentioned above.



Figure 2: Statnett's four sub-programmes

### Ethics and business conduct

Systematic work on ethics and business conduct is the cornerstone of a compliance programme. It underpins Statnett's ambition to be a responsible enterprise with a high ethical standard, which is a fundamental prerequisite for achieving our strategic objectives.

There are also steadily increasing expectations from the public regarding ethical business conduct, and the topic receives considerable media attention. Public expectations, ethical standards and the legal framework are continuously evolving. Conduct that was generally accepted 10–15 years ago may today be considered inappropriate or even unlawful.

Accordingly, the overall framework for ethics and business conduct forms a central part of the compliance programme.

### Impartiality and conflicts of interest

Rules and regulations on impartiality are highly relevant to Statnett's operations.

The State-Owned Enterprises Act provides that neither a Board member nor the CEO must not participate in the handling or decision of matters that are of such particular importance to him/herself or close associates that he/she must be regarded as having a prominent personal or financial interest in the matter.

Furthermore, the Public Administration Act—applicable to Statnett when we make certain decisions in relation to operations of the energy system—provides that a public official is disqualified (has a conflict of interest) when he/she or a close relation is a party to the case, or holds a central position in a company that is a party, or where other special circumstances may be capable of undermining his/her impartiality (e.g., the case may involve a particular benefit, loss or disadvantage for him/herself or close associates).

In recent years, a lack of understanding of impartiality and conflicts of interest has been highly topical, and cases related to this receive substantial attention from the press and media.

The legal requirements, Statnett's ambition to be a responsible enterprise with a high ethical standard, and the attention surrounding these issues indicate that Statnett should have an increased focus on managing impartiality and conflicts of interest. Measures in this area help maintain trust in decision-makers and in Statnett as an enterprise.

Impartiality and conflict of interest is a natural part of a compliance programme.

## Financial crime

The State Ownership Report states that systematic prevention of financial crime such as corruption and money laundering is a central part of responsible business conduct. With respect to prevention of corruption, it is expected that companies have a Board-endorsed anti-corruption programme aligned with good practice, adapted to the risks in the company's own operations as well as among the company's suppliers.

Corruption is an area where corporate criminal liability is particularly relevant and a prioritised area for Økokrim, which has a dedicated anti-corruption unit and has developed guidelines for setting corporate penalties in corruption cases.

By virtue of its mandate and activities, Statnett is exposed to financial crime.

Statnett's roles as system operator, grid owner and power system planner entail inherent corruption risk; Statnett is a monopolist that manages a scarce resource. Furthermore, Statnett is an important stakeholder in planning the transmission grid. Decisions made by the company can have potentially positive and negative consequences for residents and businesses.

Statnett is a major purchaser; public procurement is highlighted in Økokrim's threat assessment as an area that is particularly exposed to corruption.

With respect to other forms of financial crime, Statnett holds significant valuable assets, which increases the likelihood of theft, embezzlement and other misuse of Statnett's property.

Accordingly, corruption in particular, and financial crime in general, constitutes a central part of Statnett's compliance programme.

## Third-party integrity

This sub-programme differs from the others in that it addresses risks related to third parties, which require different measures than those applicable within the organisation itself. The purpose here is also to protect public interests and is therefore an important tool for safeguarding integrity and maintaining public trust in Statnett.

Through the State's direct ownership of companies report, it is expected that state owned companies also work systematically to prevent financial crime such as corruption and money laundering in the supply Chain.<sup>1</sup>

Økokrim highlights checks of contractual counterparties as a key corruption-preventive measure.<sup>2</sup>

Russia's invasion of Ukraine in 2022, and the ensuing Western sanctions, have made sanctions screening of suppliers an integral part of any compliance programme.

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<sup>1</sup> [Meld. St 6 \(2022–2023\)](#), p. 93

<sup>2</sup> [27.05.2025+-+Høring+-+Forslag+til+retningslinjer+for+fastsettelse+av+foretaksstraff+i+internasjonale+korrupsjonssaker.pdf](#), s. 34

The public expects companies to have thorough knowledge of contractual counterparties, illustrated by several media cases in recent years. The cases also show that expectations are not only linked to legal boundaries of what is lawful, but also to ethical norms.

Statnett is a purchaser in a strained national and global supplier market. This is a risk driver in areas such as corruption, money laundering, sanctions and human rights.

The regulatory framework for third-party integrity has developed significantly in recent years and continues to evolve. There is therefore a particular need to establish a systematic approach with close follow-up in this area. Third-party integrity should therefore be included as part of the compliance programme.

## The programme's 11 elements

The 11 elements provide a structured framework for ensuring compliance across the four sub-programmes. The elements form a continuous process within prevention, detection, evaluation and learning. Each element is described below, including a target state presented in a green box. The target state is intended to reflect the condition of a mature organisation.

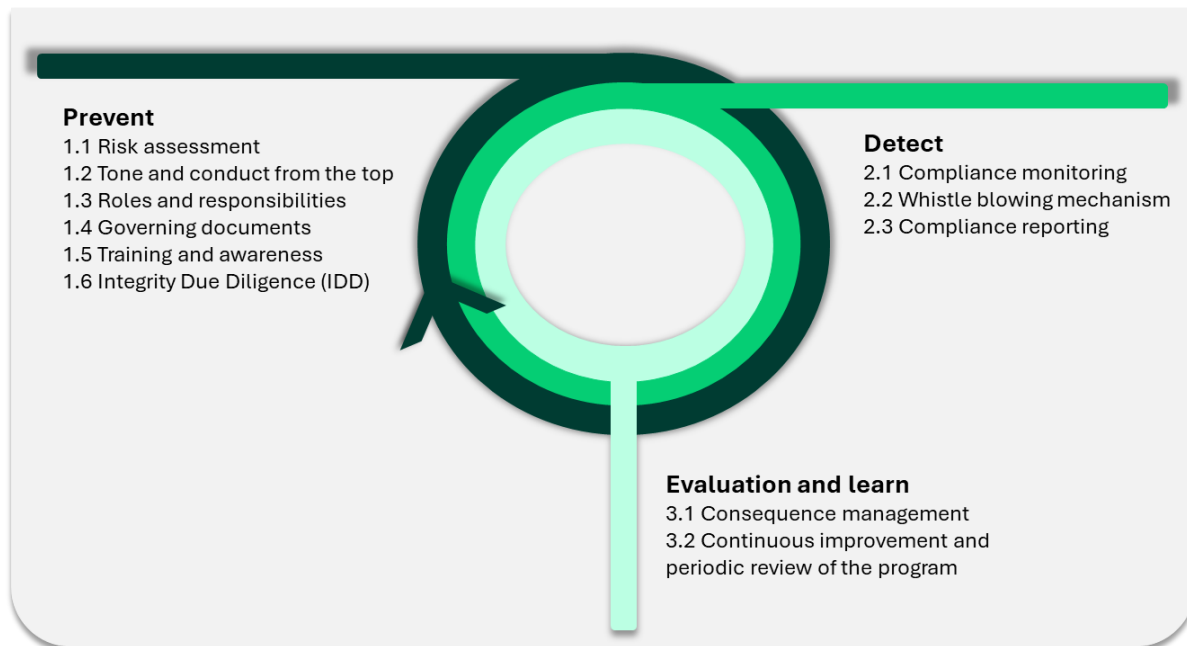


Figure 3: The 11 elements of Statnett's compliance programme

### Risk assessment

Periodic risk assessments are the foundation of any compliance programme and ensure a risk-based approach to managing compliance risk. Risk assessments are carried out within the topics defined by the sub-programmes and are intended to identify vulnerabilities and assess the need for measures across the programme elements. A methodology must be applied to ensure that all relevant risks are assessed.

#### Benchmark:

Benchmark for a mature organisation: At Statnett, an annual risk assessment is carried out within the topics defined by the sub-programmes, and the results are reflected in the proposed activities and measures. Resources and priorities are allocated based on findings from risk assessments. Statnett has a mature methodology for risk assessments related to compliance risk.

### Tone and conduct from the top

Leadership sets the standard for business ethics through words and actions. 'Tone from the top' and leadership behaviour are therefore essential elements of a compliance programme. Leaders

at all levels shall act as role models. Without support from the management, a programme will not gain traction in the organisation.

**Benchmark:**

The Board, executive management and Statnett's managers demonstrate genuine and visible commitment to ethical business conduct and compliance, both through their own conduct and through active, supportive engagement with the compliance programme. Time and resources are allocated to annual awareness initiatives in which Statnett's management plays a prominent role.

## Roles and responsibilities

Clearly defined roles with explicit responsibilities are an important part of managing risk. Clear accountability for the management of risks at each organisational level must be established and documented.

**Benchmark:**

Responsibility for governance and management of relevant compliance risks at all levels is clarified, clearly documented and followed up through established governance processes.

## Governing documents

Policies, procedures and other governing documents establish mandatory requirements and operational guidance for compliant conduct across the organisation. They translate legal and ethical expectations into practical rules and processes. Such documents must be approved, communicated, readily accessible, consistently enforced, and subject to measures that verify employee awareness and understanding.

**Benchmark:**

The Code of Conduct is designed in line with best practice, clearly communicated, well understood and complied with by all individuals to whom they apply. Underlying policies, instructions and procedures are aligned with the principles in the Code of Conduct and elaborate on them where relevant. All governing documents are clearly drafted, easily accessible and complied with in practice. A methodology for designing, implementing and maintaining policies and procedures at all levels has been implemented.

## Training and awareness

A key element of a compliance programme is regular, risk-based training — i.e., general training for all employees as well as targeted training for exposed functions and groups. Variation in format increases learning effectiveness. Training shall be easily accessible and adapted to employees. Learning from incidents shall be part of training.

**Benchmark:**

All employees complete a mandatory introductory e learning course on the Code of Conduct upon onboarding. Refresher training is completed at least every two years by employees and other relevant groups. Tailored training in appropriate formats is carried out at regular intervals for functions and groups where higher inherent risk of breaches has been identified. Dilemma-based training is carried out regularly for the corporate executive management team and the Board.

## Integrity due diligence (IDD) of suppliers

The company's exposure to risks related to third parties' business ethics constitutes a distinct type of compliance risk. Unlike within our own organisation, we do not have direct control over third parties' employees and must therefore rely on other measures to manage this risk.

Best practice is to conduct supplier assessments in which suppliers' integrity risks are assessed before and during the relationship. The purpose is to ensure that, through the supply chain, Statnett is not exposed to corruption, money laundering, sanctions breaches, child labour or other serious compliance breaches.

**Benchmark:**

A supplier due diligence routine at Statnett with clear roles and responsibilities is designed and implemented. A shared understanding of scope and ethical standards has been established. Measures are implemented and followed up. A functional support tool for transparency and screening of the supply chain is embedded in procurement and supplier follow-up processes.

## Compliance monitoring

Compliance monitoring aims to continuously follow up adherence to the programme, identify vulnerabilities and ensure effectiveness. This includes controls, reviews and audits to detect and prevent breaches. Access to relevant data and information is a prerequisite for effective monitoring by the compliance function.

**Benchmark:**

The compliance function has established and implemented routines for compliance monitoring. Digital tools such as an impartiality register, gifts and hospitality register, IDD tools, etc. have been implemented.

## Speak-up / whistleblowing arrangements

A whistleblowing arrangement is a tool intended to provide employees and other stakeholders with channels to ask questions and report suspected compliance breaches, including the possibility of anonymity. Employees shall be able to report without risk of retaliation.

**Benchmark:**

Statnett has clear speak-up/whistleblowing channels that are known, function satisfactorily, are trusted and safeguard the protection of employees.

## Compliance reporting

Compliance reporting is intended to ensure that management and the Board are aware of the company's compliance risks, so that they can ensure that relevant measures are initiated and that adequate and appropriate resources are allocated to compliance work.

### Benchmark:

The compliance function reports periodically to the corporate executive management team and the Board on:

- status of the compliance programme
- material risks and incidents
- key metrics and trends
- measures and areas for improvement

## Consequences management (discipline and incentives)

A clear and predictable consequences culture for compliance breaches supports the effectiveness of the compliance programme. The response to breaches shall be predictable, consistent, fair and documented across all levels of the organisation, and shall be applied in accordance with the principles of proportionality and equal treatment. Recognition of positive behaviour makes integrity visible in practice and contributes to a stronger culture of compliance.

### Benchmark:

Clear, appropriate and understandable rules on consequences for compliance breaches are established and implemented and are applied based on proportionality and the principle of equal treatment.

## Continuous improvement and programme review

To ensure that the compliance programme is effective, it must be evaluated and improved on a regular basis and following major incidents. The evaluation should be based on experience, overarching risk assessments, incidents in our own and other organisations, audits, developments in regulatory requirements, changes in public norms and the development of new technology.

### Benchmark:

A holistic evaluation of Statnett's compliance programme and the sub-programmes is carried out at regular intervals based on the criteria above. The need for an external third-party review is considered. Routines are in place to evaluate and update relevant parts of the programme following internal or external events that warrant this.

## Annual cycle of the compliance function

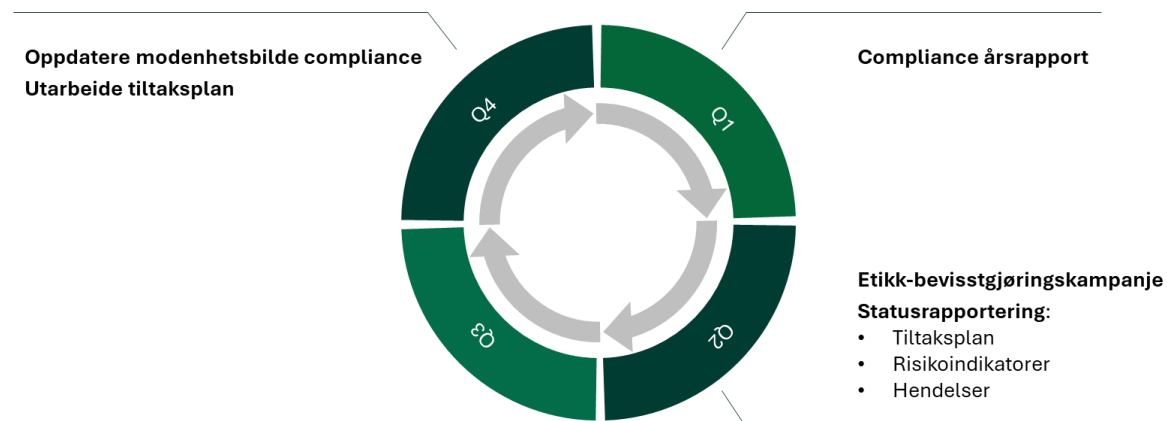


Figure 4: Annual cycle for the compliance function

The compliance function updates the annual maturity assessment related to compliance risk and prepares a plan for mitigating activities and measures. The compliance annual report and plan are presented to the corporate executive management team.

The Head of the compliance function presents a status report to the CEO around mid-year.

In line with the measures for continuous evaluation of the programme, a holistic evaluation of the programme and the framework is carried out at regular intervals.