

# Sustainability report

**2020**



## Responsible business

**Statnett is facilitating the electrification of society, and we perform our tasks in a sustainable fashion. In this way, Statnett assumes its share of the responsibility for ensuring that the UN Sustainable Development Goals are reached by 2030.**

### Global challenges and sustainable solutions

Business enterprises are affected by a number of development trends, such as globalisation, technological advances, climate change, loss of biodiversity and a shortage of natural resources. Global targets for sustainable development, such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement, are pursued through regional and national directives that change companies' framework conditions. There is a growing expectation that value must be created in a sustainable way. This means that companies' products and services, and the way they are made and used, must be compatible with the UN SDGs. For us at Statnett, this means facilitating electrification and making sustainable choices in our day-to-day working lives.

Climate change is one of the biggest challenges of our time. Electrification is an important factor in reaching global and national climate targets. Our contribution is to reinforce and renew the power transmission grid, so that fossil energy can be replaced by renewable, emission-free electricity. We have a good starting point for further electrification in Norway. In Norway, 98 per cent of the power generated is renewable, with the bulk coming from controllable hydropower plants. Although Norway is currently one of the world's most highly electrified countries, around half of the energy the country uses comes from fossil sources. The potential for further electrification is particularly large in the areas of transport and industrial production.

By means of our core activity, we enable Norway and our neighbouring countries to increase the proportion of renewable energy and reduce greenhouse gas emissions. At the same time, we will combat climate change and other global challenges by the way we perform our tasks. Among other things, this means reducing greenhouse gas emissions from our own operations.

In addition, we must do our part to address other global challenges. We maintain a high level of activity, have a

great many work processes with a high level of inherent risk, own space-intensive facilities, and work with international contract partners. The loss of biodiversity, social dumping, unsafe working conditions and unethical business practices are therefore all relevant challenges for us.

Global challenges constitute a risk for society at large and for Statnett. In our strategy, we take the position that systematic efforts in the field of sustainability are a necessary part of our business operations. We have defined six sustainability areas where our efforts are important. These are described in this report.

In 2020, the coronavirus pandemic and the measures implemented to limit its spread, have affected our priorities in the sustainability area. We have emphasised measures to safeguard all those who work at or for Statnett. Through effective follow-up of the quarantine regulations and clear guidelines for employees working on site and at home, we have managed to keep the rate of infection low. In addition, we have implemented measures to counteract unfortunate health-related consequences. An in-house coronavirus team, with relevant expert resources, and the occupational health service have played a prominent role here.

We have succeeded in keeping the operation of our facilities and our construction activities at a high level in 2020. Nevertheless, we have been obliged to postpone some of our sustainability-related activities. This applies, for example, to the verification of pay and working conditions at our construction sites. Despite the uncertainty caused by the pandemic, we have managed to strengthen our focus on sustainability by raising it to the strategic level.

### Statnett's contribution to the UN Sustainable Development Goals

Statnett supports the UN Sustainable Development Goals (SDGs) that were adopted by world leaders in September 2015. The 17 goals are designed to contribute to a more sustainable planet and a good life for future generations. In order for the goals to be achieved, both public authorities and business must take responsibility.

In 2019, we evaluated which SDGs are most relevant for us. In 2020, we continued this effort, and have defined the most important contributions we are making to their realisation. We have identified seven SDGs to which we contribute through the fulfilment of our social mandate and our sustainability areas, which applies to the way we perform our tasks. This is illustrated in the graphic below,




where we have included our main focus for each of the goals shown.

The SDGs provide a framework for our efforts. In 2020, we formalised our commitment to work for the realisation of these goals by joining the UN's sustainable business initiative: the UN Global Compact.



Although our activities make a largely positive contribution to the UN SDGs, conflicts between them may arise. In other words, the same activity may contribute positively to the achievement of one SDG while having a negative impact on others.

This illustrates that sustainability is a complex field, which affords both opportunities and risks. Some examples of opportunities and risks, as well as necessary trade-offs are shown in the figure below.

	<p>Statnett contributes to the electrification of society (UN SDG 7.2).</p> <p>Our facilities may have a negative impact on life on land, e.g. on habitats and biodiversity (UN SDG 15.5). Read more in the section on environmental work.</p>
	<p>We maintain a high level of activity and work with a large number of subcontractors. We aim to ensure that employees who work at and for Statnett enjoy safe and decent working conditions (UN SDGs 8.7 and 8.8).</p> <p>At the same time, personal injuries and employment law violations constitute a risk. There was one fatal accident among our subcontractors in 2020. Read more in the section on personal safety and the selection of subcontractors.</p>
	<p>The electrification of society is one of several measures needed to achieve global climate targets. We must also reduce our own greenhouse gas emissions.</p> <p>Our facilities are vulnerable to the effects of climate change (UN SDGs 13.1 and 13.3). Read more in the section on climate risk.</p>

## Organisation and responsibility

Statnett will behave in a sustainable, ethical and socially responsible manner. Our corporate social responsibility policy rests on the expectations state-owned enterprises are subject to in the areas of human rights, labour rights, climate and the environment, as well as anti-corruption. This policy is also based on the ten principles laid down in the UN Global Compact.

The report to the Norwegian Storting entitled: “The state’s direct ownership of companies – sustainable value creation”, published in 2019, sets out what is expected of Statnett and other state-owned enterprises. For example, expectations regarding efforts to increase diversity and the gender balance were made more explicit. We have included this as an important sustainability area, and will clarify it in our policy in 2021.

### Implementing corporate social responsibility

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The most important guidelines for Statnett’s sustainability efforts are set out in our governing documents:

- Governance policy for corporate social responsibility
- Ethical guidelines for employees
- Ethical guidelines for suppliers
- HSE policy
- Pay and working conditions
- Environmental and climate strategy
- Procurement instructions
- Personnel handbook

In 2020, Statnett’s corporate strategy was updated to make sustainability a priority in the time ahead. The sustainability team has contributed to this effort, and will also provide assistance when the strategy is operationalised in the form of goals and initiatives that will

be integrated into existing activities and decision-making processes.

### Statnett's Ethics Representative

Statnett has an Ethics Representative, whose role is to strengthen legal protection for employees, and to help to uncover and deal with circumstances that are in breach of our codes of conduct. The codes of conduct have been adopted by the Board of Directors and, among other things, they highlight Statnett's zero-tolerance approach to corruption, harassment and work-related crime.

The Ethics Representative receives and processes reports from anyone who has observed wrongdoing and/or mistakes committed by Statnett, our employees, our management or our suppliers. The Ethics Representative is required to ensure that the person making contact is guaranteed total confidentiality and anonymity if requested. The Ethics Representative reports to the President & CEO and the Board of Directors.

### Prioritising sustainability areas

As part of Statnett's corporate strategy review in 2020, we identified our most important sustainability areas. The analysis was conducted in line with the principles of the Global Reporting Initiative Standards (GRI Standards).

There is a growing awareness of sustainability in society in general and among a number of our stakeholders, such as young jobseekers, government authorities, civil society and lenders. We keep ourselves constantly updated about new requirements and expectations. In 2020, for example, the EU's European Green Deal, the 2019 report to the Storting on state-ownership and Report to the Storting No. 13 (2020–2021) Climate Plan for 2021–2030 were all relevant in this respect. The sustainability team helped to assess the most important expectations and the current status of our sustainability efforts.

Going forward, the following will be given priority:

- Take a holistic responsibility for the environment and the preservation of biodiversity
- Reduce greenhouse gas emissions and manage climate risk
- Increase diversity in terms of competence, background and gender
- Make sure all employees enjoy safe working conditions
- Ensure decent working conditions throughout the supply chain
- Fight corruption, human rights abuses and unethical behaviour in all our undertakings

Work within these areas is described in the present report.

The sustainability areas and their associated goals were discussed by Group Management and the Board of Directors in 2020.

### Dialogue with stakeholders

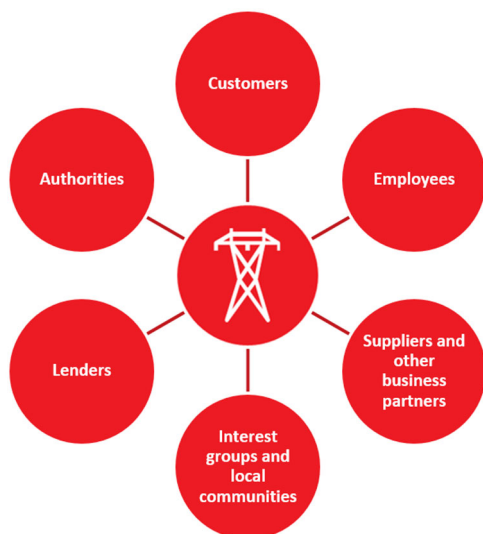
Statnett's values are long-term perspective, respect and community. Dialogue with stakeholders impacted by our business is vital in living up to these values.

We have a range of stakeholders in Norway and the rest of Europe. At a national level, our stakeholders extend from government authorities to local landowners and people living near our facilities. In addition, society as a whole depends on the secure supply of electricity. International stakeholders include suppliers, contractors, investors, lenders, government agencies and councils in the Nordic region and the EU, as well as transmission system operators (TSOs) in countries with which we exchange electricity.

Many of our stakeholders attach increasing importance to sustainability. For example, more young people than before want to work for sustainable companies, and local communities react powerfully to interventions in the landscape and companies' unethical behaviour. In addition, lenders have gained a significant role in the area of sustainable value creation. All of this impacts us.

Our dialogue with the various stakeholders is described in more detail in the chapter "Our contributions to sustainable economic growth" later in this report. There, we also discuss the various initiatives and networks to which we belong.

The overview below shows the most important groups of stakeholders with which Statnett engages.



## About the report

The report is structured in accordance with a widely used categorisation of the UN Sustainable Development Goals: Planet, People and Prosperity. We have called the three chapters:

- Our social contributions
- Our environmental and climate contributions
- Our contributions to sustainable economic growth

In each of the chapters, we show which of the UN Sustainable Development Goals we contribute to and explain how. Our six important sustainability areas are discussed in these three chapters. In addition, we have included some other relevant sustainability areas and a chapter containing detailed information, called "Accounting for sustainability".

Our reporting is in accordance with the Global Reporting Initiative (GRI) Standards, Core level. This covers indicators for different topics and requirements for the reporting process. We also report on relevant sector-specific indicators for the energy sector (GRI G4 Electric Utilities Sector Disclosures).

The GRI table links the GRI indicators to the UN Sustainable Development Goals. Several of the indicators contribute to the UN Sustainable Development Goals.

We believe the report provides accurate information on the key corporate social responsibility topics for Statnett. We have engaged Deloitte AS to review the report. The auditor's statement is attached.

Although this report forms part of Statnett's 2020 annual report, we have elected to publish it as a separate document. Some elements in the GRI table refer to other chapters in the annual report than that relating to sustainability.

## Our social contributions

Statnett has a duty to ensure that everyone working at and for the company enjoys safe working conditions as well as a decent salary and working conditions. We also aim to be an attractive employer, who provides equal opportunities to our employees, irrespective of gender or background.

These are our key objectives in this respect:

- Make sure all employees enjoy safe working conditions
- Ensure decent working conditions throughout the supply chain
- Increase diversity within the company in terms of background, competence and gender.

These are linked to several of the UN SDGs. The three most relevant are:

- 5: Gender equality
- 8: Decent work and economic growth
- 12: Responsible production and consumption

### We have a duty to ensure all employees enjoy safe working conditions

Many Statnett employees perform tasks involving an inherently high level of risk. For this reason, the safety of our employees is our top priority. In 2020, we also paid additional attention to the working environment.

Statnett's efforts to protect its employees' personal safety rest on a zero vision. This presumes that every accident can be prevented and that the safety of the individual must come first. Our employees are our most important resource. A zero vision is ambitious, but draws considerable support from the Norwegian Working Environment Act. At the same time, it requires the continuous improvement of technical solutions, frameworks and competence.

Statnett's management use three supporting principles to underpin HSE work in the business. We ensure the best possible HSE outcomes by means of:

- A developing HSE culture
- Developing and using technical solutions
- Systematic management, learning and continuous improvement work

Statnett will further develop itself as a professional construction client, and will set high standards for those

we contract to work on our behalf. We are constantly improving our work processes on the basis of knowledge about safe working methods, ongoing risk assessments and systematic training. For example, we work to achieve our zero vision by choosing risk-reducing solutions when we plan and design our construction projects.

We expect that a zero vision also underpins the activities of our building contractors and subcontractors. Building contractors are responsible for the establishment of procedures and provision of adequate training for their own employees, so that our standards can be met. They must also ensure that the same goes for their own subcontractors.

### Management of accidents and injuries

Good management of undesirable incidents and hazardous conditions means that we identify and exploit their learning potential. We are working continuously to maintain open communication and learning within and between our professional environments. In 2020, we implemented a new digital solution that simplifies the reporting and extraction of non-conformance data and improvement suggestions.

We also kept our construction projects running on schedule in 2020, despite the pandemic. Compared with 2019, the number of injuries fell. However, the frequency of serious incidents increased. The latter encompasses near-misses, hazardous conditions and serious environmental damage.

An employee of one of our contractors died following an accident in 2020. An internal inquiry was carried out after the accident, which was also investigated by the police and the Norwegian Labour Inspection Authority. No breaches of the Construction Client Regulations were discovered. Statnett's standard operating procedure for the use of ATVs was revised after the accident. The procedure reflects regulatory requirements, which apply irrespective of employer. The focus has been on personal protective equipment and physical safety measures.

### Improving compliance procedures

In 2020, we reinforced our internal control system in the area of HSE to ensure compliance with internal and external requirements and standards. This included the establishment of compulsory courses for all operative leaders within the company. The course programme encompasses basic training in the relevant regulations, as well as practical training in systematic HSE work, including the establishment of local risk registers linked to the operation of construction sites and properties. Work on this was delayed due to the coronavirus

pandemic in 2020, but will be resumed as soon as the situation permits.

To ensure compliance with electrical safety regulations and learning across the organisation, we made preparations for a review of all our operational areas in 2020. The planning and risk assessment of tasks is a key regulatory requirement. A standard methodology for the performance and documentation of the review, which will take place in 2021, has been established.

A major cross-functional effort has also been undertaken in recent years to meet the regulatory requirements for work in electromagnetic fields. A guide was completed in December 2020, and an e-learning course will be offered to everyone with independent access to Statnett's high-voltage facilities in 2021.

A survey of the chemical substances held at Statnett's facilities was carried out in 2020. The risk attached to the chemicals concerned has been assessed and recorded in a digital substance database. At many sites, the solutions used to store chemicals are being upgraded to improve their safety. We have also implemented measures to improve systems and procedures for the handling of explosives. Among other things, roles and responsibilities have been clarified.

### Working environment

During the coronavirus pandemic, many of Statnett's employees have gone the extra mile to safeguard the supply of electricity and keep construction projects and other tasks on track. The majority have worked from home, and we paid additional attention to the working environment in 2020.

Early in 2020, a special Covid team was set up to prepare measures and draw up guidelines for Statnett, based on the level of infection nationally and regionally. The team has played a key role in ensuring a good working situation for all our employees. It has been in constant communication with Group Management and has informed employees about measures and restrictions via e-mail and text message, in addition to normal in-house communication channels. Over the course of 2020, members of the Covid team have replied to over 5,000 e-mails on virus-related issues. The team has also carried out employee surveys and launched initiatives relating to psychosocial and ergonomic issues.

Two surveys were carried out in 2020 to evaluate the work-related situation facing employees during the pandemic. The survey's questions focused on work tasks, social relations with co-workers, ergonomics, collaborative working and digital tools. Based on the

results of the surveys, measures have been implemented to improve social and ergonomic conditions. Some employees have needed additional support, which they have received through dialogues with their manager, the HR department and the Covid team. Such tailored support has, for example, been provided through our occupational health service.

The majority of our employees have worked from home, and many of them experience less follow-up from their managers, according to the surveys. Managers have therefore been given support to enable them to follow up their team members during the pandemic by means of information meetings and experience sharing via various digital channels. The HR department has been available for managers desirous of advice and assistance.

The company's occupational health service has provided coronavirus testing and offers of help in the event of psychosocial problems. Both the occupational health service and the employee safety representatives are important for following up and limiting sickness absence. This has also been discussed with the trade unions. We have a good system for individual work adaptation, in addition to the services the authorities provide through the Norwegian Inclusive Working Life initiative.

The occupational health service takes part in inspections and is represented on the Working Environment Committee. In 2020, a total of 33 occupational health and safety districts were established nationwide in Norway, primarily in operational areas and near administrative buildings. Every such district has a local HSE group where the local safety representative and a representative of the employer hold regular meetings and report to the Working Environment Committee each year.

## We will ensure decent working conditions throughout the supply chain

Statnett has a duty to uphold human rights and behave in a socially responsible manner. Our approach is based on the International Labor Organization's eight core conventions. This also applies to our suppliers and other contractual partners. We expect our contractual counterparties in all countries to comply with our standards for pay and working conditions.

### Sustainable purchasing

We must use our procurement procedures to promote decent working and environmental conditions at all contractual parties. This is required by the Norwegian public procurement legislation and is embedded in our procurement guidelines. This includes a new set of procedures and strategies for different categories of procurement.

We are a major buyer of goods and services. In 2020, vi paid NOK 8,669 million to 4,382 suppliers. The largest payments were made to building contractors and for the purchase of materials for the construction and operation of our facilities.

Statnett makes clear demands on all suppliers, and follows up on risk topics throughout the procurement process.

### Choice of suppliers

Suppliers must undergo a qualification procedure to ensure they can fulfil our contracts and comply with requirements. This process involves documenting that they have well-functioning systems for HSE, environmental management and quality. For work or products assessed to be high risk, the qualification procedure includes audits and site visits. High-risk suppliers are audited regularly by means of Achilles Utilities NCE and through Statnett's own audits. Increasingly, these latter examine the risk of human rights abuses, serious environmental harm and unethical behaviour.

In 2020, we revised our Supplier Code of Conduct, which was approved by the board early 2021. In 2021, we will revise the appendix to our contracts that covers pay and working conditions. We have learned from the experience of other institutions and are working to formalise a requirement that would prevent us from signing contracts with suppliers that have been excluded from investment by the Norwegian Government Pension Fund Global (GPF) at the recommendation of the Council on Ethics,

or that are registered on the joint list of ineligible firms and individuals drawn up by the World Bank and other development banks. Any exclusion must be based on factors encompassed by our supplier code of conduct.

Statnett has conducted an ongoing dialogue over several years with the Norwegian Tax Administration and the Labour Inspection Authority in the regions where our biggest projects have been based. In 2019, we entered into a formal information-sharing agreement with the Norwegian Tax Administration. The agreement means that we are able to check suppliers against the Norwegian Tax Administration's registers before contracts are offered. The agreement is therefore a tool with which to exclude "cowboy" companies from our construction projects.

### Follow-up of pay and working conditions

For us, it is important to carry out systematic checks to ensure compliance with the terms covering pay and working conditions set out in our contracts. Some breaches of those terms may be so serious as to verge on the abuse of fundamental human rights. In recent years, we have uncovered several serious incidents of employment law violations at our construction sites. This has highlighted the need for regular checks of suppliers at all levels in the supply chain. The uncovering of these incidents has clearly positioned us as an organisation that is determined to root out employment law violations.

We conduct regular checks on pay and working conditions based on an in-house methodology that involves systematically obtaining and checking written information from the supplier and, in parallel, holding conversations with workers in their own language. This provides us with a basis for comparing the written information obtained from the employer with oral feedback from the employees. The methodology has proved effective at uncovering non-conformances.

As the regulations require, our checks on suppliers at construction sites focus on workers from low-cost countries. We assess the risk of non-conformances based on the individual countries' track records in this area.

In 2019, the target was to check all major suppliers using foreign labour at our construction sites. Material non-conformances were uncovered at some subcontractors. This led us to expand our checks to encompass all suppliers at our construction sites.

However, the coronavirus pandemic in 2020 prevented us from carrying out our planned and ad hoc checks. We have performed checks on written documentation from

employers, but coronavirus restrictions have hampered the gathering of oral information from workers at our construction sites. These checks have therefore not been finalised. This situation has demonstrated that the verification of written material provided by employers through interviews with workers is a precondition for documenting non-conformances. As soon as the health situation allows, we will resume our on-site checks of suppliers.

### Trade unions

Statnett recognises and appreciates the value of the Norwegian working-life model. This involves a tripartite collaboration between the government, the trade union movement and overarching employers' organisations, and collaboration at the local level between employers and their employees (often through relevant trade unions). Good relations between management and employee representatives at individual firms are vital to companies' development and to their ability to adapt and rationalise.

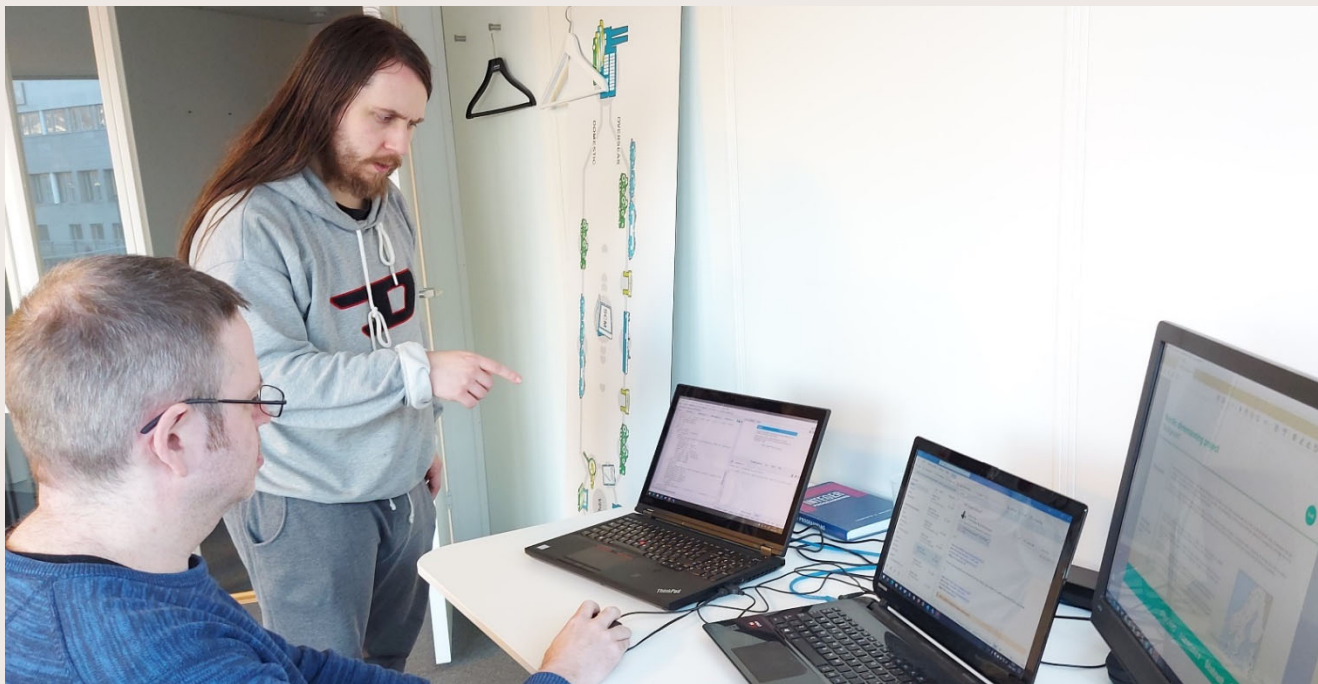
We believe a high level of trade union membership to be positive, and take steps to enable the various trade unions to operate effectively and constructively. This also plays an important part in ensuring the best possible basis for decision-making, and that such decisions have the support of the employee representatives.

Employee representatives must be guaranteed a genuine opportunity to exert an influence. Statnett continuously engages in an open dialogue with the trade unions to ensure an exchange of information and views on matters important to employees. Regular information and liaison meetings are held, as are more formal discussion meetings in connection with matters that may be of major significance for the employees' jobs. Larger-scale meetings with all employee representatives are held twice a year.

In 2020, the coronavirus pandemic has curtailed opportunities for in-person meetings, though they have been carried out digitally. Unfortunately, digital meetings do not provide the same opportunities for relationship building and interaction. Employee-elected representatives and safety delegates have been heavily involved in the development of infection-prevention and emergency response measures during the pandemic.

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 committee and the Working Environment Committee.

## Diversity boosts profitability in practice



*Erik Mesøy and Jan Kristian Haugland at work for Statnett. Photo: Unicus*

In 2020, Statnett began collaborating with the IT company Unicus, a social entrepreneur whose consultants all have Asperger's syndrome. For the past six months, IT consultants Jan Kristian Haugland and Erik Mesøy have checked millions of datapoints for Statnett.

Both have Asperger's syndrome and say their different way of thinking is a strength when it comes to work.

Their department head at Statnett, Olav Resser, is extremely pleased with the consultants' contribution to the creation of a robust and secure digital foundation for the company.

"Our collaboration with Unicus shows that diversity boosts profitability. We need different perspectives and capacities to perform all the tasks required in the business world. Jan Kristian and Erik's analytical abilities help us to exploit the vast quantities of data that we receive every day from sensors and control systems," he says.

For the past six months, Jan Kristian and Erik have gone through vast quantities of data, performed probability analyses and worked to develop a mathematical model in collaboration with Statnett.

"There's a lot of data to be processed. For example, a month's worth of power data comes to around 100,000 lines of data," explains Jan Kristian.

The two IT consultants have, among other things, calculated power consumption minute-by-minute in selected periods, reviewed historic weather data, consumption and production data and historic imbalances. Martin Eide from Unicus describes the project as complex and challenging, which suits the consultants' competence and capacities extremely well.

Both Jan Kristian and Erik have many years of experience from the IT industry. Jan Kristian started writing his own programming language aged 11, and completed a doctorate in analytical number theory at Oxford University when he was just 25. In addition, he worked at Princeton University as a postdoctoral researcher. Erik studied statistics, computer science and mathematics at university, and reads at a speed of up to 2,000 words a minute.

"Many people with Asperger's fall through the cracks in the labour market, despite the fact they are extremely competent. Statnett is helping to unlock the potential that Erik and Jan Kristian possess and getting a high-value piece of work in return – which is positive for both sides. We appreciate the faith that Statnett has shown in us," says Eide.

## We will increase our diversity of background, competence and gender

For Statnett, it is important to be an attractive employer, irrespective of its employees' background or gender. In 2020, we have taken steps to boost our diversity with respect to background, competence and gender.

### Equality and diversity

We must safeguard employee diversity in terms of gender, age and background. Women and men with approximately the same education/training and experience must receive equal pay. This is described in governing documents, which are based in part on the ILO's core conventions.

We wish to increase the proportion of women in the workforce and the diversity of our employees' backgrounds and competence. This is an important factor if we are to cultivate a larger number of talented people in various professional fields. The need for greater diversity was therefore raised to the strategic level in 2020. We have already implemented several measures. This work will be reinforced going forward. We will establish goals and specific initiatives tailored to different parts of the organisation.

In addition, we received unambiguous signals in the 2019 report to the Storting, which expressed clear expectations that measures would be taken to increase workforce diversity. In its report to the Storting, the government announced an ambition that state-owned companies should have at least 40 per cent of both genders in their executive management teams. This is a goal we will follow up on. As at 31 December 2020, women accounted for 29.7 per cent of those employed at the two highest management levels at Statnett.

One of the measures intended to boost diversity has been the adoption of a new recruitment tool in 2020. A conscious approach to diversity in the recruitment process is important if we are to attract job applicants from different backgrounds. This tool gives us better data on the applicant pool, so that we can analyse trends and implement targeted initiatives.

We have also provided training in how to write good job adverts. By increasing awareness of how we present ourselves and the language we use, we will attract a larger number of qualified applicants.

Statnett's life phase policy must facilitate working life for employees of all ages. Initiatives under the seniors policy,

such as an additional week's holiday and training opportunities, help to keep the average retirement age high. Among other things, we offer a company kindergarten, social events committees and an active company sports club. For younger employees, we have a dedicated group called "Young at Statnett", which arranges both professional and social events. In 2020, much of this has taken place digitally, which has been important for many young employees who lack a wide social network outside of the workplace. In 2020, we staged our trainee programme and hired summer students as normal, despite the pandemic.

### Competence and employee development

Statnett is an expertise-based company. It is important to further develop the organisation's business-critical core competences. All employees must complete compulsory training courses, and may take relevant courses via our competence portal. Development of the individual employee's competence is monitored through compulsory follow-up meetings with their manager.

We note that our competence needs are changing. This is due partly to the fact that we are digitalising more of our core processes. To realise the benefits of new technology, we are working systematically to train managers and implement new digital solutions. A new corporate governance system and a new solution for handling non-conformances were given priority in 2020.

In 2020, the HR department, in close consultation with the organisation, drew up an action plan for strategic competence management. The plan provides a framework for how we will develop our competence to meet future needs. We will encourage both temporary job swaps and permanent reassignments within the organisation. This will help managers and employees to broaden their competence and better equip us to meet the demand for new skills. Talent development programmes and succession planning are also part of the action plan.

All new line and project managers at Statnett undergo compulsory management training courses, covering corporate governance, HSE, employment law and our pay policy. The management training courses focus strongly on our values and management expectations, and lay down guidelines for how the company is to be led. The value "respect", in particular, is fundamental for manager's efforts to achieve diversity and equality. In connection with the development of management teams, diversity is one of the topics evaluated as a means to improve efficiency and performance.

## Our environmental and climate contributions

Climate change and loss of biodiversity are two major global challenges that we aim to counteract through our day-to-day activities. The following are two of our important sustainability areas:

- Take a holistic responsibility for the environment and the preservation of biodiversity
- Reduce greenhouse gas emissions and manage climate risk

Our efforts in these areas contribute to the realisation of several UN SDGs:

- 12: Responsible production and consumption
- 13: Climate action
- 15: Life on land

Our environment and climate strategy follows up these two sustainability areas by setting guidelines for our efforts with respect to biodiversity, landscape management and greenhouse gas emissions. These guidelines are based on the precautionary principle. Our strategy highlights goals and initiatives to ensure a more environment-friendly procurement of products and services, and emphasises the documentation of the impact of our decisions on the environment and climate. The Environmental department supports the rest of the organisation in implementing these measures.

In 2020, we have focused particularly on the phasing-in of environmental goals in our construction projects, in line with our environment and climate strategy. In addition, we have worked to reduce the environmental impact of the way we operate our facilities and in the procurement process.

### We will take a holistic responsibility for the environment and preserve biodiversity

We strive to reduce the environmental impact of our facilities and activities beyond that required by law. We place particular emphasis on the preservation of biodiversity and landscapes. This requires the environment to be integrated into the planning and operation of our facilities.

We comply with environment-related statutory provisions and political directives. Report to the Storting No. 14 (2011–2012) entitled “We build Norway – on the construction of the power grid” stated that an in-house or

third-party impact assessment must be performed with respect to any measures we implement, and that affected parties must be involved. In line with Proposition to the Odelsting No. 62 (2008–2009), we always try to meet the need for additional transmission capacity through limited use of the natural environment. Among other things, we assess whether it is possible to make better use of existing power facilities. As well as limiting the need for interventions in additional areas of countryside, voltage upgrades translate into lower energy losses per transported MWh. In our planning work, we also assess whether it is possible to restructure or remove older grid infrastructure when developing the power system.

As a part of the terms and conditions of licences for major projects, the authorities require preparation of an environment, transport and construction plan (MTA plan), which describes environmental considerations and remedial measures during both the construction and operation phases. This plan underpins the construction work that is to be carried out and is taken forward into operation of the facilities.

### Biodiversity

To preserve biodiversity, we must apply best practice. This means that we must constantly improve our knowledge and practices. Statnett considers habitat types and species distribution when planning and selecting solutions, and during the construction and operation of its facilities. This involves, for example, avoiding bogland and other vulnerable natural habitats.

In connection with construction projects, we impose restrictions on building activity to preserve biodiversity. Restrictions are imposed during particularly sensitive periods, such as nesting times for endangered and vulnerable bird species and calving periods for reindeer. Requirements can also be imposed in terms of restrictions on felling and ground transportation, which could also apply during the operational phase. We restore construction sites, temporary roads and rigging areas, as well as any damage to the terrain, in line with Statnett's terrain management handbook. The handbook was revised in 2020 on the basis of experience derived from its practical application.

In 2019, we launched a pilot project to survey non-native species at our substation facilities in southern Norway. The survey showed that measures to prevent the spread of non-native species in vulnerable areas was strongly recommended at around 20 per cent of our substation facilities. In addition, the implementation of measures should be evaluated at a further 30 per cent of the sites. Based on these findings, in 2020 we started work on a guide to the management of non-native species. It is

intended to show how non-native species should be removed and how we can prevent them from spreading. We will continue the survey in 2021.

### Landscape

We will always use best practice in our efforts to preserve the natural landscape. When we plan new facilities, we will find solutions that enable them to merge aesthetically into their surroundings. We use laser scanning and three-dimensional modelling of the terrain to make it possible to select options that take into consideration the form and features of the landscape.

We have prepared a standard procedure for forest clearance for power line routes to reduce the visual impact of power lines in forests. In addition, we camouflage power lines, towers and insulators, remove old facilities and use new types of towers to reduce their visibility. In 2020, we built 63 km of camouflaged towers and removed 12 km of power lines.

### Environmental incidents

Statnett's vision is to cause zero major emission events and no environmental damage. Environmental incidents are incidents that cause serious or irreversible environmental impacts. Environmental incidents are reported both to project owners and to Group Management.

In 2020, five such environmental incidents were reported. This included the discovery of a landfill during work at one of our sites. The landfill contained components from a former switching station, among other things. The find led to the work being halted and the Norwegian Pollution Control Authority (SFT) being notified. The waste that was uncovered was removed along with polluted materials, and dealt with as required by law.

Three of the incidents concerned actual or potential damage to places of cultural heritage at one of our construction projects. The fifth incident concerned intervention in an important natural habitat. This was a breach of the requirement for approved land use. To reduce the risk of such incidents occurring, we developed a digital solution in 2020, through which contractors can see project-specific maps that display their position in real time on a mobile phone or tablet device. We also introduced compulsory training in environmental control for employees tasked with following up environmental requirements during the construction phase.

In addition, two major leaks of sulphur hexafluoride (SF<sub>6</sub>) gas were discovered in 2020. A combined total of 70 kg of the gas escaped. An internal inquiry into two previous leaks of SF<sub>6</sub> gas has been undertaken to prevent such occurrences. Based on the results of the inquiry, we have

improved our procedures for maintenance and reporting of faults. Competence-enhancing measures were also implemented.

In February 2020, three interconnectors in the outer Oslofjord were damaged by the anchor of a ship. This incident is described in the annual report's section auditor's report. One of the interconnectors was oil insulated. To prevent water from entering the interconnector and destroying it, oil is still pumped into the interconnector after such damages. The consequence is that oil leaks into the water. The oil has characteristics that limit negative consequences for nature and the environment. It is very thin fluent and is classified as not harmful to marine organisms. In total 6000 liter of oil leaked into the water during a period of nine days. No negative consequences for nature and the environment were recorded as a result of the spill.

### We will reduce greenhouse gas emissions and manage climate risk

We are affected by climate risk, in the form of both climate change, which could impact our facilities, and due to more stringent climate policies. We aim to reduce our own emissions in accordance with the Paris Agreement and Norway's Climate Change Act. We also aim to systematise our efforts with respect to climate risk and report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD).

### Reduction in greenhouse gas emissions

Our goal is to reduce greenhouse gas emissions by 50 per cent by 2030. This includes emissions from our own operations and from those of our contract partners. Our goal is to have reduced our own emissions by 25 per cent by 2025.

We have analysed the sources of our emissions on the basis of their volume, climate risk and realistic measures. Based on these assessments, we have identified climate-related measures that will enable us to reach our goals in the short and long term. The measures that can be implemented quickly will reduce our operating costs. This includes, for example, transitioning our vehicle fleet to zero-emission alternatives. We are working on a plan to implement this transition. We are also working to increase our use of drones instead of helicopters and assessing if our heavy vehicles can run on biofuel containing no palm oil.

## Measuring and calculating greenhouse gas emissions from bogland



In collaboration with the Norwegian Institute for Nature Research (NINA) and the Norwegian University of Science and Technology (NTNU), Statnett is investigating greenhouse gas emissions from various types of natural habitat. This provides important information for our decisions on where to site new facilities.

One relevant type of natural habitat is bogland. Bogs have been storing carbon dioxide for thousands of years. When they are drained and excavated, the carbon dioxide stored underground is released into the atmosphere.

One of the goals of this research project, called Greener Natural Intervention and Reduction in Greenhouse Gas Emissions Linked to Construction Work or GRAN for short, is to develop a climate calculator for emissions from different types of natural habitat, including bogland. Because the depth and carbon density of different bogs varies significantly, we took 160 depth measurements and 15 carbon samples from an area of bogland in Tydalen, Trøndelag, in 2020. Based on the measurements, we can see how well theoretical calculations match the actual figures, and how a calculator based on a mapping tool could give us good enough estimates to be included in our decision-making process.

The objective is to develop greater awareness of the emissions resulting from our activities, and enable us to make better choices when the pros and cons of an action are to be weighed up.

The project also includes environmental surveys, environmental contract stipulations and a methodology for training both engineers and building site workers. Read more about the project on our website.

In 2020, we took several steps to reduce emissions from the use of SF<sub>6</sub> gas. These included improved maintenance procedures and the technical qualification of alternative gases. The objective is to reduce the SF<sub>6</sub> emission rate to 0.15 per cent from the current level of 0.33 per cent. The technical qualification means that we can use alternatives to SF<sub>6</sub> gas at new facilities of up to 132 kV and on passive components in facilities at the highest voltage level. For example, the new substation at Hamang in Bærum will use an alternative gas mixture containing less SF<sub>6</sub>.

The estimated greenhouse gas emissions linked to purchasing of materials indicate that this is one of our largest sources of emissions. In 2020, we therefore endeavoured to introduce climate-related requirements into our contracts.

Construction work at new sites is another major source of greenhouse gas emissions. This is why we now require fossil-free construction sites in all projects where there is a mature supplier market. In 2020, we started fossil-free

construction work at our new Hamang substation in Bærum. In addition, the construction work is fossil-free at several ongoing projects. Examples include Smestad-Sogn in Oslo and the Fagrafjell substation in Rogaland.

In 2020, Statnett Transport was merged into Statnett SF. This organisation had a higher level of activity than in 2019, which increased its emission levels. Overall, greenhouse gas emissions were somewhat lower in 2020 than the year before. This is partly due to a reduction in air travel due to the coronavirus pandemic. In addition, emissions deriving from contractors' use of helicopters decreased, since we built and removed fewer kilometres of power lines in 2020 than in previous years.

### Climate, weather and physical climate risk

Climate change means we must equip ourselves to handle different weather patterns and more frequent natural events going forward. This is particularly true for more violent extreme weather events and changes in precipitation patterns. Some places will experience less precipitation, while it will rain and snow more in others. More extreme precipitation is likely, and we must also prepare ourselves for landslides and floods in the vicinity of our facilities. It influences electricity consumption and renewable power production, and therefore also transmission requirements. The weather also impacts the load on the grid.

Faults on power lines, in transformers and control systems affect the operational reliability of the power system and may result in interruptions to the supply. For power lines, variations in both weather and vegetation play a large role. Our operations suffer the greatest number of interruptions in years with a large number of extreme weather events and much lightning. The number of faults on power lines has remained relatively stable at 60–90 per year over the past five years. This is lower than in the previous five-year period, when we suffered several extreme weather events. Less than 10 per cent of the faults on power lines are of lasting duration and require repair. To better equip ourselves to deal with extreme weather events, we have taken steps to secure the power lines.

Extreme weather also makes high demands of emergency preparedness. When an extreme weather event is forecast, we halt ongoing maintenance work to keep as many power lines as possible in operation. In this way, we ensure the supply of power is as robust as possible when the extreme weather hits. After each extreme weather event, we evaluate our response and start preparing for the next one.

We adapt to climate change on an ongoing basis in operational situations and by means of long-term planning. We perform regular risk assessments of our existing facilities and implement safety measures as required. We design our new facilities to withstand scenarios involving extreme weather situations.

### Political change and adaptation risk

Climate change and the measures needed to combat it affect society. We expect to see further requirements for more climate-friendly solutions in the years ahead, both in terms of legislation and standards. This will affect us. For example, we must presume that the technologies, materials and solutions chosen in future will have a low impact on the environment and the climate.

We are monitoring political developments and assess which decisions affect us directly and indirectly. Norway has set ambitious climate targets, and it is probable that the legislation will be tightened up in other sustainability-related areas in the years to come. To reduce our risk exposure, we must include this likelihood in our decision-making processes.

In recent years, the Norwegian government has stated its ambition to make the building and construction sector fossil free by 2025, and submitted action plans covering areas such as green shipping and alternative fuels. At Statnett, we are working towards fossil-free construction sites becoming the standard in the longer term.

Proposition 1 LS (2019-2020) for the 2020 fiscal year – Taxes, duties and customs 2020 states that SF<sub>6</sub> may be subject to environmental taxes. SF<sub>6</sub> gas has exceptionally good properties in terms of electrical insulation and circuit breaking, but it is also an extremely polluting greenhouse gas. Handling is subject to stringent requirements, and we work continuously to change to facilities and components with lower emissions. At the end of 2018, storage and consumption of SF<sub>6</sub> became subject to a reporting requirement in Norway.

Report to the Storting No. 13 (2020–2021) Climate Plan for 2021–2030 states that the government will evaluate measures to reduce both the use of and emissions from SF<sub>6</sub>. One such measure could be a tax. In addition, an increase in the tax on CO<sub>2</sub> has been announced. This will also have an impact on us. We meet the adaption risk by implementing climate measures, as described above.

## Our contributions to sustainable economic growth

To create value in a sustainable way, we must maintain a high ethical standard and make clear demands of our own employees and our suppliers. This will become more and more important due to increasing globalisation and less transparency in the supplier market. This is why we have defined the following as one of our most important sustainability areas:

- Fighting corruption, human rights abuses and unethical business conduct in all areas of our business.

We aim to make it clear that our responsibility to contribute to the UN SDGs extends beyond our own company to our contract partners as well.

We must also be at the forefront of the societal changes that generate new requirements, new needs and new technologies. This presumes that we maintain a good dialogue with our partners and other actors in society, and work systematically to develop and adopt new technologies and competences.

### We will fight corruption, human rights abuses and unethical behaviour in all areas of our business

Through clear requirements in our supplier code of conduct and dialogue with individual companies, we will secure zero tolerance for corruption and all forms of bribery, fraud and unlawful business activity throughout the supply chain.

The Ethics Representative works closely with our Department for Working-Life Relations. This department is responsible for our pay and working conditions.

We have drawn up codes of conduct for our own employees and our suppliers. Our Supplier Code of Conduct is attached to our contracts. We use this code of conduct actively in our assessment of contract partners. This is crucial if we are to ensure we work with responsible suppliers. Another important step taken in 2020 was to learn from the experiences of external expert entities, such as the Council on Ethics for the Government Pension Fund Global (GPFG), the World Bank and the development banks with regard to qualifying suppliers.

### Whistleblowing

Whistle-blowing on censurable conditions can be done in several ways, including to the Ethics Representative.

Statnett's Ethics Representative received a total of 55 reports in 2020. The vast majority of these were of such a nature that a solution was found relatively quickly.

However, a small number of cases required more time, work and follow-up. These included cases relating to internal working conditions and cases relating to our suppliers. The coronavirus pandemic has made it challenging to follow up of these types of cases, particularly reports relating to terms of employment at our suppliers. Such reports are normally followed up by means of workplace inspections and interviews with employees. These cases are followed up by Statnett's Department for Working-Life Relations, working closely with the Ethics Representative, who is responsible for dialogue with any whistleblowers. The follow-up of suppliers in 2020 is described in the chapter "Our social contributions".

### Training

Information and training with respect to our Ethics Representative arrangement and codes of conduct is part of our onboarding process for new employees. Project-specific courses have also been held, with the focus on tackling work-related crime. As part of these, the Ethics Representative has talked about what Statnett expects of its employees and suppliers, as well as experiences from and issues associated with their work on this type of case. In 2020, these training courses were held digitally.

### Dialogue and cooperation

Statnett supplies critical infrastructure and administers public resources. This is why transparency about how we carry out our work is important.

Our social mandate encompasses three different functions: Transmission system operator, power grid owner and power system planner. These are described in the "This is Statnett" chapter in the annual report and on our website. All three functions involve extensive dialogue and collaboration with relevant stakeholder groups. Much of this is regulated by law. For example, there have been a great many requests for new connections in recent years. These processes require intense dialogue with the actors requesting a connection and with affected parties, such as local power distribution companies, local authorities and landowners, pursuant to the Regulations Relating to Transmission System Assessments and Licensing Processes.

In a licensing process, it is important to quickly engage in a dialogue with the stakeholders concerned, both to ensure acceptance for the measures being planned and to elicit suggestions for local adjustments. This is why, in many cases, we arrange meetings with local stakeholders beyond the statutory requirements, for example by holding

open days. These provide an opportunity to discuss concerns in areas such as construction traffic, noise, electromagnetic radiation, impacts on the landscape and environmental interventions. These topics are explored in more detail where the licence requires an environment, transport and construction plan (ETCP). This plan is drawn up in dialogue with those affected and will in some cases also be sent out for consultation. The ETCP describes how environmental considerations are to be taken into account in the development project and planned measures to mitigate the impact on the local community. In built-up areas, we implement measures to reduce noise and protect vulnerable road users. In the countryside, our measures are more targeted towards preserving biodiversity, protected areas and cultural heritage sites.

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

### Network membership and participation

We engage in an ongoing dialogue with organisations and entities within the industry, with government and regulatory authorities, numerous other stakeholders and civil society bodies. In addition, we participate in various networks, initiatives and forums at the national and international level.

One such example is the Market and Operations Forum, which represents Statnett's customers. The forum discusses and shares insights into matters of strategy and principle relating to markets and operations, and meets with Statnett's Board of Directors. The minutes from this forum's meetings are published on Statnett's website. We also participate actively in Nordic and European collaborations, for example the European Network of Transmission System Operators (ENTSO-E).

In 2020, we also joined the UN Global Compact and the ODA Network. In addition, we have participated in the Confederation of Norwegian Enterprise's Green Supply Chains initiative, the Green Construction Industry network and the Energy Transitions Commission.

### Local value creation

Our main contribution to value creation is the secure supply of electricity and the connection of new production and new consumption to the power grid. In addition, we contribute to local value creation by utilising Norwegian suppliers of all sizes. We divide our construction projects into multiple contracts, so that local and regional suppliers have an opportunity to offer their services. The figure below shows

what we paid our suppliers in 2020. The breakdown between Norwegian and international suppliers is based on their company registration number.

Our local offices and substation groups also have the opportunity to support local projects in areas such as sport, culture and youth work. Because these projects are also intended to benefit the local community, applications for financial support are assessed by Statnett employees with local knowledge. For Statnett, it is important to make a positive contribution to the local communities in which we operate.



### Green financing

More and more in recent years, banks and investors have been integrating consideration for people, society and the environment into their investment activities. This affects us because rating agencies specialising in sustainability have given us an ESG rating<sup>1</sup>, which is used by our lenders. Good work in the field of sustainability can therefore affect our financial terms and conditions.

Good work in the field of sustainability can also give access to new lending markets. In 2020, Statnett received payment of its first two green bond loans, worth a combined NOK 3.6 billion. Green bonds are loans intended to finance environmentally positive initiatives. Our green loans will be used to finance construction projects that will have a positive effect on the climate. This time, the funds will go to the Smestad–Sogn project, which will help Oslo to reach its climate targets and improve security of supply to the Norwegian capital. They will also go to the North Sea Link interconnector, which will facilitate increased production

<sup>1</sup> ESG stands for Environmental, Social and Governance. It is a term used primarily by investors, fund managers and the financial sector.

and consumption of renewable energy in Norway and the UK.

To participate in the market for green bonds, we have established a framework describing which processes may qualify as green. We were also qualified by the Center for International Climate Research (CICERO), which means that both the company and its projects have a positive impact on the climate. CICERO awarded Statnett the designation dark-green, which is the highest grade it is possible to achieve. We have established a cross-functional committee to assess projects. It is made up of employees with environmental, analytical and financial competence.

## New knowledge and new technologies will become increasingly important

To reach the climate targets by 2050 will require massive changes in the way we produce and consume energy. Today's fossil-based energy must be replaced by renewable energy. Climate targets and other drivers, such as digitalisation, have already accelerated the pace of electrification in society.

Electrification creates the need for new solutions, innovation and competence in all our core areas. The reorientation of the power system is proceeding at speed and requires the rapid implementation of new solutions and technologies. To handle this, we have brought together R&D and technology development under one roof. The purpose of this joint centre is to enable the creation of an electrified and emission-free society. One of the means to achieve that goal is a roadmap showing how new technology will be deployed in our construction projects.

In addition to society becoming more dependent on electricity, we are also becoming more digital. This is also true of the power system, where digital solutions are increasingly being connected to the physical power grid. For Statnett, digitalisation is increasingly important to its ability to fulfil its social mandate as well as possible. Better exploitation of power system data means that we can work smarter and more efficiently. This is crucial, not least if we are to manage the large number of actors wishing to

connect to the grid. More data and better analyses mean that more customers can be connected without us having to build new transmission grids.

Through our work on Statnett's corporate strategy in 2020, we have determined the specific benefits deriving from digitalisation. In addition to the faster connection of customers, digitalisation can result in better utilisation of the power system and high security of supply.

The focus on digital solutions is also reflected in the R&D programmes that got underway in 2020. The programme period, which runs until the close of 2023, comprises the following programmes:

- Cooperation in the energy system
- Digital, safe and cost-effective solutions
- Real-time control and efficient markets

The programmes and the projects they encompass are described on our website.

Many other transmission system operators in the Nordic region and the rest of Europe face the same issues with respect to intermittent power generation, increasing digitalisation and automation, among others. We collaborate with 150 partners in 90 different projects to develop and adopt the best solutions.

One example is IMPALA, a collaborative project between Statnett, Svenska kraftnät, Optimeering and researchers from the Norwegian University of Science and Technology (NTNU). The objective is to use artificial intelligence and machine learning to predict imbalances in the power system. This is a topical issue because we are using electricity in more and more new ways and areas, and the amount of intermittent power production being built, particularly wind power, is increasing all the time.

The project is developing a self-learning system to provide better forecasts for imbalances in the power system. This is important to enable greater electrification going forward. In 2020, IMPALA received the Norwegian Smartgrid Centre's innovation award.

# Sustainability accounts

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

## Information on social conditions

### Safety

Serious Incident Frequency SIF	2020		2019		2018	
	Number	SIF value	Number	SIF value	Number	SIF value
Total	29	6,2	15	2,9	15	2,6

Lost-time injuries (LTIF)	Number of injuries	LTIF value	Number of injuries	LTIF value	Number of injuries	LTIF value
Employees	4	1,5	6	2,3	5	1,9
Subcontractors	13	6,6	16	6,2	28	8,6
Total	17	3,6	22	4,2	33	5,6

Injuries (TRIF)	Number of injuries	TRIF value	Number of injuries	TRIF value	Number of injuries	TRIF value
Employees	12	4,4	15	5,7	16	6,1
Subcontractors	23	11,7	34	13,2	50	15,4
Total	35	7,5	49	9,4	66	11,3

Fatalities	2020		2019		2018	
Employees	0		0		0	
Subcontractors	1		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	67	24	62	23	120	45
Subcontractors	258	131	155	60	366	113
Total	325	70	217	42	486	83

Total recordable injuries (TRIF) and lost-time injuries (LTIF) are not differentiated by gender or region. The lost-time injuries frequency (LTIF) shows the frequency of work-related lost-time injuries per million working hours. The total recordable injury frequency (TRIF) 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, environmental harm and recorded hazardous conditions per million working hours relating to electrical safety and working at height. 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. Lost day rate shows the absence rate or the frequency of absence due to the work injury per million hours worked. 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 the employees also includes administrative positions.

Sanctions, health and safety	Unit	2020	2019	2018
Cases where legal or administrative sanctions have been issued for serious breaches of health and safety legislation	Number	0	0	0
Fines or charges for serious breaches of health and safety legislation	MNOK	0	0	0

## Supply chain

Payment to suppliers <sup>1)</sup>	2020		2019		2018	
	MNOK	Number of suppliers	MNOK	Number of suppliers	MNOK	Number of suppliers
Development and operation	5 638	982	5666	842	6002	869
ICT	1 072	428	903	440	936	462
Administrativt	463	2313	490	2463	517	2589
Consultants	982	397	733	332	983	377
Other	514	1338	2105	1471	1513	1399
Totalt (unique suppliers)	8 669	4382	9898	4403	9951	4519

1) Payments are categorized by procurement categories. ICT includes ICT-consultants.

## Decent working life

Trade unions	Unit	2020	2019	2018
Percentage of employees with collective agreements as at 31.12	%	78	80	77

Penal sanctions, human rights	Unit	2020	2019	2018
Cases where legal or administrative sanctions have been issued for material breaches of human rights legislation <sup>1)</sup>	Number	0	0	0
Fines or charges for material breaches of human rights legislation	MNOK	0	0	0

<sup>1)</sup> Material legal sanctions for discrimination, forced labour, child labour or breaches of freedom of association, indigenous rights or employee rights.

## Working environment

Employees	Unit	2020	2019	2018
Employees as at 31 Dec	Number	1530	1445	1426
Employees in subsidiaries as at 31 Dec <sup>1)</sup>	Number	46	48	38
Employees in full-time positions as at 31 Dec	%	98,6	98,8	98,3
Turnover	%	2,3	4,7	3,0
Apprentices as at 31 Dec	Number	28	30	36
Trainees as at 31 Dec	Number	9	10	10

Age distribution	Unit	2020	2019	2018
Employees under 30	%	8,0	8,3	9,0
Employees aged 30–50	%	47,2	47,2	48,0
Employees over 50	%	44,8	44,5	43,0
Average age, all employees	Years	46,9	46,8	45,7
Average age, men	Years	47,4	47,3	46,3
Average age, women	Years	45,4	45,3	43,9

Gender equality	Unit	2020	2019	2018
Female quota, Group	%	26,8	26,2	27,0
Female quota, management positions	%	24,7	25,9	29,0
Female quota, Group Management	%	28,6	28,6	28,6
Female quota, Board of Directors	%	44,4	37,5	43,0
Female quota, new employees	%	36,7	26,6	40,0
Female quota, new managers	%	28,7	25,3	29,0
Female quota, full-time employees	%	26,1	25,3	26,0
Female quota, part-time employees	%	68,1	75,0	63,0

Equal pay <sup>2)</sup>	Unit	2020	2019	2018
Average salary for women as a percentage of average salary for all employees	%	99,0	99,4	99,7
Average salary for men as a percentage of average salary for all employees	%	100,4	100,2	100,1
Average salary for female managers as a percentage of average salary for all managers	%	100,5	101,8	104,5
Average salary for male managers as a percentage of average salary for all managers	%	99,8	99,4	98,3

Sickness absence	Unit	2020	2019	2018
Short term, 1–16 days	%	1,1	1,4	1,4
Long term (>16 days)	%	1,7	1,5	1,8
Women	%	3,7	4,5	5,2
Men	%	2,4	2,5	2,6
Totalt	%	2,8	2,9	3,2

Statnett as employer	Unit	2020	2019	2018
Employee satisfaction and motivation				
Employee engagement <sup>3)</sup>	Scale of 1-5	-	4,2	4,3
Response rate	%	-	89	90
Employees who have had an annual appraisal	%	82	81	81

<sup>1)</sup> Elhub

<sup>2)</sup> Reported for the first time in 2019; not all historical figures are available.

<sup>3)</sup> From Statnett's annual internal organisation survey. Replaced with two work environment surveys in 2020.

# Environmental and climate information

## Environment

Form of protection	2020			2019		
	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	11	14	141	11
National Park	0	0	0	0	0	0
Nature reserve	68	120	8	65	117	8
Protected plant area	0	0	0	0	0	0
<b>Total</b>	<b>97</b>	<b>390</b>	<b>28</b>	<b>94</b>	<b>387</b>	<b>28</b>

Waste type <sup>1)</sup>	Unit	2 020	2019	2018
Biological waste and sludge	tonnes	2 495	2 646	3 778
Paper and cardboard	tonnes	33	69	68
Glass	tonnes	1	5	40
Metals	tonnes	3 151	556	1 132
WEEE	tonnes	261	551	74
Soil and inorganic materials	tonnes	315	1 193	924
Plastics	tonnes	28	46	21
Chemicals	tonnes	0	2	2
Batteries	tonnes	7	13	3
Hazardous waste	tonnes	359	103	474
Total source-separated waste	tonnes	6 648	5 183	6 516
Mixed waste	tonnes	701	674	732
Source separation rate	per cent	89	87	89
Estimated reported	per cent	85	85	85

<sup>1)</sup> Statnett classifies waster in accordance to NS9431

Sanctions, environment	Unit	2020	2019	2018
Cases where legal or administrative sanctions have been issued for material breaches of environmental legislation	Number	0	1	0
Fines or charges for breaches of environmental legislation	MNOK	0	0,6	0

Environmental incidents <sup>1)</sup>	Unit	2020	2019	2018
Statnett				
Serious environmental incidents <sup>2)</sup>	Number	1	1	2
Less serious environmental incidents <sup>3)</sup>	Number	2	17	25
Contractors				
Serious environmental incidents	Number	4	0	1
Less serious environmental incidents	Number	7	11	547
Total	Number	14	29	575

1) The method for reporting environmental incidents was changed in 2019. Incidents for which contractor is responsible and incidents for which Statnett is responsible are split.

2) Incidents that cause serious or irreversible environmental impacts.

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

## Climate

Energy consumption	Unit	2020	2019	2018
Electricity				
Own consumption	GWh	20,4	17,1	15,4
Grid losses	GWh	2 336	2 238	2 444
Grid losses as percentage of power transported in the transmission grid	%	2,3	2,4	2,4
Fossil fuels				
Natural gas, gas-powered plants	Ton	5	23	184
Fuel, own cars and machinery	m <sup>3</sup>	892	934	930
Fuel, business car travel	m <sup>3</sup>	37	48	59
Percentage of electric cars used for business car travel	%	15	12	8
Fuel, Statnett Transport	m <sup>3</sup>	1 395	586	1 421
Fuel, own helicopter use	m <sup>3</sup>	297	308	220
District heating and cooling				
Own consumption	kWh	2 545	2 441	2 460
Of which renewable	%	82	67	66

Emission intensity	Unit	2020	2019	2018
Total greenhouse gas emissions	tCO <sub>2</sub>	60 929	61 292	63 958
Total power transmission in the main grid	TWh	101	95	101
<b>GHG emission intensity</b>	tCO <sub>2</sub> /TWh	602	644	635

Greenhouse gas emissions <sup>1)</sup>	Unit	2020	2019	2018
<b>Direct emissions (scope 1)</b>	tCO <sub>2</sub> equivalents	<b>18 141</b>	<b>13 159</b>	<b>16 522</b>
From fuel consumption <sup>2)</sup>	tCO <sub>2</sub> equivalents	2 215	2 205	2 230
From company car travel <sup>3)</sup>	tCO <sub>2</sub> equivalents	84	108	134
From helicopter use (Statnett) <sup>4)</sup>	tCO <sub>2</sub> equivalents	754	781	558
From fugitive emissions (SF <sub>6</sub> ) <sup>5)</sup>	tCO <sub>2</sub> equivalents	11 203	8 389	9 173
Fra Statnett Transport	tCO <sub>2</sub> equivalents	3 871	1 612	3 930
From reserve power facilities (natural gas)	tCO <sub>2</sub> equivalents	14	63	498
<b>Indirect emissions (scope 2)<sup>6)</sup></b>	tCO <sub>2</sub> equivalents	<b>40 067</b>	<b>42 638</b>	<b>40 351</b>
Electricity	tCO <sub>2</sub> equivalents	347	323	253
Grid losses	tCO <sub>2</sub> equivalents	39 712	42 298	40 082
District heating and cooling <sup>7)</sup>	tCO <sub>2</sub> equivalents	8	17	16
<b>Other indirect emissions (scope 3)</b>	tCO <sub>2</sub> equivalents	<b>2 721</b>	<b>5 495</b>	<b>7 086</b>
From company air travel <sup>8)</sup>	tCO <sub>2</sub> equivalents	824	2 685	3 165
From helicopter use <sup>4)</sup>	tCO <sub>2</sub> equivalents	1 897	2 811	3 921
<b>Total emissions</b>	tCO <sub>2</sub> equivalents	<b>60 929</b>	<b>61 292</b>	<b>63 959</b>

<sup>1)</sup> Greenhouse gas emissions relate to Statnett, with the exception of helicopters (contractors). Consolidation is based on operational control. The figures in the table have been calculated in accordance with the GHG protocol and show emissions using the location-based method of calculation. In 2020, total scope 2 emissions using the market-based method, which corrects for sales of guarantees of origin, amounted to 933 317 tonnes of CO<sub>2</sub> (emission factor per NVE equates to 396 tonnes CO<sub>2</sub>/GWh).

<sup>2)</sup> Emission factor: SSB Sales of petroleum products and gov.uk Greenhouse gas reporting

<sup>3)</sup> Emission factor: OFV AS

<sup>4)</sup> Emission factor JET A-1 (Kerosene): Asplan Viak report "Notodden airport - GHG emissions". The emissions for helicopter use are based on estimated average hourly usage per kilometer line section, which means there is some uncertainty in the numbers.

<sup>5)</sup> Emission factor: United Nation GWP potential, GWP 23,900

<sup>6)</sup> Emission factor: NVE electricity disclosure 2019

<sup>7)</sup> Source: Avantor. A larger proportion of Statnett's buildings that use district heating and cooling have been included in 2019. Figures for previous years have been restated using the new method.

<sup>8)</sup> Source: Via Egencia. A new method (Defra) was introduced in 2019 for calculating greenhouse gas emissions from flights. Figures for 2018 have been restated using the new method.

Levels and emissions, SF <sub>6</sub>	Unit	2020	2019	2018
Levels as of 31 Dec <sup>1)</sup>	kg	148 343	146 716	129 281
SF <sub>6</sub> emissions	kg	469	351	353
Substations with gaseous components	Number	172	152	141
Of which gas-insulated substations	Number	31	30	30

<sup>1)</sup> Levels include SF<sub>6</sub> in stations and stock.

## Sustainable economic information

### Business ethics and anti-corruption

Whistle-blowing cases		Unit	2020	2019	2018
Total number of concerns reported	Number		55	52	55
Of which linked to business ethics and anti-corruption <sup>1)</sup>	Number		26	22	-
Of which linked to working environment <sup>2)</sup>	Number		29	30	-

Sanctions, business ethics and anti-corruption			2020	2019	2018
Cases where legal or administrative sanctions have been issued for material breaches of business ethics legislation <sup>3)</sup>	Number		0	0	0
Fines or charges for material breaches of business ethics legislation	MNOK		0	0	0

<sup>1)</sup> Concerns linked to business relationship, for example work-related crime and impartiality

<sup>2)</sup> Concerns linked to employees, for example conflicts of interest and discrimination.

<sup>3)</sup> Material legal sanctions for accounting fraud, corruption.

# GRI disclosure 2020

GRI-disclosure	Description	Reporting	UN SDGs <sup>1)</sup>	Omissions
<b>GENERAL DISCLOSURES</b>				
102-1	Name of the organization	Statnett SF		
102-2	Activities, brands, products and services	Annual report, This is Statnett		
102-3	Location of headquarters	Oslo, Nydalen		
102-4	Location of operations	Annual report, This is Statnett and note 20		
102-5	Ownership and legal form	Annual report, This is Statnett and note 20		
102-6	Markets served	Annual report, This is Statnett and note 20		
102-7	Scale of the organization	Annual report, This is Statnett and note 20		
102-8	Information on employees and other workers	Sustainability accounts		
102-9	Supply chain	Sustainability report, Our contributions to sustainable economic growth and Sustainability accounts		
102-10	Significant changes to the organization and supply chain	Sustainability report, Our social contributions. No significant changes in 2020.		
102-11	Precautionary Principle or approach	Sustainability report, Our environmental and climate contributions		
102-12	External initiatives	Sustainability report, Responsible business and Our contributions to sustainable economic growth		
102-13	Membership of associations	Sustainability report, Responsible business and Our contributions to sustainable economic growth		
102-14	Statement from senior decision-maker	Annual report, A word from the CEO		
102-16	Values, principles, standards, and norms of behavior	Sustainability report, Responsible business and Our contributions to sustainable economic growth. Annual report, This is Statnett	16	
102-18	Governance structure	Annual report, auditor's report and Sustainability report, responsible business		
102-22	Composition of the highest governance body	Annual report, Statnetts board, Sustainability accounts	5, 16	
102-40	List of stakeholder groups	Sustainability report, Responsible business		
102-41	Collective bargaining agreements	Sustainability accounts	8	
102-42	Identifying and selecting stakeholders	Sustainability report, Responsible business and Our contributions to sustainable economic growth		
102-43	Approach to stakeholder engagement	Sustainability report, Responsible business and Our contributions to sustainable economic growth		
102-44	Key topics and concerns raised	Sustainability report, Responsible business and Our contributions to sustainable economic growth		
102-45	Entities included in the consolidated financial statements	Annual report, This is Statnett, Organizational structure and note 20		
102-46	Defining report content and topic Boundaries	Sustainability report, Responsible business		
102-47	List of material topics	Sustainability report, Responsible business		
102-48	Restatements of information	Sustainability accounts		
102-49	Changes in reporting	No		

GRI-disclosure	Description	Reporting	UN SDGs <sup>1)</sup>	Omissions
102-50	Reporting period	2020		
102-51	Date of most recent report	2. april 2020		
102-52	Reporting cycle	Yearly		
102-53	Contact point for questions regarding the report	Knut Hundhammar, e-mail knut.hundhammar@statnett.no		
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards core		
102-55	GRI content index	GRI disclosure 2020		
102-56	External assurance	Independent assurance report		

### MANAGEMENT DISCLOSURES

103-1	Explanation of the material topic and its boundary	Sustainability report, Responsible business		
103-2	The management approach and its components	Sustainability report, Responsible business		
103-3	Evaluation of the management approach	Sustainability report, Responsible business		

### ECONOMIC DISCLOSURES

201-1	Direct economic value generated and distributed	Annual report, This is Statnett, Financial framework and Financial reporting	8,9	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability report, Our contributions to sustainable economic growth	13	Statnett will in 2021 and onwards work to establish systems and methods for calculating economic impacts of climate change
405-2	Ratio of basic salary and remuneration of women to men	Sustainability accounts	5	
205-3	Confirmed incidents of corruption and actions taken	Sustainability accounts	16	

### ENVIRONMENTAL DISCLOSURES

302-1	Energy consumption	Sustainability accounts	7, 8, 12, 13	
304-1	Operational sites in, or adjacent to, protected areas	Sustainability accounts	15	
305-1	Direct (Scope 1) GHG emissions	Sustainability accounts	13, 15	
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability accounts	13, 15	
305-3	Other indirect (Scope 3) GHG emissions	Sustainability accounts	12, 13, 15	
305-4	GHG emissions intensity	Sustainability accounts	13, 15	
306-3	Waste generated	Sustainability accounts	12, 15	
306-4	Waste diverted from disposal	Sustainability accounts	12, 15	
306-5	Waste directed to disposal	Sustainability accounts	15	
308-1	New suppliers that were screened using environmental criteria	Sustainability report, our social contributions	8, 12	Proportion not calculated

GRI-disclosure	Description	Reporting	UN SDGs <sup>1)</sup>	Omissions
<b>SOCIAL DISCLOSURES</b>				
403-8	Workers covered by an occupational health and safety management system	All workers at Statnett SF	8	
403-9	Work-related injuries	Sustainability report, Our social contributions and Sustainability accounts	8	
405-1	Diversity of governance bodies and employees	Sustainability accounts	5	
406-1	Incidents of discrimination and corrective actions taken	Sustainability report, Our contributions to sustainable economic growth and Sustainability accounts	8	
409-1	Measures taken to contribute to the elimination of forced or compulsory labor	Sustainability report, Our social contributions	8	
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability report, Our contributions to sustainable economic growth	16	Limited to qualitative information
414-1	New suppliers that were screened using social criteria	Sustainability report, Our social contributions	8, 16	Proportion not calculated
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability accounts	16	
<b>SECTOR SPECIFIC INDICATORS</b>				
EU3	Number of customers	Statnett has 75 customers in the transmission grid. The customers are divided into three categories; distribution grid companies, power producers and industrial customers (outlets over 15 MW).	7	
EU4	Length of above and underground transmission lines	Annual report, This is Statnett	7, 9	
EU12	Transmission losses as a percentage of total energy	Sustainability accounts	7, 13	
EU25	Number of injuries and fatalities	Sustainability accounts	8	
EU28	Power outage frequency	Annual report, This is Statnett	7, 9	

<sup>1)</sup>Refer to those of the UN SDG's that we consider to be most relevant to Statnett's activities.



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To the Board of Directors of Statnett SF

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON STATNETT'S SUSTAINABILITY REPORT FOR 2020

We have been engaged by the Board of Directors of Statnett to provide limited assurance in respect of the sustainability information in Statnett Sustainability Report 2020 ("the Report"). Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation and presentation of the Report and that it has been prepared in accordance with the GRI Standards, level Core, and other reporting criteria described in the Report. The Board of Directors is also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibilities*

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Considering the risk of material misstatement, our work included analytical procedures and interviews with management and individuals responsible for sustainability management, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

*Conclusions*

Based on our work, nothing has come to our attention causing us not to believe that:

- Statnett has established management processes and systems to manage material aspects related to corporate responsibility, as described in the Report.
- Statnett has applied procedures to identify, collect, compile and validate information for 2020 to be included in the Report, as described in the Report. Information presented for 2020 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Statnett applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards. Statnett's GRI Index 2020 presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Statnett Annual Report 2020.

Oslo, 11 March 2021  
Deloitte AS

Gry Kjersti Berget  
State Authorised Public Accountant

Frank Dahl  
Sustainability expert

Note: Translation has been made for information purposes only.

