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Powering a green future

Rooted in Norwegian nature and founded on clean hydropower, Statkraft now spans three continents and focuses on three core energy sources. We generate power from the forces of nature; water, wind and the sun.

Global market operations make up an important part of our value creation and innovation.

Statkraft around the world

TOTAL NUMBER OF POWER PLANTS/ FACILITIES (PRO-RATA)

Power generation **353**







District heating **17**

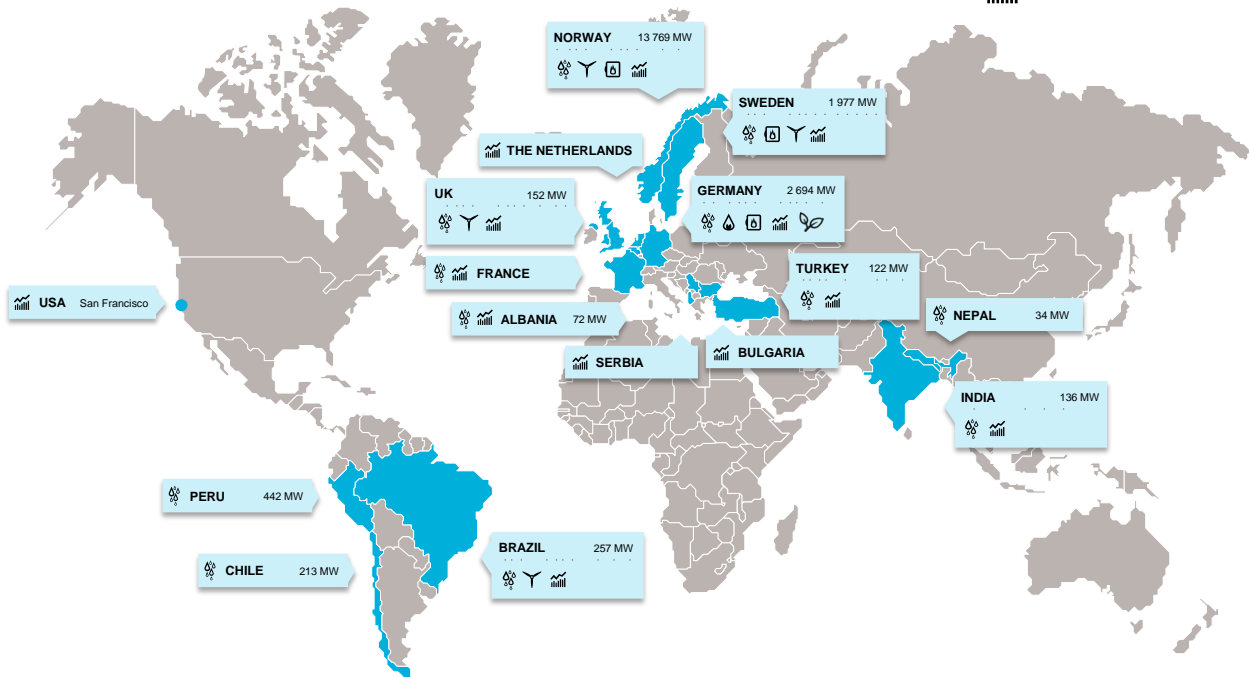
STATKRAFT'S CAPACITY (PRO-RATA)

Power generation **19 080 MW**

District heating **789 MW**

SYMBOLS:

-  = Hydropower
-  = Wind power
-  = Gas power
-  = Bio power
-  = District heating
-  = Trading and origination



Since the founding of the company in 1895, Statkraft has developed from a national company, focused on developing Norwegian hydro power resources, into an international company diversifying also into other sources of renewable energy. Today, with a total consolidated power generation of 63 TWh in 2017, Statkraft is the second largest power generator in the Nordics and Europe's largest supplier of renewable energy.

The Group's 353 power plants have a total installed capacity of 19 080 MW (Statkraft's share). Hydropower is still the dominant technology, followed by natural gas and wind power. Most of the installed capacity is in Norway. Statkraft also owns shares in 17 district heating facilities in Norway and Sweden with a total installed capacity of 789 MW.

Letter from the CEO

Another year with record high global growth within renewable energy has passed. Global climate challenges have forced technological, economic and political changes that together contribute to this growth and create great business opportunities.

Founded on Norwegian nature and clean hydropower, Statkraft is well positioned to take part in this development and to significantly contribute to the realisation of the climate related UN Sustainable Development Goals. A profitable and eventful 2017 gave further contributions to a solid foundation for growth.

2017 was characterised by significant management and employee engagement and proactive attitude towards health and safety. Our commitment towards caring for people, which is at the core of Statkraft's culture, has been reinforced. The operational performance was good in 2017, but we had too low availability for some of the power plants.

In 2016 we introduced a performance improvement programme to reduce costs and improve efficiency. The programme has realised substantial cost savings in 2017 and I am confident that we will reach the target of NOK 800 million in reduced annual costs. The success of the programme is based on high involvement of employees.

In the Nordics, we are reinvesting in our hydropower assets to safeguard the value and flexibility of these plants. At the same time, Statkraft eyes new business opportunities like advanced biofuel, hyperscale data centres and charging infrastructure for electrical vehicles.

Another key priority for us is to successfully deliver the construction of the Fosen project, Europe's largest onshore wind project to date, in a socially responsible manner and on time and budget.

In line with our strategy, we are about to complete the exit from offshore wind through the divestment of the wind farms Sheringham Shoal and Dudgeon and the two projects Dogger Bank and Triton Knoll. These transactions significantly improve our investment capacity.

After 15 years of cooperation, Statkraft and Norfund have agreed to proceed separately. For Statkraft, this means further development of generation assets in South America and South Asia within hydro, wind and solar power, well adapted to local market conditions and supported by own market operations.

Statkraft's owner issued a new long-term dividend expectation which entails that Statkraft will pay a dividend of 85 per cent of realised profit from Norwegian hydropower activities and 25 per cent of realised profit from other business activities. This change is positive for the strategic development of Statkraft and will improve the predictability and investment capacity in the years to come.

Based on these developments, Statkraft has started a process to revise our strategy and investment plans. Our commitment to act in a sustainable, ethical and socially responsible manner will continue to be a foundation for our strategy. In the years to come, I expect Statkraft to play an even stronger role in the transition to a low-carbon future and increased electrification of societies based on green, smart and profitable energy solutions.



Christian Rynning-Tønnesen
President and CEO

Statkraft's contribution

Statkraft supports a global transition towards a low-carbon economy by offering renewable and sustainable energy solutions and the company's growth will be in renewable energy. Renewable energy is key to combating climate change and Statkraft is a part of the solution for a cleaner future.

Statkraft operates responsibly and develops its business in a way that adds value to its shareholder and the countries and local communities in which it operates. Statkraft's activities contribute in different ways to economies, whether global, national and local: through dividends to our shareholder, taxes paid to governments, our global and local procurement activities, direct employment in 16 countries, R&D and social investments. We also contribute to the promotion of good business practices through our responsible business conduct.

Becoming one of the most competitive companies in our industry will strengthen our position for further growth and our ability to contribute to sustainable development.

Our business

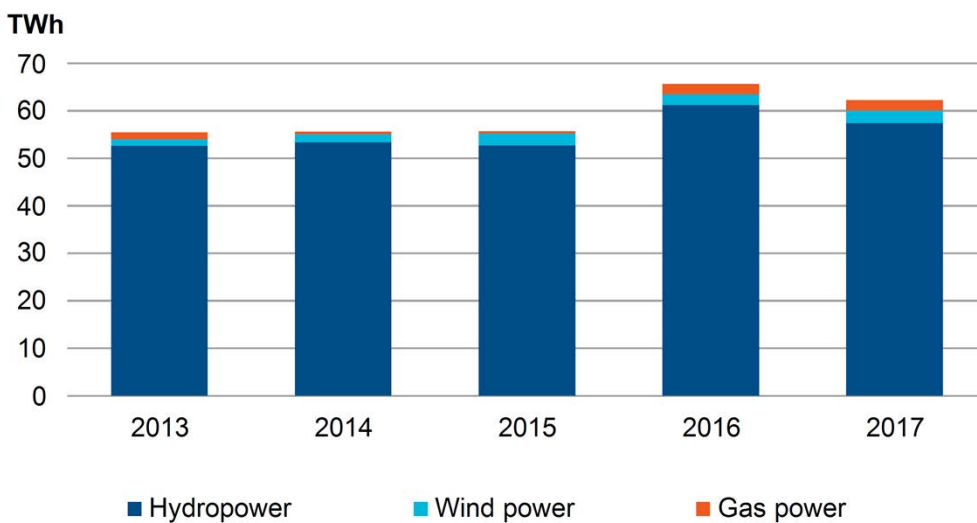
In 2017, 96.5% of Statkraft's power generation was based on renewable energy sources, and 91.7%, or 57.4 TWh, came from hydropower. The carbon intensity of Statkraft's power generation was 14 kg CO₂/MWh in 2017. As an energy technology, hydropower has many advantages, including high efficiency, low operating costs, long lifetime, high flexibility and low carbon intensity. The large, Norwegian water reservoirs enable us to produce electricity even in periods of reduced inflow. This flexibility is particularly important to balance the increasing amounts of unregulated electricity production from wind power and solar PV.

Development and operation of hydropower plants facilitate multiple uses of watercourses and water regulation structures. Examples include irrigation, drinking water supply, transportation and recreation. In addition, flood control utilising reservoirs is an important safety function of many projects and assets in operation. Such use of our installations will in all probability be even more important in the future as the consequences of the climate changes become more apparent.

Wind power is a renewable technology with few environmental impacts and next to no emissions. In 2016, Statkraft, TrønderEnergi and the European investor consortium Nordic Wind Power DA joined forces to realise Europe's largest onshore wind power project in Central-Norway, comprising six onshore wind farms with a combined capacity of 1000 MW. The total investment in these wind farms amounts to approximately EUR 1.1 bn. Construction commenced in 2016 and will be completed in 2020.

The Group's non-renewable electricity production includes gas-fired power generation and a small part of district heating production. Gas power is considered by many as a transitional technology. This technology generates CO₂ emissions, but the emissions are substantially lower than for coal-fired power plants. Statkraft's gas power plants in Germany operate mainly as peak load producers, meaning they are producing in periods with low renewable power generation. Like hydropower, these power plants contribute to flexibility in the European energy markets. Statkraft's gas power plants are some of Europe's most modern power plants, with high efficiency, good treatment facilities and low emission and discharge risks.

Power generation (Statkraft's share)



Power generation in Statkraft by technology in 2013-2017.

**Management of
corporate
responsibility**



Management of corporate responsibility

Responsible business conduct

Statkraft is committed to act in a sustainable, ethical and socially responsible manner. To operationalise these fundamental commitments, Statkraft bases its work on globally supported initiatives and standards.

As a member of the United Nations Global Compact, Statkraft is committed to complying with its ten principles on human rights, labour rights, environment and anti-corruption. Statkraft also takes guidance from the principles contained in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, which cover major areas of responsible business conduct and which refers to the UN Guiding Principles for Business and Human Rights.

Statkraft assesses and manages its social and environmental impacts in compliance with the principles of the International Finance Corporation's Performance Standards on Social and Environmental Sustainability, which include specific requirements on working conditions, pollution control, community health, safety and security, involuntary resettlement, biodiversity conservation, indigenous people, and cultural heritage.

Statkraft's assessment and management of climate change impacts are based on research, comprehensive analysis and scientific evidence, including assessments by the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Framework Convention on Climate Change (UNFCCC).

Statkraft does business globally. As a Norwegian entity, Statkraft complies with applicable Norwegian laws and regulations as well as with applicable laws and regulations of countries where we operate. As mentioned above, it is also our policy to act in accordance with relevant international conventions and guidelines set by international organisations. Where differences exist between applicable laws, regulations and Statkraft's governing documents, we follow the norm which sets the highest standard of behavior.

Governance

Statkraft's fundamental principles for sustainable, ethical and socially responsible behaviour are described in Statkraft's Code of Conduct, which is adopted by the Board of Directors. The Code applies to all companies in the Statkraft Group and to all individuals who work for Statkraft, regardless of location. Statkraft's business partners are expected to adhere to equivalent standards as Statkraft and Statkraft has corresponding requirements for the Group's suppliers, described in Statkraft's Supplier Code of Conduct.

The Statkraft Way

Statkraft's management system contains both policy documents, describing ambition and direction, and more detailed requirement

and supporting documents. Corporate responsibility is a key topic in The Statkraft Way.

The management system facilitates structured and coordinated handling of a broad range of topics, and the system is regularly reviewed so as to tailor it to new expectations and challenges.

Corporate responsibility is an individual, managerial and line responsibility in Statkraft, and systems are in place to provide employees with necessary guidance and advice to uphold desired behaviour. At group level, Statkraft has staff units to follow up the company's work and performance as regards corporate responsibility on an overall level. The staff units have an overall responsibility to appropriately embed corporate responsibility into the management and reporting systems.

Statkraft has implemented a decision model for major development projects, mergers and acquisitions that aims at ensuring a unified approach to corporate responsibility from an early phase and throughout the process. The basic principle of the model is to include documented information on a number of critical issues, including corporate responsibility, as part of the foundation for decision making at each decision gate. Work is ongoing to develop one, single project management system for the Statkraft Group, regardless of technology or geography.

Corporate responsibility performance

Statkraft has established Key Performance Indicators (KPIs) at the group level covering different aspects of corporate responsibility which are regularly reviewed by Corporate Management and the Board of Directors. Challenges and results related to corporate responsibility topics are also presented and discussed in regular Business Reviews (meetings between the CEO and each business and staff area).

Corporate responsibility issues are also incorporated into Corporate Audit's annual audit plan.

Statkraft has implemented a system for registration and follow-up of non-compliances and potential improvements. The system facilitates structured handling of measures, analysis of incidents and improvements, and learning across the organisation.

Supply chain management

Statkraft is committed to act in a sustainable, ethical and socially responsible manner. Our commitment to integrity can only be met if our suppliers and business partners also act in the same manner. We therefore work in collaboration with our suppliers to achieve a responsible supply chain.

The basis for Statkraft's supply chain management is Statkraft's Supplier Code of Conduct, which has been developed to clearly communicate our requirements to our suppliers. Suppliers are

expected to meet these requirements throughout their relationship with Statkraft. Statkraft's suppliers are informed about the Supplier Code of Conduct and other relevant requirements during the procurement process and are legally bound to the Supplier Code in contract.

Statkraft's supplier base is very diverse, and in total the company has more than 10 000 suppliers. They stem from widely differing business sectors such as consulting, electromechanical industry and civil engineering. Some of the suppliers are small local companies while others are global industrial groups. Our supplier base covers many countries, including countries where human rights and corruption risks are high. Understanding the risks in our supplier base is critical and in 2013, Statkraft introduced a new supplier risk assessment tool towards that end. The assessments performed are based on several parameters, including country and industry risks.

While the risk of delivery is based on an industry risk assessment performed by DNV GL and Statkraft, the country risk level is based on the following five international country risk indices: the Yale Environmental Performance Index, the UNDP Multidimensional Poverty Index, the Transparency International Index, the World Bank Ease of Doing Business Index and the International Trade Union Confederation Global Rights Index.

The risk assessment tool also assesses to what degree suppliers are in a position to comply with the Supplier Code of Conduct through a supplier self-assessment questionnaire including questions related to e.g. their governance and critical topics such as working and employment conditions and the environment. Based on the results, Statkraft decides on any further actions such as whether or not pre-qualify a supplier, or undertake due diligence assessments, training or improvement discussions. Corporate responsibility clauses are standard in Statkraft contracts.

In addition to reviewing and monitoring measures undertaken or commissioned by Statkraft alone, we participate, together with our utility industry peers, in a joint audit program, coordinated by Sellihca. These audits consist of a comprehensive review of a supplier's practices, including site visits. Candidates are nominated by Sellihca members and approved by "The Supplier Compliance & Risk Management Group". 70 audits were conducted in 2017 under this programme and a further 70 are planned for 2018.

Statkraft launched an initiative in the fall 2017 aimed at assessing comprehensively the company's efforts related to corporate responsibility management of its supply chain. Results of this assessment will be reviewed in 2018 and will guide further efforts.

Statkraft performs a risk evaluation of its complete supplier base every second year and conducts regular reviews of the company's procurement management.

Stakeholder dialogue

Statkraft develops its business in a way that adds value to its shareholder and the countries and local communities in which it

operates. We seek to establish a regular and open dialogue on sustainability issues with host communities and other stakeholders. Statkraft communicates in an open and active manner with those impacted by our activities.

Statkraft establishes and maintains relations with a wide range of stakeholders throughout the life-cycle of our business operations in all the geographies where we are present.

Important partners in these dialogues include government officials, local and regional authorities, local communities, rights holders, employees, customers, suppliers, voluntary organisations and the media. Depending on the stakeholder type and the issues to discuss we use different communication channels for such engagement. Channels for stakeholder engagement include: direct contacts, investor relations, customers and suppliers days, web, newsletters, company magazine, releases, social media, forums and dedicated meetings, surveys and intranet.

Given the broad spectrum of stakeholders with which we engage as part of our business relations Statkraft has a decentralized approach to stakeholder management. Specific units within the organisation focus and target the engagement with stakeholders that are central for their own activities.

Key topics and concerns raised by stakeholders as part of our engagement include corporate responsibility aspects, in particular our material topics.

Reported concerns

Statkraft works to ensure transparency surrounding dilemmas and ethical issues, and systems are in place to provide all employees with guidance and advice with regard to interpretation of Statkraft's Code of Conduct and desired behaviour. Statkraft's Code of Conduct emphasises that employees have both the right and duty to report breaches of legal or ethical obligations through the line organisation or the Group's whistleblowing channel.

Reporting can be made anonymously through the whistle-blowing channel which is managed by Corporate Audit. The whistleblowing channel is also available for externals via Statkraft's web site. In 2017, a total number of 57 (46) concerns were reported. The concerns were mainly related to the areas of business ethics and human resources. The reported concerns are assessed and followed up according to group requirements. Of the reported concerns some are closed after an initial evaluation by the line management or by Corporate Audit, some are further followed up with necessary measures in the relevant line organization, while in some cases a corporate investigation is needed to clarify the facts. Corporate Audit is responsible for performing such investigations in Statkraft. In 2017, Corporate Audit initiated 5 investigations.

In 2016, an improved process aimed at proactively and regularly collecting information related to reported concerns in the line organisation was launched, and the system was implemented in 2017.

Material topics

Statkraft has conducted a materiality analysis aiming at identifying the most significant topics within corporate responsibility. The materiality analysis was based on the Global Reporting Initiative guidelines, including an assessment of stakeholders' expectations.

Six material topics were identified as a result of this analysis. In addition, ambitions and goals towards 2020 for these material topics have been adopted by Statkraft's CEO. In terms of reporting these material topics are given more detailed and comprehensive attention than other topics in this report, where material topics have been grouped according to GRI social, environmental and economic disclosures.

Material topic	Ambition statement	Goals towards 2020	
Safety and safeguarding of people	Statkraft actively prevents harm or injuries to people through a systematic approach and a value-based safety culture	<ul style="list-style-type: none"> → Ensure that managers at all levels provide safety leadership → Strengthen the focus on high risk activities and preventative measures → Utilize a balance of leading and lagging indicators to measure and guide performance → Improve processes and capabilities for security management → Ensure that learnings from incidents are applied corporate wide 	Social disclosures
Human rights	Statkraft acts according to the UN Guiding Principles on Business and Human Rights	<ul style="list-style-type: none"> → Follow developments related to increasing international and national expectations related to human rights management (human rights due diligence process) and improve our practices accordingly, starting by major and international projects → Ensure adequate implementation of training program on human rights → Strengthen and make better known our grievance mechanisms, including at project level → Strengthen stakeholder dialogue and communication, including on our salient human rights issues 	
Biodiversity	Statkraft supports a precautionary approach to biodiversity challenges, and facilitates ecological resilience in our areas of impact	<ul style="list-style-type: none"> → Enhanced tracking and communication of performance on systematic handling of biodiversity, e.g. red-list species of flora and fauna, critical habitats and presence in legally protected areas → Increased understanding of our impacts on biodiversity, and adequate handling in project development and operation 	Environmental disclosures
Water management	Statkraft is recognised as a company with a responsible and sustainable water management practice	<ul style="list-style-type: none"> → Ensure proactive and adequate handling and systematic follow-up of water levels, flow-limits and hydropeaking requirements in our concessions → Demonstrate sustainable water management based on improved understanding of the effects of climate change on water availability (e.g. scarcity and flood control) in all areas of operation 	Economic disclosures
Climate change mitigation, adaptation and preparedness	Statkraft contributes to the transition to a more climate friendly and sustainable energy system and seeks continuously to maintain a low climate footprint	<ul style="list-style-type: none"> → Further the understanding of the impact of national and international climate policies on our business and, as appropriate, provide Statkraft's perspectives, including on carbon pricing, to relevant stakeholders → Improve our market and strategic analysis in order to incorporate climate change induced changes → Further common understanding how climate change affects all our assets and continue to evaluate new business opportunities accordingly, based on company-wide climate assumptions → Contribute to scientific methods for assessing the climate impact of our business 	
Business ethics and anti-corruption	Statkraft actively prevents corruption and unethical practices in all business activities	<ul style="list-style-type: none"> → All employees complete trainings in business ethics with focus on anti-corruption → Continue to strengthen the culture of reporting of concerns and breaches → Continue to ensure adequate corporate-wide handling of anti-corruption and business ethics risks, with particular focus on high risk processes → Improve the adequacy of how business ethics is reflected in requirements and controls for key business processes according to established training plans 	

Social disclosures



Social disclosures

Health, safety and security

Caring for people is at the heart of Statkraft's culture and we work continuously towards the goal of zero injuries.

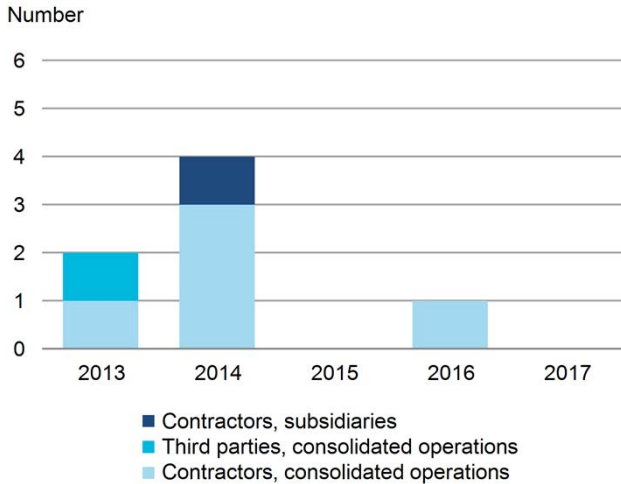
Risk

Health, safety and security risks arise from Statkraft's activities in construction projects, operations and maintenance, our presence in various geographical locations, as well as travel and other business activities. The predominant risk is related to personal injuries from workplace accidents. Activities related to driving, work at height, lifting operations, energised systems, heavy mobile equipment, ground works and confined spaces are considered to have highest risk.

Accidents

There were no fatal accidents in relation to Statkraft's work activities in 2017.

Fatalities



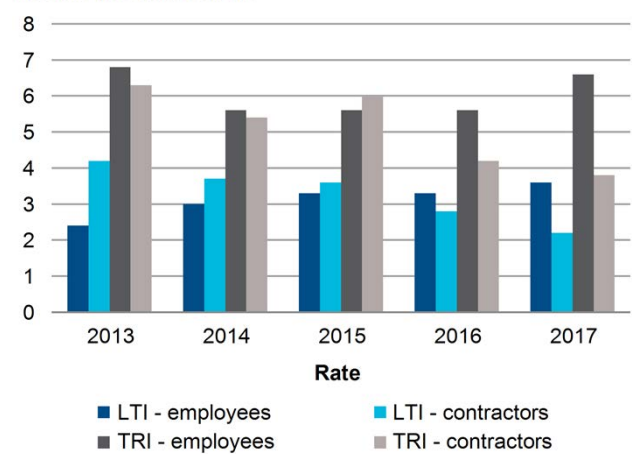
Fatalities in Statkraft's operations (>20% ownership) in 2013-2017.

Statkraft experienced four accidents that led to serious injuries in 2017. A total of 48 accidents and near-accidents were classified as having high risk potential. Most of these accidents and near-

accidents were associated with driving, energised systems, ground works, lifting operations, heavy mobile equipment and work at heights.

The Lost Time Injury rate (LTI rate) was 3.4 among Statkraft's employees, while LTI rate among Statkraft's contractors was 2.2. Correspondingly the total Recordable Injury Rate (TRI rate) among Statkraft's employees was 6.6 and 3.8 among Statkraft's contractors. In total, 124 injuries were recorded for Statkraft's employees and contractors, whereof 67 were lost-time injuries.

LTI rate and TRI rate for employees and contractors



LTI rate and TRI rate in Statkraft's operations (>20% ownership) in 2013-2017.

Sick leave

Sick leave in Statkraft is at a stable low level and was 3.5 in 2017, which is within the goal of a sick leave rate not higher than 3.5%.

For all activities

Safe work basics

For each activity

Driving

Work at height

Lifting operations

Energised systems

Heavy mobile equipment

Ground works

Confined spaces

The activities addressed by the life saving rules.

Powered by care



We believe that incidents can be prevented and we are committed to a workplace without injury or harm.

We always have time to carry out activities in a safe and responsible way.

Care for people and the environment is a personal value that we live by, also beyond working hours.

We are committed to lead the continuous improvement in service of an incident free workplace.


Christian Rynning-Tønnesen


Jon Vatnaland


Hilde Bakken


Steinar Bysveen


Jürgen Tzschoppe


Hallvard Granheim


Irene Egset



Corporate Management's signed statement communicating their strong commitment related to health and safety.

Health and safety improvement program

In 2015, a step change programme was launched to further improve within health and safety. This improvement program, named "Powered by Care", continued in 2017 with focus on the following elements.

Leadership and commitment

Statkraft's Corporate Management clearly demonstrates their commitment to a workplace without injury and harm as communicated through their Powered by Care commitment statement. During 2017, management throughout Statkraft has actively driven and participated in the roll out of the new Life Saving Rules.

Serious injury mitigation

A Serious Incident KPI is in place, measuring serious injury rate as well as providing attention to near accidents with high potential.

Serious incidents are subject to investigation in order to identify causes, and learning from the incidents, including possible preventative measures to be adopted, are shared across the organisation. Life saving rules with the aim of avoiding serious and fatal injuries have been rolled out and implemented. These rules are based on experience of high risk activities in Statkraft's operations and global knowledge from similar industries.

Engagement KPIs

Leading indicators are in place to encourage and measure employee and management engagement in HSE. These measure activities such as HSE risk observations, HSE improvement proposals, positive HSE observations, Safe Job Dialogues and other active engagement in HSE. The KPI's have continued their good, positive development since the introduction in 2016.

CEO's HSE Award

An HSE Award scheme is in place to encourage activities that contribute to improved HSE results. This has resulted in great engagement across the organisation.



Power Generation Sweden was recognised with the CEO's HSE award for 2017.

The CEO's HSE Award for 2017 was awarded to Power Generation Sweden for achieving an impressive HSE performance through a systematic development of HSE culture, from top management to front end technicians, demonstrating that a workplace without injury and harm is possible. They have achieved this through management and employee engagement, a wide range of initiatives and focus on continuous learning. The Total Recordable Incident Rate has decreased from ten to zero over the last two years and there have been no serious near misses since March 2016.

Other top nominations competing for the award were also recognised during the award ceremony.



From the Kargi Tunnel repair project in Turkey.

The Kargi Tunnel Repair Project within the International Power Business Area was recognised for overcoming tunnel collapses

and tunnel strengthening works by successfully managing the safety in design and construction. The design concept and methods were carefully chosen to minimize risks during construction. Numerous measures were taken during construction to create safe work zones and reduce exposure. This included shotcrete application, wire mesh installation, rock bolt installation and filling the collapse zone by conveyor, as well as focus on traffic management.



From Statkraft's office location in France.

Statkraft France, part of the Market Operations and IT Business Area, was recognised for addressing the increasing terror threats in relation to their extensive travels in Europe to assure the security for its employees. This has included implementation of a travel monitoring system, emergency contact procedures, use of an alert smartphone app and travel security training. All of which is supported by open dialogue and discussions around the risks with management and the team.



From the Roan area in Fosen, Norway.

The Fosen Roan access road project, part of the Wind, District Heating and Projects Business Area, was recognised for their safe-by-design approach to the access roads. This has led to steel barriers being installed at hazardous road sections and has already prevented serious injuries in two traffic incidents. The project has also actively engaged contractors and local authorities in traffic safety activities. Being the first of the six projects in the Fosen Programme this approach has set a higher than industry safety standard for wind farm roads and will help improve traffic safety in the entire Fosen programme.

Sharing and learning

Collaboration takes place within and across Business Areas to share and learn related to incidents, HSSE programs and best practices. Regular network meetings as well as an annual HSSE conference is arranged to help facilitate this. An HSSE portal has been introduced on the intranet to help facilitate improved collaboration and more effective use of resources across the organisation. This provides easy access to documents, materials and tools, as well as functionality for finding expertise, having

discussions and sharing content independent of organisational or geographical boundaries.

HSE training

Appropriate competence is a prerequisite for a good HSE culture and Statkraft employees are provided with HSE training according to their individual needs and working situation. Modular e-learning to effectively reach out and provide fit for purpose training to various target groups is part of the HSE programme. This includes a “Powered by Care” module providing basic HSE training for all, modules to support the Life Saving Rules roll-out, and project specific training such as for the Fosen Wind Project. An HSE Management module for more in-depth topics will be developed in 2018. Some of the e-learning is mandatory for employees and/or contractors, depending on their roles, risks and working situations.

Security

Statkraft has a comprehensive approach to security topics and follows international good practice for security management. Security refers to the ability to keep people, operations, information and systems secure from intentional harm or damage. Countries with Statkraft presence or interests are followed on security matters (political instability, terrorism, sabotage, organised crime etc.) through a risk based approach. Both local, national and international sources are utilised to build situational awareness on security where Statkraft operates. Immediate

measures will be considered upon changes in the security situation, for example reinforced security routines and travel restrictions.

Statkraft has continued to improve its operational abilities to both detect and handle IT security incidents in 2017. 198 security incidents were reported in 2017. 156 of these were IT security incidents, including nine high potential incidents that were detected and blocked at an early stage.

Emergency preparedness

Statkraft’s capability to handle serious and unwanted events is a continuous priority. A new Group requirement on Emergency Response Management was introduced in 2017 where the purpose is to secure a common approach to emergency response across Statkraft. The requirement is based on best practice principles and recognised methodologies. As a consequence, all emergency response plans are in the process of being revised according to a standard template. Uniform training of emergency response teams has been developed and emergency response facilities at Lilleaker have been significantly upgraded.

Statkraft cooperates with Sjømannskirken (Norwegian Church Abroad) and the Norwegian Red Cross to provide realistic and specialised training within Emergency Response.

Material topic: Safety and safeguarding of people

Goals towards 2020

Main activities and initiatives in 2017

Ensure that managers at all levels provide safety leadership	→ Continued roll out of the HSE improvement program through line management
Strengthen the focus on high risk activities and preventative measures	→ Life-saving rules implemented through a line management led roll-out
	→ Lessons learned produced and shared for all high potential incidents
Utilise a balance of leading and lagging indicators to measure and guide performance	→ Management and Employee Engagement indicators implemented and showing good development
Ensure that learnings from incidents are applied corporate wide	→ Sharing and learning through HSSE network collaboration
	→ HSSE portal that include access to lessons learned is in place
Improve processes and capabilities for security management	→ Continued alignment, clarification and simplification of security management across the group

Human rights

Statkraft's work on human rights is based on the internationally recognised United Nation's Guiding Principles on Business and Human Rights. Statkraft's policy commitment on human rights is reflected in Statkraft's Code of Conduct. This commitment is publicly available and communicated internally and externally to personnel, business partners and other relevant parties. Since its adoption in 2009, Statkraft has worked to reflect this commitment in its governing documents and processes necessary to embed it throughout the company. Continuous work on strengthening the integration of human rights into governing documents and processes relating to social management, procurement and security arrangements are examples.

In 2017, Statkraft has continued to embed its policy commitment on human rights in the organisation and has prioritized its efforts around its salient human rights issues. These comprise local community acceptance, including by indigenous peoples, labour rights, health and safety, and security arrangements. As a result, new governing documents and tools were developed this year on indigenous peoples rights, on labour rights in the supply chain, land acquisition or land use as well as on security arrangements. Human rights were also taken into account in major development projects such as Fosen (Norway), Devoll (Albania) and Pilmaiquén (Chile).

Human rights training

A training programme was rolled out at senior management and country head levels, as well as for all critical functions or geographies that relate to Statkraft's salient issues. The training components included:

- a presentation and summary of external expectations, in particular the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises, Norwegian National Action Plan, as well as expectations from business partners
- a presentation on internal expectations, including Statkraft's policy commitment enshrined in the Code of Conduct and mirrored in the Supplier Code of Conduct, governing documents related to human rights management, and processes where Statkraft's policy commitment had been embedded
- an introduction to our salient human rights issues
- lessons-learned

While the training included the same basic components, all sessions were tailored made to the audience and the particular potential impact of activities related to respective groups. Finally, an introduction to business and human rights, an introduction to salient issues as well as the e-learning of the UN High Commissioner for Human Rights on business and human rights were included in the Statkraft Academy in 2017.



In Peru Statkraft works closely with local communities to ensure productive livelihoods in impacted areas. Here the chirimoya harvest is inspected by agriculture specialists close to the Cheves hydropower plant.

Networks

Statkraft became member of the Nordic Business Network for Human Rights, a professional network for global companies, who work with human rights impacts in their organisations or supply chains. The Network has an overall focus on capacity building and makes use of both human rights experts and peer-to-peer learning. Network meetings create a space where companies can obtain the latest knowledge about business and human rights, as well as share difficult dilemmas with experts and peers. An important objective for the network is to develop applications of the various human rights frameworks to concrete business contexts.

Consultations

As a result of consultations, a number of agreements with indigenous communities were reached in 2016. In 2017, consultations and engagement with indigenous people continued to take place.

Agreement on mitigating measures and compensation for extra works during the construction phase has been entered into with the Northern Group in the Fosen wind farm project. There has been a dialogue also with the Southern Group, but an agreement could not be reached. Court hearings are scheduled in May 2018 for determining compensation to both groups with respect to the operational phase of the respective wind farms, as well as for the construction phase with respect to the Southern Group. The Southern Group disputes the validity of the concession for the Storheia wind farm. The case stands before the courts.

In 2017, Statkraft continued to actively consult and engage in discussions with rights holders and other stakeholders relating to the planned hydropower projects on the Pilmaiquén River in central Chile (Osorno and Los Lagos). Statkraft continues to aim at obtaining a better understanding of the potential impacts, and is undertaking further analysis, alongside continuous stakeholder engagement.



Local women leaders gathered in the Pilmaiquén area in Chile. Women leaders were invited to strengthen their negotiation and leadership skills and learn about Statkraft's activities.

Development opportunities

Statkraft works to enhance direct and indirect benefits and development opportunities for stakeholders. Interventions are a result of consultations with all affected stakeholders in accordance with good international practices and standards, based on the

International Finance Corporation Performance Standards on Social & Environmental Sustainability.

In 2017, core activities have included the completion of resettlement and compensation programs for the Banja hydropower project in Albania. This was especially relevant in light of the filling of the reservoir and commencement of operations of the plant. Work continues regarding livelihood restoration for Banja and resettlement for the Moglicë hydropower project upstream on the Devoll River. At the Kargi hydropower plant in Turkey, a mitigation programme to improve efficiency of irrigation systems downstream of the power plant is being implemented in order to ensure availability of required water for rice growing, while optimising power production.

Sharing knowledge

Statkraft continues to provide expertise for the International Centre for Hydropower (ICH) which holds courses on project management, dam safety, social and environmental and finance themes for government representatives, investors, companies and other stakeholders from emerging markets. The goal of ICH is to increase competence, share knowledge and promote good international standards in the hydropower industry globally. In 2017, Statkraft provided lecturers for courses and workshops held in Trondheim and Oslo, and at regional events in Southeast Asia and South America.

Material topic: Human rights

Goals towards 2020

Main activities and initiatives in 2017

Follow developments related to increasing international and national expectations related to human rights management (human rights due diligence process) and improve our practices accordingly, starting by major and international projects

- Followed developments and participated in expert consultations related to the Working Group on Business of the UN Human Rights Council
- Became member of the Nordic Business Network for Human Rights
- Governing documents and processes developed or improved, guiding implementation on major or international projects

Ensure adequate implementation of training program on human rights

- Training provided to senior management
- Training provided to key functions in Statkraft relating to the company's salient human rights issues
- Introduction on business and human rights and e-learning from the UN Office of the High Commissioner for Human Rights included in the Statkraft Academy

Strengthen and make better known our grievance mechanisms, including at project level

- Communication at senior leadership meetings and inclusion in relevant trainings with a view to strengthen our grievance mechanisms

Strengthen stakeholder dialogue and communication, including on our salient human rights issues

- Modern Slavery Act Statement available in the homepage of Statkraft's website
- Panelist in a UN regional consultation event related to State Owned Enterprises and the implementation of the UN Guiding Principles on Business and Human Rights
- Engaged in discussions, including through bilateral dialogue or when providing presentations, with peers and other institutions

Labour practices

Employment

Statkraft supports and respects internationally recognised labour rights including freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation. Statkraft also works towards the realisation of these rights as part of our supply chain management

Workforce restructuring

As part of the ongoing Performance Improvement Programme, Statkraft conducted a workforce restructuring in 2017, including a material reduction of full-time equivalents and a number of changes in the organisational structure. This was carried out according to transparent processes and in close dialogue with employee representatives with the aim of ensuring the right competence to deliver on strategy while maintaining fair treatment of all employees. About 200 leaders were trained in change management as part of Statkraft's effort to provide solid support for our employees during this organisational change.

Statkraft's employee engagement survey was conducted in September 2017 with a response rate of 92%. The survey showed high and stable motivation and satisfaction. The result on total score for employee engagement was 72% which is at the same level as recent years and above the Global Employee and Leadership Index for Norway.

Labour and management relations

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

Wherever it operates, Statkraft supports and respects internationally recognised labour rights. Relevant ILO conventions and EU directives have been included in the SEWC agreement with EPSU (European Federation of Public Service Unions), the federation for European unions within the energy industry. In countries not covered by SEWC, Statkraft respects the employees' freedom of association and collaborates with union representatives in accordance with collective bargaining agreements, legal requirements, international standards and prevailing industry best-practice for each location.

Training and development

All employees are offered an individual on-boarding program by the line manager. In addition to this, it is mandatory for all new employees to complete training in HSE, anti-corruption and information security within the first weeks of employment. Statkraft is now aiming to strengthen the on-boarding approach and offer more targeted measures based on organisational affiliation and individual work tasks.

In Statkraft's people performance process, the company's strategy and targets are structured and cascaded into individual target

development plans for each employee or team. The people performance process is an integral part of how to work in Statkraft and 97% completed the goal and development dialogues in 2017.

Statkraft offers training in core business processes such as operations and maintenance, energy management and project management, as well as business ethics, safety, and leadership through the Statkraft Academy.

A special effort has been made to support the continuous strengthening of Statkraft's emergency preparedness. Mandatory training on Personnel Emergency response and next-of-kin handling was developed and implemented in 2017.

Diversity and inclusion

In Statkraft we encourage a culture that capitalises on the diversity of our people and the inclusion of ideas and perspectives that challenge norms, drives innovation and helps us meet the needs of our diverse customers and stakeholders. A clear commitment to equal treatment and zero tolerance for discrimination, bullying and harassment are core tenets of Statkraft's people policies.

At the end of 2017, Statkraft had 3593 employees and 38% are working outside Norway. Statkraft has employees in 16 countries, representing 51 nationalities. At the end of 2017, 25% of the Group's employees were women, and the percentage of women in management positions was 22%. The percentage of women in Statkraft's Board of Directors is 44%. Average service time in Statkraft is 12.0 years, while turnover in 2017 was 5.7%.

In 2017 we focused our efforts on improving our gender balance. Statkraft has a recruitment policy that requires diversity among candidates for all leadership positions, with both men and women represented in final evaluations. Women are also prioritised for participation in leadership and talent development measures. In 2017 32% of employees attending leadership development programs were women.

Continuing our commitment to increasing gender diversity, Statkraft has set targets to reach 25% female representation in management positions and 30% in senior management positions by 2020.

To broaden our perspective on diversity and inclusion Statkraft decided in 2017 to define new pilot initiatives that will be tailored to the challenges of our industry and its geographic locations. We initiated work on how to identify relevant goals for each respective area and to define targeted measures.

Furthermore, we worked to embed diversity into our people development processes in order to reflect and encourage the value of individual and unique contributions to our team efforts. To build a better understanding of the levers that drive inclusion in Statkraft, monitoring and following up on employee perception over time, as well as offer awareness training on inclusion and unconscious bias for managers and management teams, are seen as essential.

Environmental disclosures



Environmental disclosures

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 set an ambition for a safe and sustainable future: they provide a global framework for action to end poverty, combat climate change and fight injustice and inequality. Achieving the goals by 2030 requires action, partnership and involvement of stakeholders all over the world. The role to be played by the business sector in the implementation of the goals is central. The SDGs provide an opportunity for companies to create value both for their business and society.

Statkraft's business contributes to the implementation of the SDGs. Among the 17 goals, Statkraft's identified Goal 7 on "Affordable and Clean Energy" and Goal 13 on "Climate Change" as being the goals to which it contributes most significantly, in light of Statkraft's core product, strategy and future growth within renewable energy. Statkraft also contributes to the realisation of other SDGs, such as Goal 2 on Health and well-being, Goal 5 on Gender equality, Goal 8 on Decent work and economic growth.

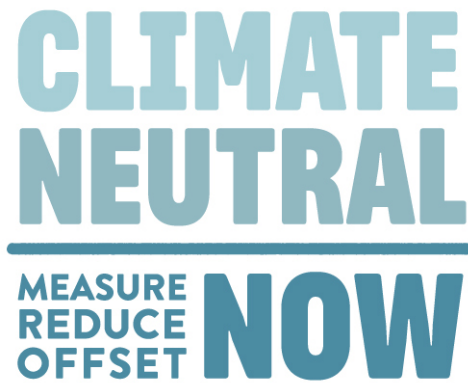


The United Nations adopted in 2015 17 goals to set an ambition for a safe and sustainable future, the UN Sustainable Development Goals (the SDGs).

The SDGs are interconnected and action taken toward one goal can support or hinder the achievement of others goals. Contributing to the implementation of Goal 13 for instance has strong benefits for other goals, as climate action is a critical pillar to achieving sustainable development. However, climate action related activities might also generate negative impacts on the goals. In such cases, Statkraft's aim is to manage these impacts in a responsible manner. In 2018, Statkraft will further analyse how its activities impact the SDGs, as well as how SDGs are interconnected in the context of the company's various activities.

Climate neutrality

Statkraft contributes to emission reductions and offsets unavoidable emissions. Our gas fired power production can provide flexibility which is required to integrate a continuously higher share of intermittent renewables in the system, and also contributes to lowering the carbon intensity of the power system. This production is compliant under the EU Emission Trading System (EU ETS), and emissions are compensated with auctioned European Emission Allowances (EUAs). For all other emissions – in spite of their low volumes - Statkraft has signed the Climate Neutral Now Pledge. In line with this, long term emission reduction targets for fuel consumption related to own operations and traveling have been established and unavoidable emissions are compensated with UN Certified Emission Reduction Units (CERs).



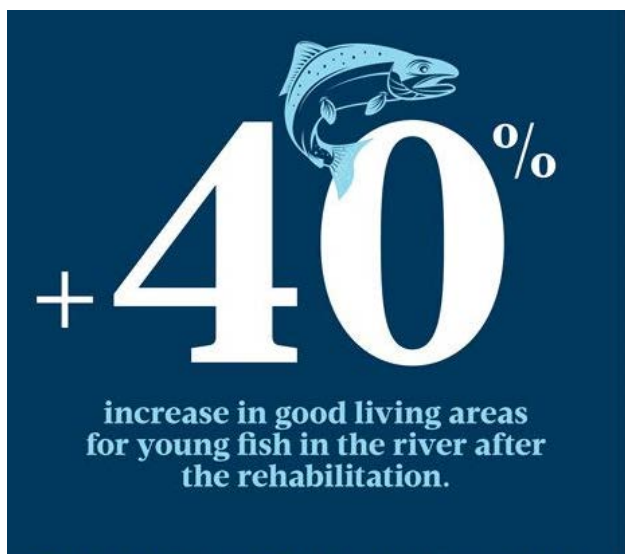
Statkraft has decided to join the UN initiative "Climate Neutral Now" (CNN) in order to further strengthen our commitment to tackle and reduce own emissions. This decision is in line with growing focus internationally on corporate policies for climate and environmental footprint and sustainability, as well as for handling climate risk.

Biodiversity

Both hydropower and wind power technologies are known to have low carbon emissions, but as with any form of energy generation they too leave a footprint on ecosystems and the landscape. Terrestrial and aquatic ecosystems may be altered by Statkraft's activities, for example bird collisions and habitat degradation due to wind power development, or low water levels in river stretches due to hydropower operations. Statkraft is committed to manage in a responsible manner the negative impacts generated by its activities. Our hydropower plants in operation in Norway comply with given concessions and permits. In Norway, long-term concessions are revised every 30 years with the main goal of improving environmental performance. A process for revision of environmental legislation for hydropower in Sweden is ongoing.

The EU Water Framework Directive

As part of management procedures and practices in handling environmental risks and impacts, Statkraft undertakes a broad range of initiatives, either imposed by the authorities or voluntarily, aimed at preserving biodiversity. Central to Statkraft's approach to biodiversity and water management in Europe is the EU Water Framework Directive (WFD). The goal of this directive is to achieve good ecological status in all freshwater bodies, taking a cost-benefit approach to environmental improvement measures. Examples of measures include site specific operation of power plants, taking local environmental impacts into account; improving spawning and shelter habitat for fish, fish restocking, roe planting, construction of fish passages and improvement of weirs.



The rehabilitation of Nedre Røssåga powerplant in Norway provided opportunities to reduce negative environmental impacts. Surveys carried out by a freshwater biologist show that the environmental measures have led to a major increase in good living areas for young fish in the Røssåga River.

Improvement and restoration work

Interventions undertaken during the reporting period to promote good environmental conditions in the river courses where we operate include the restoration of a river stretch in Røssåga. Røssåga River was affected by reduced water flows from the hydropower developments in the 1950's. In connection with the new Nedre Røssåga Hydropower Project, Statkraft has restored

the river stretch and a spawning area has been re-established. The restoration work has resulted in an improved environmental condition along this stretch of the river. Other initiatives include the restoration of aquatic habitats by new fish passages, for example allowing for salmon and sea trout to reach spawning areas in the Skjoma River.

After extensive actions combating the salmon parasite *Gyrodactylus Salaris*, including the re-establishment of populations and monitoring work involving many actors, an important milestone for this environmental work was achieved in 2017. After nearly 35 years of detecting the parasite, the Vefsna River and a number of other tributaries were recently reported free from the disease by the Norwegian Food Safety Authority.

In Bjurfors Övre power plant in Umeälven in Sweden, we have managed to recreate critical habitats by in regulated river stretches. This initiative aimed at the reconstruction of habitats that mostly disappeared due to the power plant operations and the creation of the hydropower reservoirs in the 1960's.

Biodiversity in Brazil

Statkraft has operations in Brazil which is the country with the greatest biodiversity in the world. Statkraft's assets are located in two different biomes; seven in the Atlantic forest region with a biodiversity similar to the Amazon forest and with several endemic species, and three in the Caatinga biome, which is a biome that is endemic to Brazil with species only to be found there.

Wind power

Wind power is a renewable technology with next to no emissions. The trend is for larger, more effective turbines, higher towers and fewer turbines in each windfarm, and these are positive developments in terms of environmental impacts. Establishing wind farms with the associated infrastructure can, however, influence living conditions of plants and animals, particularly during the construction phases. Noise and landscape aesthetics are other topics that are carefully considered when establishing new wind farms.

Other initiatives

Statkraft supports diverse initiatives focusing on specific issues or concerns, for instance development of planning and operational models and tools. Other initiatives include the mapping of biodiversity values and sensitive areas by registration and mapping of red listed bird species and their habitats in and in the vicinities to the constructions sites for wind power plants in Norway. We have also established no-work zones close to "active territories" during breeding season.

In 2017, Statkraft completed a "Threatened Species Conservation Plan" for the Bahia Wind Complex in Brazil, and given that two additional threatened species were found during the last round of monitoring, the plans were adjusted accordingly to include these species.



The aquatic habitat in the Vefsna River and a number of tributaries were declared recovered from a persistent salmon parasite earlier this year. Statkraft has been an important contributor to reestablishing the salmon habitat by providing roe from one of our fish gene banks.

Material topic: Biodiversity

Goals towards 2020

Main activities and initiatives in 2017

Enhanced tracking and communication of performance on systematic handling of biodiversity, e.g. red-list species of flora and fauna, critical habitats and presence in legally protected areas

- Attention to environmental assessments as basis for detailed planning in projects (e.g. road tunnel to Eringsdalen in Høyanger (Q3, 2017).
- Registration and mapping of specific red listed bird species and their habitats in and in the vicinities to the constructions sites of our wind farms in Norway. Establishing no-work zones close to “active territories” during breeding season.

Increased understanding of our impacts on biodiversity, and adequate handling in project development and operation

- Conducted R&D projects on how to avoid, minimise or mitigate birds collision risk at our wind farms. Experimental testing of deterrent measures, and development of planning and operational models and tools. (INTACT)
- Two new environmental R&D projects initiated to increase competence on key environmental regulation impacts (water temperature and sedimentation) from hydropower related to biodiversity.
- Elaboration of a water course strategy and environmental mapping of three Swedish rivers to enhance knowledge on regulation effects on biodiversity in low head river systems.
- Finalised the R&D project “EnviPeak”, studying the environmental impacts of hydro-peaking operations in rivers in Norway and comparing these with similar operations and rivers in Austria, Switzerland and Canada.
- Focused on actions to prevent proliferation of blacklisted species and safeguard vulnerable red-listed species under construction work on our hydropower plants.

Economic disclosures



Economic disclosures

Water management

Statkraft's power plants and power generation capacity represents both considerable value creation and societal benefits, values which are enhanced in light of climate challenges we are facing. Hydropower is renewable and flexible and has the capability to reduce vulnerability to extreme weather, primarily through flood control. Every day water management of hydropower plants is governed through concessions taking into consideration safety, as well as societal and environmental perspectives.

Efficient operation

As part of the business strategy, Statkraft works continuously towards improving the efficiency of operations. Increased efficiency in energy generation has a positive impact on the use and management of the water resources. During this reporting period the Ringedalen power plant has been constructed. The plant will improve utilisation of an already regulated water course.

Changes in run-off and water availability, either due to natural causes or to regulation and operational rules, raise certain water management challenges. These challenges not only have potential impacts on our generation capacity and revenue, but may also affect our capacity to provide other important socially valuable benefits, such as flood control, regulation and storage capacity, and water security.

Revision of Terms in Norway

In Norway, long-term concessions are revised every 30 years with the main goal of improving environmental performance in regulated rivers (Revision of Terms). When finalizing new concessional terms, Norwegian authorities strive to balance environmental improvements with the potential impacts on flexibility of the national power supply and reduced flood control. About 80% of Statkraft's hydropower fleet in Norway will be subject to Revision of Terms within 2022. Statkraft supports the aim, and emphasises the importance of weighting environmental improvements against the potential loss of climate friendly power production, flexibility and flood control capacity. During 2017, Statkraft has been engaged in 12 ongoing revision processes. Another 12 revisions involving Statkraft assets are likely to start up in the period between 2018 and 2021. The national implementation of the EU Water Framework Directive (WFD) is one of the relevant inputs for the authorities' evaluations.

Revision of Swedish legislation

In Sweden, there is an ongoing process of revision of environmental legislation for hydropower. The focus of the new legislation is to remove obstacles to the WFD implementation. Based on a 2016 cross-parliamentary Energy Agreement, the hydropower industry is expected to finance in total its adaptation to EU WFD requirements. Together with eight other large hydropower companies, Statkraft is implementing a project to achieve this target by setting up a voluntary Hydro Environmental Fund. Over a 20-year period, the fund owners will contribute in total SEK 10 billion that will be used to facilitate the

implementation of WFD. The new legislation, and the Water Fund, is expected to materialise during 2018.



At the Kargi hydropower plant in Turkey, a mitigation programme to improve efficiency in irrigation systems downstream of the hydropower dam is being implemented in order to optimise power production and reduce releases of water during the rice-growing season that are not required by farmers.

Operations in Peru and Turkey

In Peru our operations are ruled among others by the Water Resources Law which aims at the integrated management of the water resources. In Peru, around 80% of the water consumption is for agriculture, and the National Water Authority (ANA) is the governmental agency responsible for water allocation among the main water users. According to Peruvian law, the agricultural users have priority over energy users and this represents a challenge for our operations.

Most recently, since the end of 2016 a new regulation from ANA dictates monthly water discharges from all reservoirs. In order to meet this challenge, Statkraft Peru is engaged in a constructive dialogue with the authority and was able to reach an agreement on optimal water discharges which still allow us to maintain our efficient operation without jeopardizing the interest of agricultural users. Following this development, Statkraft has implemented an initiative for automatic and real-time monitoring of water discharges in our Surasaca and Cochaquillo reservoirs, both of which have downstream agricultural users. In this way, agricultural water users and the water authority can both monitor in real-time the water discharges and hence optimize the water distribution among the multiple users.

In Turkey, at the Kargi HPP a study to measure the benefits of increased water efficiency downstream on the Kizilirmak River was recently initiated. The overall goal is to utilize surplus water not required by irrigation for power generation. The current weak condition of the existing irrigation structure has made it clear that there is significant potential for improved water management on the Kizilirmak River without adversely affecting its users. This study will help us to optimize the use of the water while improving predictability and the physical conditions of the irrigation structures for the farmers at the same time.

R&D activities

Statkraft is committed to R&D. During 2017, an international sediment seminar took place as a joint initiative between Statkraft, Norwegian University of Science and Technology (NTNU) and the Norwegian Research Centre for Hydropower Technology, HydroCen. During the seminar current research and experiences on managing extreme flood events, sediment yields, transport and measurement challenges, deposition in reservoirs and wear and resilience of turbines, including fish stress from sediment pulses, were presented. In addition, Statkraft takes actively part in hydropower R&D through its participation in HydroCen to strengthen Norway's position as a leading hydropower nation.

In the future, more extreme weather patterns will put water resources in general under increased stress. This requires new coordinated and integrated models for water management. Water will need to be stored and released in times of excess and scarcity for different purposes, the most urgent being drinking water, irrigation and flood control. Combining the need for water storage for these purposes with the storage capacities in hydropower opens new possibilities for multipurpose hydropower plants. The research and analysis required for developing good water management and business models is similar to operational models for hydropower plants.

Material topic: Water management

Goals towards 2020

Main activities and initiatives in 2017

<p>Ensure proactive and adequate handling and systematic follow-up of water levels, flow-limits and hydropeaking requirements in our concessions</p>	<ul style="list-style-type: none"> → Clear processes in place to follow-up concessions in close dialogue with authorities → Integrated activities in daily operation and maintenance processes → Increased management engagement on the flow-limits and hydropeaking requirements → Statkraft takes actively part in Hydropower R&D in HydroCen
<p>Demonstrate sustainable water management based on improved understanding of the effects of climate change on water availability (e.g. scarcity and flood control) in all areas of operation</p>	<ul style="list-style-type: none"> → Proactive water management in selected water courses to reduce floods → Kargi downstream water optimisation assessment

Climate change

Overview of climate change risk and mitigation

As a leading renewable energy company with mainly renewable electricity generation (96.5%), the company has a significantly lower carbon intensity (14 kg CO₂/MWh) than the sector average, and is exposed to lower climate change risks than competitors with mainly fossil fuel based power generation.

The majority of Statkraft's assets have a high longevity, and the company conducts its core activities under a long term perspective. Water and wind are our main input parameters, and as natural resources they are exposed to physical climate change. In addition, climate policies as well as energy policies define the regulatory framework for our operations.

Improving hydrological performance

Statkraft continuously adapts to climate change in operation and long term planning of our hydro assets. Our day-to-day operation in the Nordics reveals our evolving understanding of ongoing changes in precipitation patterns.

Statkraft participates in several international and national projects in order to improve our understanding of climate change effects on the hydrological resource situation for short and long term, both in and outside of Norway. This aims at assessing future water availability to understand implications on balancing water needs for energy production, flood mitigation, ecosystem services and environment.

In the future, more extreme weather patterns will put water resources in general under increased stress. This requires new coordinated and integrated models for water management. Water will need to be stored and released in times of excess and scarcity for different purposes, the most urgent being drinking water, irrigation and flood control. Combining the need for water storage for these purposes with the storage capacities in hydropower opens new possibilities for multipurpose hydropower plants. The research and analysis required for developing good water management and business models is similar to operational models for hydropower plants. In the Nordics, Statkraft is doing significant maintenance and upgrading work on dams, among others, to prepare for changes in precipitation patterns and more extreme weather.

Scenario Analysis and Stakeholder Input

Statkraft continuously follows national, EU and global climate policy developments to assess the possible impact on our business. Likewise, understanding the impacts of cost and technological developments within renewable technologies are a core part of our analysis. We provide direct input to policy processes in Norway and the EU, including an annual "Low Emissions Scenario Report".



To better capture future uncertainties, Statkraft develops various scenarios where we analyse global and regional drivers in the energy market. The Low Emissions Scenario 2017 shows a development in which today's trends of growing renewable energy deployment and increased electrifications continue towards 2040, which leads to a world of lower greenhouse gas emissions.

Material topic: Climate change mitigation, adaptation and preparedness

Goals towards 2020

Main activities and initiatives for Climate change in 2017

Further develop the understanding of the impact of national and international climate policies on our business and, as appropriate, provide Statkraft's perspectives, including on carbon pricing, to relevant stakeholders

- Declared climate neutrality and joined the Climate Neutral Now pledge.
- Published the "Low Emissions Scenario Report" to share perspectives on the sector developments with the public and relevant shareholders.
- Elaborated specific recommendations for legislative changes in the ongoing revision of the European Emission Trading System and communicated these to relevant stakeholders.
- Elaborated specific recommendations to the EU Clean Energy Package and communicated these to relevant stakeholders.
- Signed various joint industry letters and calls for action on strengthening European and global climate action.
- Participates in the World Bank Carbon Pricing Leadership Coalition and had an active role in preparing high level briefing notes on the benefits of carbon pricing as the core approach to decarbonisation on a global level.
- Participates in the Norway 203040 coalition, a group of Norwegian companies and organisations, to enhance commercial solutions for realising Norways' low carbon growth ambitions.
- Under the "Statkraft Policy Research Programme" the Grantham Institute on Climate Change and the Environment at the London School of Economics conducts a research project "A Fit-for-purpose EU Climate and Energy Policy".
- As Commissioner in the Global Commission on the Economy and Climate Statkraft actively contributes to new reports and initiatives to showcase global action against climate change.

Improve our market and strategic analysis in order to incorporate climate change induced changes

- Statkraft continuously updates assumptions in our market models resulting from changes in climate and climate policies and regulatory frameworks in order to assess the impact on the value of our assets, technologies, market structure and development.

Promote common understanding of how climate change affects all our assets and continue to evaluate new business opportunities accordingly, based on company-wide climate assumptions

- Statkraft participates in Copernicus Climate Change projects aiming at providing climate change products tailored for the energy sector in Europe.
- Statkraft participates in a number of R&D projects supported by the Norwegian Research Council. A recent example is the project TWEX-Future. The project is led by CICERO and uses a novel approach for assessing the risks created by extreme weather events in Norway.
- For assets outside the Nordics, we are conducting hydrological impact studies. We also assess future water availability in order to understand future implications on balancing water needs for energy production, ecosystem services and the environment.

Contribute to scientific methods for assessing the climate impact of our business

- Statkraft assesses and develops tools to evaluate potential net GHG releases from our hydropower reservoirs, both in combination with leading research institutes, other industries, the International Energy Agency (IEA) and International Hydropower Association (IHA).

Business ethics

Framework for business ethics and anti-corruption work in Statkraft

Statkraft has continued to expand the efforts within the area of business ethics and anti-corruption in recent years. One of the important decisions taken in this regard was to establish a new Corporate Compliance Unit, as part of Corporate Legal and Compliance, in 2016. The Compliance unit is responsible for developing and maintaining a group wide compliance programme adjusted to risks of the company, and for keeping up to date with all relevant developments in external legislation and standards. The Compliance programme covers the areas of corruption, fraud, money-laundering, sanctions and export control, as well as personal data protection and competition law.

The compliance programme is regularly reviewed and updated to fit the size and risk exposure of the company, with an extensive audit of the programme being initiated in the last part of 2017. The internal rules are defined based on the Norwegian legal standard, and are specific and detailed in what is expected in terms of professional and ethical conduct by employees. The Board of Directors is involved in the compliance work through regular discussions of development of the programme, minimum quarterly. In the last year a new approach was adopted for the Board of Director's involvement in this work, expanding their involvement further.

In 2017, further staff resources were allocated to the compliance work in the company, including the recruitment of new specialist expertise in several areas.

Compliance programme continuously adjusted to the changes in the company

Statkraft conducts regular risk assessments on anti-corruption for the whole company, annually for all business areas. Risks are followed up through dedicated mitigation measures. The risk management process is more extensive for high risk locations and projects, and always involves the combination of local expertise and central compliance resources. During 2017 a process was initiated to revise and further strengthen the risk assessment methodology, including incorporating new topics covered by the compliance agenda. The new methodology will be rolled out in all business and staff areas in 2018.

The main corruption risks identified for the company relate to M&A processes and JVs; procurement and payment processes; the use of consultants and intermediaries; government permitting and licensing processes; and conflict of interest. The risks typically vary depending on the geographical location, technology and type of business activity in question. These nuances are reflected in the risk maps of different business units.

The corporate compliance programme is regularly updated to reflect risks identified through risk assessments and through follow up on concrete cases and investigations. This includes development of new procedures and controls, and adjustments to training activities.

Training and communication

Statkraft ensures that all employees are familiar with the principles set out in the Code of Conduct through orientations given when joining the company, training conducted regularly for all staff, and through communication by senior managers. Over the last year training sessions were conducted in all major locations. In addition specialised training sessions were organised for the Board of Directors, the senior management team, managers, and staff members in different functions. Compliance has been included as an important topic in all major leadership and company events conducted through the year.



Group task during a training session for staff in Brazil.

In the second half of the year a new project was initiated to develop new training and communication activities. This will include a new e-learning training course with interactive modules, in the different languages used by the group. New material for class room session and new guidance material is also being developed. The new guidance material will be made available through a new portal currently under development.

Handling of risk related to third parties

Statkraft has clear and detailed procedures for the handling of risks related to third parties. This includes a policy for how background checks are conducted, how contract clauses should be formulated, and how monitoring should be conducted for high risk contracts.

All high risk business partners (including all agents) are checked independently by the Compliance unit. The integrity reviews conducted include an assessment of the ownership structure (incl. beneficial owners), an assessment of connections to politically exposed persons, and a broad assessment of reputational risks associated with the counterparty. The level of the analysis is adjusted to the nature of business partners and agreements. Over the last year additional work was undertaken to further develop and adjust the procedures for third party checks for locations and business activity areas with particular risk exposure. There are also new efforts being made to revise the approaches to monitoring of third parties during the contracting period.

In the last year work was done to review the standard business ethics clauses included in contracts with third parties, to ensure

that these reflect the developments of legal requirements and the risk exposure of different types of contracting processes.

Internal controls

Statkraft has invested over recent years in improved controls related to anti-corruption and fraud prevention. There is an ongoing collaboration between the Compliance unit and the CFO area for the further development of such controls. Over the last year there was a significant amount of effort invested into implementation of improved controls in core financial processes, such as for the 'procure-to-pay' process and the roll-out of a dedicated new Fraud Prevention System. The latter system is in the process of being rolled out to a prioritised set of locations, followed by a broader roll-out next year.

Reporting of concerns

Statkraft has an established system for reporting of concerns. Employees have the right and responsibility to report concerns and breaches of legal or ethical commitments through the line organisation or the Group's whistleblowing channel. Reporting can be made anonymously through the whistleblowing channel which is managed by Corporate Audit. The whistleblowing channel is also available for externals via Statkraft's web site.

In the last year further efforts were made to increase the awareness of the reporting channels throughout the company, and to further improve the process for reporting and handling of reported cases.

New initiatives in the compliance area

In addition to the continuous development of the key areas of work outlined above, several new initiatives were launched in the last year, described below.

Personal Data Protection project

A Personal data protection 'up-lift' project was launched. This is a project aimed at bringing Statkraft to the necessary level of maturity of compliance with applicable personal data protection rules. External expectations are changing, with a significantly stricter set of rules coming into force with the new European General Data Protection Regulation (GDPR) that takes effect from May 2018. The project is focused, amongst other things, on clarifying roles and responsibilities, improving policies and procedures, and increasing awareness and knowledge on personal data protection.

Tone from the Top initiative

Statkraft has made continuous efforts with regards to tone from the top initiatives. The CEO and senior managers regularly communicate about business ethics principles during corporate events, meetings and training events. They participate in giving training, and communicate around new initiatives in their leadership teams and to staff more broadly. In order to further strengthen the leadership on business ethics, the CEO decided to introduce a new Tone from the Top initiative in the last year. The initiative includes, amongst other things, increased focus on lesson learning and dilemma training activities at different levels of

management, more frequent communication by managers on topics of business ethics, and new KPIs on compliance. New KPIs for compliance include a target of 95% of staff trained annually, and an annual target of 85% implementation of dedicated compliance prevention plans in high risk locations and projects.

Collective action

Statkraft continues to contribute to collective action on compliance topics. In the last year, this has included participating in dedicated initiatives organised by industry associations, participating as speakers at industry events in several of the countries where we operate.



Statkraft organised a meeting with representatives from other companies, NGOs and public entities in Chile to discuss developments related to business ethics.

Tax

In light of an increased focus globally on tax governance and tax transparency, the Board of Directors decided in April 2017 to approve the voluntary disclosure of a global tax strategy detailing the internal tax policies, practices and procedures embedded in Statkraft's management system. The voluntary publication of a global tax strategy was done in addition to the mandatory publication of a specific UK tax strategy, published in accordance with recent UK legislation.

Statkraft pursues a tax strategy that is principled, transparent and sustainable and aligned with our Code of Conduct. We are committed to ensure full compliance with all statutory obligations and full disclosure to tax authorities and we transact on an arm's length basis. We do not engage in artificial tax arrangements and actively consider all implications of tax planning. Moreover, all tax planning is subject to robust review and approval processes and shall:

- Support genuine commercial activity
- Rely on full disclosure of the facts and circumstances to the relevant tax authority
- Not use tax regimes considered as "harmful" by the OECD or EU

Statkraft has an established procedure in place for tax risk management that facilitates appropriate identification, measuring, management and reporting of tax risks.

Material topic: Business ethics and anti-corruption

Goals towards 2020

Main activities and initiatives in 2017

<p>All employees complete training in business ethics with focus on anti-corruption</p>	<ul style="list-style-type: none"> → Over the last year training sessions were conducted in all major locations. In addition specialised training sessions were organised for the board, the senior management team, managers in different functions, and staff members in different functions. Compliance was included as an important topic in all major leadership and company events conducted through the year. → In the second half of the year a new project was initiated to develop new training and communication activities, such as a new e-learning training course with interactive modules, new material for class room session and new guidance material.
<p>Continue to strengthen the culture of reporting of concerns and breaches</p>	<ul style="list-style-type: none"> → In the last year further efforts were made to increase the awareness of the reporting channels throughout the company, and further improve the process for reporting and handling of reported cases.
<p>Continue to ensure adequate corporate-wide handling of anti-corruption and business ethics risks, with particular focus on high risk processes</p>	<ul style="list-style-type: none"> → Statkraft conducts regular risk assessments on anti-corruption for the whole company, annually for all business areas. Risks are followed up through dedicated mitigation measures. The risk management process is more extensive for high risk locations and projects, and always involves the combination of local expertise with central compliance resources. → During 2017 a process was initiated to revise and further strengthen the risk assessment methodology, including incorporating new topics covered by the compliance agenda.
<p>Improve the adequacy of how business ethics is reflected in requirements and controls for key business processes</p>	<ul style="list-style-type: none"> → Over the last year there was a significant amount of effort invested into implementation of improved controls in core financial processes, such as for the 'procure-to-pay' process and the roll-out of a dedicated new Fraud Prevention System. The latter system is in the process of being rolled out to a prioritised set of locations, followed by a broader roll-out next year.

APPENDIX

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About the Corporate Responsibility Report

The report is based on the Global Reporting Initiative Standards

Statkraft's corporate responsibility reporting is based on the Global Reporting Initiative (GRI) Standards. The GRI Standards include both relevant disclosures for a range of topics, as well as ten reporting principles related to the reporting process.

Statkraft believes that the reported disclosures (indicators) capture the most material topics for Statkraft at corporate level, while also taking into account expectations from our stakeholders. The CR report has been developed in accordance with the GRI Standards, Core option.

Material topics and adhering ambitions and goals

In 2015, Statkraft conducted a materiality analysis with the aim of identifying the corporate responsibility topics that have most significance for Statkraft. The analysis was conducted according to the principles described in GRI's Technical Protocol, and endorsed by Statkraft's auditor, Deloitte AS. The materiality analysis included identifying key stakeholders and their most important topics related to corporate responsibility and conducting workshops with representatives from Statkraft's organisation to identify the most material topics for the company.

All aspects of corporate responsibility are important for Statkraft, but the analysis identified the following six topics to be the most significant for the company:

- Safety and safeguarding of people
- Human rights
- Water management
- Biodiversity
- Climate change mitigation, adaptation and preparedness
- Business ethics and anti-corruption

Statkraft has developed ambitions and goals towards 2020 for the six material topics, and Statkraft's corporate responsibility report is structured according to the identified material topics. The report presents an overview of activities and initiatives performed in 2017 that contribute towards achieving the stated goals for each material topic.

Statkraft's corporate responsibility statement

Statkraft's corporate responsibility statement presents the numeric results for the last three years for economic, environmental and social disclosures. The presented data covers the entire company, unless information provided next to the disclosure indicates otherwise.

The statement mainly follows the Group's accounting principles for treatment of subsidiaries, partly-owned power plants and associated companies. Information and data is collected from all companies where Statkraft is the majority owner, and this is included in the statement in its entirety. Data related to health and safety is collected from all companies where Statkraft owns 20% or more.

The statement covers activities and sites in all phases from planning to operation.

Third party verification

Statkraft has engaged Deloitte AS to conduct a review and provide a limited level of assurance on Statkraft's Corporate Responsibility Report. The review and assurance is carried out in accordance with the assurance standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" established by the International Auditing and Assurance Standards Board.

The auditor's conclusion and scope of work is presented in the Auditor's report.

Statkraft is a member of the UN Global Compact

The UN Global Compact comprises ten fundamental corporate responsibility principles relating to human rights, labour rights, the environment and anti-corruption. Companies that endorse the ten principles of the Global Compact commit to supporting and respecting the principles and reporting their performance annually.

Statkraft has been a member of the UN Global Compact since 2010, and believes that the Global Compact's ten principles are integrated into its strategy and daily operations. Members of the UN Global Compact are obliged to annually report its progress to UN Global Compact, and this CR report function as Statkraft's progress report.

Corporate responsibility statement

Social disclosures

Health and safety

Fatalities	Unit of measurement	2017	2016	2015
Consolidated operations ¹⁾				
Employees	Number	0	0	0
Contractors	Number	0	1	0
Third party	Number	0	0	0
Associates ²⁾				
Employees	Number	0	0	0
Contractors	Number	0	0	0
Third party	Number	0	0	0

¹⁾ Activities where Statkraft has > 50% ownership.

²⁾ Activities where Statkraft has 20 - 50% ownership

Serious incidents ¹⁾	Unit of measurement	2017	2016	2015
Serious injuries	Number	4	5	6
Incidents with, or with potential for, serious consequences	Number	48	40	39

¹⁾ Includes activities where Statkraft has ≥ 20% ownership.

Injuries ¹⁾	Unit of measurement	2017	2016	2015
Employees				
Lost-time injuries (LTI) ²⁾	Number	40	42	41
Lost-time injuries per million hours worked	LTI rate	3.4	3.3	3.3
Total recordable injuries (TRI) ³⁾	Number	78	71	70
Total recordable injuries per million hours worked	TRI rate	6.6	5.6	5.6
Contractors				
Lost-time injuries (LTI) ²⁾	Number	27	39	63
Lost-time injuries per million hours worked	LTI rate	2.2	2.8	3.6
Total recordable injuries (TRI) ³⁾	Number	46	57	106
Total recordable injuries per million hours worked	TRI rate	3.8	4.2	6.0
Third parties				
Injuries ⁴⁾	Number	0	0	0
Statkraft, total				
Lost-time injuries per million hours worked	LTI rate	2.8	3.1	3.5
Total recordable injuries per million hours worked	TRI rate	5.2	4.9	5.9

¹⁾ Includes activities where Statkraft has ≥ 20% ownership.

²⁾ Work-related injuries which have resulted in absence extending beyond the day of the injury.

³⁾ Work-related injuries, with and without absence. Includes injuries which resulted in absence, medical treatment or need for alternative work assignments.

⁴⁾ Recorded injuries requiring treatment by a doctor.

Sick leave ¹⁾	Unit of measurement	2017	2016	2015
Sick leave, total	%	3.5	3.0	3.0
Of which short-term absence (16 days or less)	%	1.5	1.5	1.4
Of which long-term absence (more than 16 days)	%	2.0	1.5	1.6

¹⁾ Sick leave due to illness or injuries, as percentage of normal working hours.

Judicial sanctions and fines, health and safety	Unit of measurement	2017	2016	2015
Judicial sanctions for non-compliance with health and safety legislation	Number	1	0	0
Judicial fines for non-compliance with health and safety legislation	NOK million	0	0	0
Administrative fines for non-compliance with health and safety legislation	NOK million	0.05 ¹⁾	0	0

¹⁾ Fine to District Heating related to safety incident.

Labour practices

Employees	Unit of measurement	2017	2016	2015
Employees 31.12	Number	3 593	3 804	4 119
Of which in Norway	Number	2 241	2 297	2 327
Of which in other Nordic countries	Number	213	224	222
Of which in other European countries	Number	661	732	725
Of which in the rest of the world	Number	478	551	845
Full-time employees 31.12	%	96	96	97
Staff turnover rate ¹⁾	%	5.7	6.6	4.6
Service time				
Average service time	Years	12.0	11.6	10.8
Average service time for employees resigned or dismissed ¹⁾	Years	8.3	9.7	6.6
Apprentices employed 31.12	Number	77	59	61
Trainees employed 31.12	Number	7	15	15
Nationalities represented among Statkraft's employees	Number	51	43	44

¹⁾ Excluding retirements, and not including ENEX in Brazil (2016).

Gender equality	Unit of measurement	2017	2016	2015
Percentage of women				
Total	%	25	25	23
In Norway	%	27	27	26
In other Nordic countries	%	19	20	20
In other European countries	%	23	24	25
In the rest of the world	%	22	19	14
In management positions	%	22	22	23
In Norway	%	26	25	26
In other Nordic countries	%	9	12	15
In other European countries	%	18	19	20
In the rest of the world	%	18	18	17
In Corporate Management	%	29	29	29
In Statkraft's Board of Directors	%	44	44	50
Among employees recruited in the reporting year	%	22	24	26
Among managers recruited in the reporting year	%	20	19	16
Among full-time employees	%	23	23	22
Among part-time employees	%	57	70	55

Equal salary	Unit of measurement	2017	2016	2015
Salary ratio among employees ¹⁾	Ratio	0.93	0.90	0.97
In Norway	Ratio	0.97	0.93	0.96
In other Nordic countries	Ratio	1.00	0.96	1.05
In other European countries	Ratio	0.81	0.76	0.85
In the rest of the world	Ratio	0.92	0.94	1.07
Salary ratio among managers ¹⁾	Ratio	0.92	0.90	0.91
In Norway	Ratio	0.99	0.97	0.96
In other Nordic countries	Ratio	0.90	0.84	0.91
In other European countries	Ratio	0.74	0.73	0.77
In the rest of the world	Ratio	1.04	0.93	0.89

¹⁾ Average salary for women in relation to average salary for men.

Statkraft as employer	Unit of measurement	2017	2016	2015
Organisation and leadership evaluation ¹⁾				
Result	Scale 0-100	72	²⁾	73
Response rate	%	92	²⁾	88
Employees who have completed the performance and career development review	%	97	-	81
Ranking as preferred employer ³⁾ among				
Business students	Ranking	58	60	53
Engineering students	Ranking	6	6	7
Business professionals	Ranking	22	31	37
Engineering professionals	Ranking	13	6	8

¹⁾ From Statkraft's internal annual organisation and leadership evaluation survey. Statkraft's score can be compared with the Global Employee and Leadership Index Norway 2017 result of 70.

²⁾ Evaluation postponed to 2017.

³⁾ Ranking among final-year students and professionals, as defined and measured in the annual Universum Graduate Survey for Norway and the Universum Professional Survey for Norway.

Human rights

Training on human rights ^{1), 2)}	Unit of measurement	2017
Number of hours in the reporting period devoted to training on human rights	Hours	217
Employees that have received training on human rights in the reporting year	%	13
Senior management that have received training on human rights in the reporting year	%	100

¹⁾ This indicator was introduced in 2017.

²⁾ Human rights training considered here is a "specific" human rights training and awareness. This number does not cover trainings on human rights aspects such as Health and safety, or our report of concern procedures (that are part of our implementation of Pillar 3 of the UN Guiding Principles for Business and Human Rights) for which 100% of employees received training.

Engagements and consultations with indigenous peoples	Unit of measurement	2017	2016	2015
Number of projects with ongoing engagement and consultations involving rights of indigenous peoples ¹⁾	Number	8	10	9

¹⁾ Including ongoing consultations in Norway, Sweden and Chile.

Incidents of violations involving rights of indigenous peoples ¹⁾	Unit of measurement	2017
Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period	Number	0

¹⁾ This indicator was introduced in 2017.

Judicial sanctions and fines, human rights ¹⁾	Unit of measurement	2017	2016	2015
Judicial sanctions	Number	0	0	0
Judicial fines	NOK million	0	0	0
Administrative fines	NOK million	0	0	0

¹⁾ Material judicial sanctions for discrimination, forced labour, child labour or violations of the freedom of association, indigenous peoples rights or labour rights.

Environmental disclosures

Climate

Greenhouse gas emissions	Unit of measurement	2017	2016	2015
Emissions of CO ₂ equivalents, consolidated activities ¹⁾	Tonnes	818 000	773 400	258 600
Of which from gas power plants (scope 1)	Tonnes	763 900	722 700	188 800
Of which from district heating plants ²⁾ (scope 1)	Tonnes	23 500	24 900	13 000
Of which from SF ₆ emissions (scope 1)	Tonnes	900	2 700	2 300
Of which halon emissions (scope 1)	Tonnes	0	1 000	0
Of which from fuel consumption ³⁾ (scope 1)	Tonnes	26 900	19 100	50 900
Of which from electricity consumption ⁴⁾ (scope 2)	Tonnes	0	-	-
Of which from business travel ⁵⁾ (scope 3)	Tonnes	2 800	3 000	3 600
Emissions of CO ₂ equivalents from affiliated gas power plants ⁶⁾	Tonnes	94 500	85 600	26 000
Emissions of CO ₂ equivalents from Heimdal incineration plant ²⁾	Tonnes	79 800	79 000	82 000
Emissions of biogenic CO ₂ from district heating plants	Tonnes	153 200	-	-
SF ₆ emissions	kg	40	120	101
Halon emissions	kg	0	140	0

¹⁾ Statkraft's ownership is >50%.

²⁾ Emissions of CO₂ from Heimdal incineration plant is not included in Statkraft's total CO₂ statement, in alignment with the reporting practice to SSB (Statistics Norway).

³⁾ CO₂ from fuel consumption from the Group's machinery and vehicles.

⁴⁾ 100% of Statkraft's electricity consumption is certified renewable.

⁵⁾ Comprises travel by air and car in the Norwegian operations.

⁶⁾ Statkraft's share.

Greenhouse gas emissions per scope ¹⁾	Unit of measurement	2017
Scope 1: Direct emissions	Tonnes	815 200
Scope 2: Indirect emissions, related to electricity consumption	Tonnes	0
Scope 3: Other indirect emissions	Tonnes	2 800

¹⁾ Reporting of greenhouse gas emissions per scope was introduced in 2017.

Relative greenhouse gas emissions ¹⁾	Unit of measurement	2017	2016	2015
CO ₂ -equivalent emissions per MWh power generation, total	kg/MWh	14	12	5
CO ₂ -equivalent emissions per MWh power generation, gas power	kg/MWh	390	367	408
CO ₂ -equivalent emissions per MWh district heating production ²⁾	kg/MWh	19	23	12

¹⁾ Includes Statkraft's share of production and direct fossil CO₂ emissions from the production process. Includes also Statkraft's share of production and emissions of CO₂ in the jointly controlled power plant Herdecke (Germany).

²⁾ Emissions of CO₂ from Heimdal incineration plant is not included in Statkraft's total CO₂ statement, in alignment with the reporting practice to SSB (Statistics Norway).

Biodiversity and impact on nature

Impacts on watercourses ^{1), 2)}	Unit of measurement	2017	2016	2015
Impacted river courses with:				
Anadromous fish	Number	46	46	46
Catadromous fish	Number	5	5	5
Impacted national salmon rivers	Number	13	13	13
Impacted protected rivers	Number	8	8	8

¹⁾ Impact entails change of waterflow, water levels or other living conditions for fish.

²⁾ More detailed information related to impact on watercourses is presented on page 42 in Statkraft's CR report.

Fish cultivation	Unit of measurement	2017	2016	2015
Restocking of fish and smolt ¹⁾	Number	2 188 400	916 700	523 000
Of which in Norway	Number	1 614 700	485 400	139 600
Of which in other Nordic countries	Number	543 700	403 300	376 400
Of which in other European countries	Number	30 000	28 000	7 000
Of which in the rest of the world	Number	0	0	0
Stocking of fish roe ²⁾	Number	568 200	471 800	1 080 000

¹⁾ Includes salmon, inland trout, sea trout, grayling and eel.

²⁾ Includes salmon in Norway and eel in Sweden.

Red list species (fauna) ^{1), 2)}	Unit of measurement	2017	2016	2015
Red list species with habitat in areas impacted by Statkraft's operations in:				
Norway	Number	32	33	2 ³⁾
Other Nordic countries	Number	6	6	6
Other European countries	Number	13	2	0
Rest of the world	Number	83 ⁴⁾	23	61

¹⁾ More detailed information on red list species is presented on page 43 in Statkraft's CR report.

²⁾ Includes species defined as red list species by either International Union for Conservation of Nature (IUCN) or national authorities.

³⁾ Includes red list species with habitat areas impacted by Skagerak Energi's operations.

⁴⁾ The increase in red list species is mainly due to the inclusion of Brazil in the statement.

Operational sites in, or adjacent to, protected areas ¹⁾	Unit of measurement	2017	2016	2015
Operational sites in, or adjacent to, protected areas	Number	27	21	19
Of which in Norway	Number	16	16	14
Of which in other Nordic countries	Number	6	4	4
Of which in other European countries	Number	5	1	1
Of which in the rest of the world	Number	0	0	0

¹⁾ Limited to natural parks and nature or wildlife reserves.

Consumption

Electricity consumption	Unit of measurement	2017	2016	2015
Electricity consumption	GWh	944	918	1 031
Of which pumped-storage power	GWh	633	566	858
Of which electric boilers for district heating	GWh	65	63	35
Of which other operations	GWh	246	289	138

Fuel consumption	Unit of measurement	2017	2016	2015
Fossil fuel consumption				
Natural gas, gas power plants	Mill. Nm ³	354	349	91
Fuel gas, district heating plants	Tonnes	5 750	6 722	3 506
Fuel oil, district heating plants	Tonnes	1 813	1 556	3 438
Engine fuel ¹⁾	Tonnes	8 493	6 039	14 502
Other fuel consumption				
Waste for district heating plants	Tonnes	221 800	219 400	227 700
Waste for bio power plants	Tonnes	265 400	279 200	110 000
Bio fuel	Tonnes	183 900	207 700	154 200

¹⁾ Includes consumption of fuel for vehicles and machinery (for example generators).

Use of water ¹⁾	Unit of measurement	2017
Cooling water, gas power plants	m ³	1 900 000
Process water ²⁾	m ³	251 000
Of which used in gas power plants	m ³	185 000
Of which used in district heating plants	m ³	66 000
District heating pipe leakages	m ³	24 600

¹⁾ This indicator was introduced in 2017.

²⁾ Used for treatment of gas emissions.

Waste

Waste	Unit of measurement	2017	2016	2015
Hazardous waste				
Hazardous waste	Tonnes	15 400	17 000	18 900
Of which from waste incineration plants ¹⁾	Tonnes	6 900	6 800	6 600
Of which from bio power plants	Tonnes	7 900	9 400	8 300
Of which other hazardous waste	Tonnes	600	850	3 980
Non-hazardous waste				
Non-hazardous waste	Tonnes	51 400	50 000	54 500
Of which non-hazardous waste separated at source	Tonnes	49 800	48 600	52 500
Of which residual non-hazardous waste	Tonnes	1 600	1 300	2 000

¹⁾ Consists of filter dust and filter cake.

Environmental incidents and assessments

Environmental incidents	Unit of measurement	2017	2016	2015
Serious environmental incidents ¹⁾	Number	0	0	0
Less serious environmental incidents ²⁾	Number	187	233	228

¹⁾ An incident that results in permanent or severe environmental damage (restitution time > 1 year).

²⁾ An incident that causes a negative environmental impact, but without permanent or severe environmental damage (restitution time < 1 year).

Most of the less serious environmental incidents in 2017 were related to minor breaches of emission regulations for biomass plants and minor oil spills to water and ground with little or no impact on the environment.

Environmental assessment ¹⁾	Unit of measurement	2017	2016	2015
Environmental assessment result, total	Rating	B	B+	B+
Environmental management	Rating	C+	B	B
Products and services	Rating	B-	B	B
Eco-efficiency	Rating	A+	A	A

¹⁾ Environmental assessment from the rating company Oekom Research AG. Rating from E- to A+ (highest), where rating B- and above is considered as leading by Oekom Research.

Judicial sanctions and fines, environment	Unit of measurement	2017	2016	2015
Judicial sanctions	Number	1	0	0
Judicial fines	NOK million	0	0	0
Administrative fines	NOK million	0,2 ¹⁾	0	0

¹⁾ Breach of the concessional terms at Alta hydropower plant.

Economic disclosures

Power generation and district heating production

Installed capacity per technology and geography ¹⁾	Unit of measurement	2017	2016	2015
Installed capacity power generation	MW	17 478	17 418	16 778
Of which hydropower	MW	14 099	14 075	13 464
Of which wind power	MW	947	703	647
Of which gas power ²⁾	MW	2 390	2 600	2 600
Of which bio power	MW	43	40	67
Installed capacity, district heating	MW	835	820	838
Installed capacity per geography, power generation				
Norway	MW	11 857	12 041	11 711
Other Nordic countries	MW	1 813	1 606	1 587
Other European countries	MW	2 974	2 971	2 863
Rest of the world	MW	834	800	617
Installed effect per geography, district heating				
Norway	MW	671	657	675
Other Nordic countries	MW	164	164	164

Installed capacity per technology and geography ¹⁾	Unit of measurement	2017	2016	2015
Installed capacity per technology, power generation				
Hydropower	%	80.7	80.8	80.2
Wind power	%	5.4	4.0	3.9
Gas power ²⁾	%	13.7	14.9	15.5
Bio power	%	0.2	0.2	0.4
Installed capacity per geography, power generation				
Norway	%	67.8	69.1	69.8
Other Nordic countries	%	10.4	9.2	9.5
Other European countries	%	17.0	17.1	17.1
Rest of the world	%	4.8	4.6	3.7
Installed capacity per geography, district heating				
Norway	%	80.4	80.1	80.5
Other Nordic countries	%	19.6	19.9	19.5

Capacity under development per technology and geography ^{1), 3)}	Unit of measurement	2017	2016	2015
Capacity under development, power generation	MW	718	729	909
Of which hydropower	MW	184	207 ⁴⁾	873
Of which wind power	MW	520	522	36
Of which solar power	MW	14	0	0
Capacity under development, district heating	MW	0	0	21
Capacity under development per geography, power generation				
Norway	MW	520	545	100
Other Nordic countries	MW	0	0	0
Other European countries	MW	198	184 ⁴⁾	809
Rest of the world	MW	0	0	0
Capacity under development per geography, district heating				
Norway	MW	0	0	21

Capacity under development per technology and geography ^{1), 3)}	Unit of measurement	2017	2016	2015
Capacity under development per technology, power generation				
Hydropower	%	25.6	28,4 ⁴⁾	96.0
Wind power	%	72.4	71.6	4.0
Solar power	%	1.9	0	0
Capacity under development per geography, power generation				
Norway	%	72.4	74.8	11.0
Other Nordic countries	%	0	0	0
Other European countries	%	27.6	25,2 ⁴⁾	89.0
Rest of the world	%	0	0	0
Capacity under development per geography, district heating				
Norway	%	-	-	100.0

Power generation and district heating production per technology and geography ¹⁾	Enhet	2017	2016	2015
Power generation, total	TWh	62.6	66.0	56.3
Of which hydropower	TWh	57.4	61.2	53.1
Of which wind power	TWh	2.7	2.3	2.5
Of which gas power ²⁾	TWh	2.2	2.2	0.5
Of which bio power	TWh	0.3	0.3	0.3
District heating	TWh	1.1	1.1	1.1
Renewable power generation ⁵⁾	%	96.5	96.7	99.1
Renewable district heating ⁵⁾	%	91.6	91.8	94.7
Power generation per geography				
Norway	TWh	48.6	52.8	44.4
Other Nordic countries	TWh	6.6	6.1	7.2
Other European countries	TWh	3.2	3.2	1.3
Rest of the world	TWh	4.2	3.9	3.4
District heating per geography				
Norway	TWh	0.9	0.9	0.8
Other Nordic countries	TWh	0.2	0.2	0.2

Power generation and district heating production per technology and geography ¹⁾	Enhet	2017	2016	2015
Power generation per technology				
Hydropower	%	91.7	92.7	94.3
Wind power	%	4.3	3.5	4.4
Gas power ²⁾	%	3.6	3.3	0.9
Bio power	%	0.4	0.5	0.5
Power generation per geography				
Norway	%	77.6	80	78.9
Other Nordic countries	%	10.5	9.2	12.9
Other European countries	%	5.1	4.8	2.3
Rest of the world	%	6.8	5.9	6.0
District heating per geography				
Norway	%	79.5	81.8	80.1
Other Nordic countries	%	20.5	18.2	19.9

¹⁾ Includes Statkraft's shareholdings in subsidiaries where Statkraft has a majority interest.

²⁾ Includes the jointly controlled Herdecke (Germany) power plant.

³⁾ Includes projects with an investment decision.

⁴⁾ The Cetin project is no longer included in the figures, as it was sold in 2017.

⁵⁾ Non-renewable production consists of gas power and share of district heating based on fossil fuel. Production at Heimdal, the incineration plant in Trondheim, is counted as 100% renewable district heating production (aligned with SSB, Statistics Norway, reporting practice).

Contribution to society

Value creation	Unit of measurement	2017	2016	2015
Gross operating revenues	NOK million	68 968	50 987	53 094
Paid to suppliers for goods and services ¹⁾	NOK million	42 717	34 261	37 655
Gross value added	NOK million	26 251	16 727	15 439
Depreciation, amortisation and impairment	NOK million	4 162	8 260	6 401
Net value added	NOK million	22 089	8 467	9 038
Financial income	NOK million	456	380	421
Share of profit from associates	NOK million	0	0	683
Minority interests	NOK million	-94	-62	-598
Values for distribution	NOK million	22 639	8 909	10 740

¹⁾ Includes energy purchases, transmission costs and operating expenses.

Distribution of value created	Unit of measurement	2017	2016	2015
Employees				
Gross salaries and benefits	NOK million	3 262	3 202	3 107
Lenders/owners				
Interest	NOK million	1 804	-1 757	5 740
Dividend ¹⁾	NOK million	2 052	0	1 604
Taxes ²⁾	NOK million	5 747	7 581	3 665
The company				
Change in equity	NOK million	9 774	-117	-3 376
Total wealth distributed	NOK million	22 639	8 909	10 740

¹⁾ Includes dividend and Group contribution from Statkraft AS to Statkraft SF.

²⁾ Includes taxes, property tax, licence fees and employers' contribution.

Taxes ¹⁾	Unit of measurement	2017	2016	2015
Total	NOK million	4 010	4 764	2 825
Of which in Norway	NOK million	3 603	4 366	2 390
Of which in other Nordic countries	NOK million	50	8	100
Of which in other European countries	NOK million	333	293	279
Of which in the rest of the world	NOK million	23	97	56

¹⁾ Taxes payable in the balance sheet.

Business ethics and anti-corruption

Training on anti-corruption ¹⁾	Unit of measurement	2017	2016	2015
Employees that have received training on anti-corruption in the last three years	Percentage	100	100	92
Employees in senior management positions that have received training on anti-corruption in the last two years	Percentage	100	100	90
Statkraft's Board members that have received training on anti-corruption in the last two years ²⁾	Yes/No	Yes	Yes	-

¹⁾ This indicator covers the Group, excluding Skagerak Energi and Fjordkraft.

²⁾ This indicator was introduced in 2016.

Judicial sanctions and fines, business ethics and anti-corruption ¹⁾	Unit of measurement	2017	2016	2015
Judicial sanctions	Number	0	0	0
Judicial fines	NOK million	0	0	0
Administrative fines	NOK million	0	0	0

¹⁾ Material judicial sanctions for accounting fraud, corruption, anti-competitive behaviour, anti-trust and monopoly practices.

Reported concerns covering the scope of the Code of Conduct

Reported concerns (whistleblowing) ¹⁾	Unit of measurement	2017	2016
Total number of reported concerns ²⁾	Number	57	46
Of which related to business ethics and anti-corruption	Number	40	23
Investigations initiated by Corporate Audit in the reporting year	Number	5	4

¹⁾ The scope of the whistleblowing procedures relates to the full scope of Statkraft's Code of Conduct, e.g. human rights, environment, health and safety, business ethics and anti-corruption.

²⁾ The format for this indicator was changed in 2016, but historical data related to whistleblowing is available and has been published in Statkraft's annual reports since 2008.

When a reported concern is received, a risk assessment is done in order to decide how to follow up the concern. Most of the reported concerns are handled by the respective business areas according to Statkraft's procedures for handling of reported concerns. Concerns with potentially high consequences for the Statkraft Group are handled by Corporate Audit. In cases where a formal investigation is required, this is the responsibility of the Head of Corporate Audit.

Impact on watercourses 2017

Protected rivers and rivers with migrating fish impacted by Statkraft's activities

Country	River system	River with anadromous fish	River with eel population (catadromous fish)	National salmon river	Protected river	
Norway	Region North Norway & South America					
	Altaelva	X		X		
	Beiarelva	X		X		
	Bjerkaelva	X				
	Engabrevassdraget	X				
	Kobbelvassdraget	X				
	Målselvassdraget	X		X	X	
	Ranaelva	X		X		
	Røssåga	X				
	Skjoma	X				
	Vefsna	X		X		
	Glomdalselva					X
	Region Mid Norway					
	Auravassdraget	X				
	Bævra	X				
	Daleelva	X				
	Dalselva	X				
	Hopra	X				
	Indredalselva	X				
	Isa/Glutra	X				
	Jostedalselva	X				
	Litledalselva	X				
	Nærøydalselva	X			X	
	Rauma	X			X	X
	Surna	X			X	
	Vikja	X			X	
	Ytredalselva	X				
	Nea			X		
	Nidelva	X			X	
	Region South Norway					
	Austdøla/Norddøla	X				
	Austrepollelva	X				
	Bondhuselva	X				
	Førreåna	X				
	Jondalselva	X				
	Sima	X				
	Suldalslågen	X			X	X
	Ulla	X				
	Øyreselva	X				
	Årdalselva	X				
	Dalåi					
	Klebastølåi					X
	Gaularvassdraget				X	
	Rukkeåi					
	Bituåi					
	Tokkeåi					
	Kjelaåi					
	Bora					
	Songaelva					
	Mosåi					
	Eidselva			X		
	Mårelva					
	Gjøystelva					
Røbergelva						
Borgåi						
Lågen (fra Tunhovd)						
Sleipa						
Numedalsågen	X		X	X		
Austbygdåi					X	
Dagali					X	
Skagerak Energi AS						
Siljanvassdraget					X	
Skienselva	X					
Sweden	Skellefteåälven	X				
	Gideälven	X				
	Moälven	X				
	Nätraälven	X				
	Lagan	X	X			
	Nissan	X	X			
	Ångermanälven					
	Umeälven					
Indalsälven						
Germany	Ljungan	X				
	Weser	X	X			
UK	Rheidol	X				

Red list species (within fauna) 2017

Red list species (within fauna) with habitat in areas affected by Statkraft's activities 2017

Level of vulnerability: A) Critically endangered, B) Endangered, C) Vulnerable, D) Near threatened, E) Least concern

Country	Red list species	Vulnerability not known	Level of vulnerability: IUCN list					Level of vulnerability: National list						
			A	B	C	D	E	A	B	C	D	E		
Norway	Eagle Owl						X		X					
	Goshawk						X					X		
	Red-throated Diver						X							X
	Black-throated Diver						X							X
	Willow Grouse						X					X		
	Eel	X									X			
	Pearl mussel		X								X			
	Osprey						X					X		
	<i>Mycetochara obscura</i> (beetle)										X			
	Arctic Warbler						X		X					
	<i>Stagetus borealis</i> (beetle)											X		
	<i>Dolichocis laricinus</i> (beetle)											X		
	<i>Mycetophagus multipunctatus</i> (beetle)											X		
	<i>Acerbia alpina</i> (moth)											X		
	<i>Exodontha dubia</i> (fly)											X		
	<i>Trypophloeus alni</i> (beetle)											X		
	<i>Phiaris heinrichana</i> (butterfly)											X		
	Dune tiger beetle									X				
	<i>Hypnoidus consobrinus</i> (beetle)											X		
	<i>Denticollis borealis</i> (beetle)											X		
	<i>Fleutiauxellus maritimus</i> (beetle)											X		
	<i>Bledius denticollis</i> (beetle)											X		
	Hare							X				X		
	Little bunting							X			X			
	Great snipe					X						X		
	Common reed bunting							X				X		
	Northern lapwing					X				X				
	Northern shoveler							X			X			
	Black-headed gull							X			X			
Sand martin							X				X			
Gyrfalcon							X				X			
Crayfish									X					
Sweden	Sea lamprey						X					X		
	Crayfish			X				X						
	Otter				X							X		
	Golden eagle						X					X		
	Eel	X						X						
	Pearl mussel		X					X						
Germany	Eel	X												
	Pearl mussel	X												
UK	Red kite					X								
Turkey	Dalmatian pelican					X								
	Wild Goat				X									
	Lesser horseshoe bat						X							
	Mediterranean Horseshoe Bat					X								
	Egyptian vulture		X											
	Greek tortoise			X										
	Euphrates softshell turtle		X											
	Central Anatolian Spined Loach		X											
Orontes Spotted Bleak				X										
European sea or Atlantic sturgeon	X													
Albania	Dalmatian pelican					X								
Nepal	Chinese pangolin	X												
	Asian small-clawed otter				X									
	East Himalayan Yew		X											
	Himalayan Musk Deer		X											
Peru	Western Tragopan					X								
	Sechuran fox or zorro					X								
Brazil	Puma, Mountain Lion						X							
	Araucaria Tit-spinetail					X								
	Azure Jay					X								

Red list species (within fauna) with habitat in areas affected by Statkraft's activities 2017 (continued)

Level of vulnerability: A) Critically endangered, B) Endangered, C) Vulnerable, D) Near threatened, E) Least concern

Country	Red list species	Vulnerability not known	Level of vulnerability: IUCN list		Level of vulnerability: National list	
Brazil	Black Spiny-necked Swamp Turtle				X	
	Brazilian Dwarf Brocket			X		
	Brazilian Three-banded Armadillo			X		
	Canebrake Groundcreeper				X	
	Green-throated Euphonia				X	
	Helmeted Woodpecker			X		
	Black-fronted Piping-guan or <i>Jacutinga</i>		X			
	Jaguar				X	
	Margay				X	
	Neotropical Otter				X	
	Ochre-breasted Pipit			X		
	Northern Tiger Cat or <i>Oncilla</i>			X		
	Pampas Deer				X	
	Red Myotis				X	
	Sharp-tailed Tyrant			X		
	Southern Bristle-tyrant				X	
	Southern Long-Nosed Armadillo				X	
	Southern Tiger Cat			X		
	Straight-billed Reedhaunter				X	
	Swallow-tailed Cotinga				X	
	Vinaceous-breasted Parrot			X		
	White-browed Guan			X		
	Wild Common Carp				X	
	William's South-American Side-necked Turtle	X				
	Yellow-browed Woodpecker				X	
	Yellow-legged Timanou	X				
	Mottled Piculet				X	
	Black-capped Piprites			X		
	Pinheiro-bravo	X				
	Creamy-bellied Gnatcatcher				X	
	Argentine Horned Frog (<i>Sapo-de-chifres</i>)	X				
	Bare-throated Bellbird			X		
	Mantled Hawk				X	
	Saffron Toucanet				X	
	Black-horned Capuchin				X	
	Coypu or <i>Rato-do-banhado</i>					X
	Marsh Tapaculo			X		
	Ornate Hawk-eagle			X		
	Sporophila melanogaster				X	
	Rusty Barred Owl (<i>Strix hylophila</i>)				X	
Solitary Tinamou				X		
Saffron-cowled Blackbird				X		
Black-and-white Monjita				X		
Chile	Puye Chico / Inanga	X				
	Pejerrey Cauque	X				
	Bagre Pintado			X		
	Tollo de Agua Dulce		X			
	Puye	X				
	Pocha del Sur					X
	Pouched Lamprey	X				
	Carmelita Común					X
	Peladilla					X
	Perca Trucha					X
	Brown Trout				X	
	Atlantic Salmon					X
	Chiloe Island Ground Frog					X
	Rosy Ground Frog					X
	Grey Wood Frog					X
	Chile Four-eyed Frog					X
	Yellow-billed Pintail					X
	Chiloé wigeon					X
	Great White Egret					X
	Cocoi Heron					X
	Churrete	X				
	Chacoan Peccary or <i>Tagua</i>			X		
	Amazon Kingfisher or <i>Martin Pescador</i>	X				
	Neotropic Cormorant or <i>Pato Yeco</i>	X				
	Great Grebe or <i>Huala</i>					X
	Pied-billed Grebe or <i>Picurio</i>					X
	White-tufted Grebe or <i>Pimpollo /Hualita</i>					X
	Tollo, Bagre, Tollo de Agua Dulce	X				
	Torrent Duck					X
	Andean condor				X	
Guanaco					X	
Puma, Mountain Lion					X	

Global Reporting Initiative (GRI) index

Statkraft's GRI index

The GRI Standards represent the global best practice for sustainability reporting. The Standards comprise both general disclosures, as well as economic, environmental and social disclosures. Companies can report according to two reporting levels - Core or Comprehensive.

Statkraft's corporate responsibility reporting is based on the GRI Standards, at reporting level Core.

Statkraft has engaged Deloitte AS to conduct a review to provide a limited level of assurance on Statkraft's Corporate Responsibility Report. The review is based on the assurance standard ISAE 3000, and the auditor's conclusion is presented in the Auditor's report.

Explanations for the GRI index

Reported = The disclosure is reported according to the GRI Standards.

Partly = The disclosure is partly reported according to the GRI Standards.

GRI alignment in process = A reporting process aligned with the GRI Standards is under development.

EU = Specific disclosure for the energy utilities sector.

GENERAL DISCLOSURES: ORGANISATIONAL PROFILE		REFERENCE / RESPONSE	STATUS
102-1	Name of the organisation	Statkraft AS	Reported
102-2	Activities, brands, products, and services	Statkraft in fact and figures Report from the Board of Directors	Reported
102-3	Location of headquarters	Oslo, Norway	Reported
102-4	Location of operations	Statkraft in fact and figures	Reported
102-5	Ownership and legal form	State-owned limited company	Reported
102-6	Markets served	Statkraft in fact and figures Report from the Board of Directors	Reported
102-7	Scale of the organisation	Financial key figures Non-financial key figures Statkraft in fact and figures	Reported
102-8	Information on employees and other workers	CR statement: Labour practices	Reported
102-9	Supply chain	Management of corporate responsibility	Reported
102-10	Significant changes to the organisation and its supply chain	Report from the Board of Directors Note 5: Business combinations and other transactions	Reported
102-11	Precautionary principle or approach	Management of corporate responsibility Economic disclosures: Water management Economic disclosures: Climate change	Reported
102-12	External initiatives	Corporate governance Management of corporate responsibility	Reported
102-13	Membership of associations	Management of corporate responsibility	Reported
GENERAL DISCLOSURES: STRATEGY		REFERENCE / RESPONSE	STATUS
102-14	Status from senior decision-maker	Letter from the CEO Report from the Board of Directors	Reported
GENERAL DISCLOSURES: ETHICS AND INTEGRITY		REFERENCE / RESPONSE	STATUS
102-16	Values, principles, standards, and norms of behaviour	Report from the Board of Directors Corporate governance Management of corporate responsibility Economic disclosures: Business ethics	Reported
GENERAL DISCLOSURES: GOVERNANCE		REFERENCE / RESPONSE	STATUS
102-18	Governance structure	Corporate governance	Reported
GENERAL DISCLOSURES: STAKEHOLDER ENGAGEMENT		REFERENCE / RESPONSE	STATUS
102-40	List of stakeholder groups	Report from the Board of Directors Management of corporate responsibility	Reported
102-41	Collective bargaining agreements	Social disclosures: Labour practices	Reported

102-42	Identifying and selecting stakeholders	Report from the Board of Directors Management of corporate responsibility	Reported
102-43	Approach to stakeholder engagement	Report from the Board of Directors Management of corporate responsibility	Reported
102-44	Key topics and concerns raised	Report from the Board of Directors Management of corporate responsibility Social disclosures: Human rights	Reported
GENERAL DISCLOSURES: REPORTING PRACTICE		REFERENCE / RESPONSE	STATUS
102-45	Entities included in the consolidated financial statements	Note 39: Consolidated companies	Reported
102-46	Defining report content and topic boundaries	About the corporate responsibility report	Reported
102-47	List of material topics	Material topics	Reported
102-48	Restatements of information	Corporate responsibility statement	Reported
102-49	Changes in reporting	Corporate responsibility statement	Reported
102-50	Reporting period	2017	Reported
102-51	Date of most recent report	Statkraft's corporate responsibility report 2016	Reported
102-52	Reporting cycle	Annual	Reported
102-53	Contact point for questions regarding the report	info@statkraft.com	Reported
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	Reported
102-55	GRI content index	Global Reporting Initiative index	Reported
102-56	External assurance	About the corporate responsibility report Auditor's statement	Reported
GRI G4 GUIDELINES: UTILITIES SECTOR		REFERENCE / RESPONSE	STATUS
G4-EU1	Installed capacity	CR statement: Power generation and district heating production	Reported
G4-EU2	Net energy output	CR statement: Power generation and district heating production	Reported
G4-EU3	Number of different customer accounts	See customer related information under: www.statkraft.com www.skagerakerenergi.no www.fjordkraft.no www.statkraftvarme.no	Partly
G4-EU25	Injuries and fatalities to the public involving company assets	CR statement: Health and safety	Reported
ECONOMIC DISCLOSURES: ECONOMIC PERFORMANCE		REFERENCE / RESPONSE	STATUS
103: 1-3	Management approach for economic disclosures	Report from the Board of Directors Corporate governance Management of corporate responsibility	Reported
201-1	Direct economic value generated and distributed	CR statement: Contribution to society	Reported
201-2	Financial implications and other risks and opportunities due to climate change	Report from the Board of Directors Economic disclosures: Climate change Economic disclosures: Water management	Reported
201-3	Defined benefit plan obligations and other retirement plans	Note 16: Pensions	Reported
ECONOMIC DISCLOSURES: INDIRECT ECONOMIC IMPACTS		REFERENCE / RESPONSE	STATUS
203-1	Infrastructure investments and services supported	Social disclosures: Human rights	Partly
203-2	Significant indirect economic impacts	Economic disclosures: Water management	Partly
ECONOMIC DISCLOSURES: ANTI-CORRUPTION		REFERENCE / RESPONSE	STATUS
205-1	Operations assessed for risks related to corruption	Economic disclosures: Business ethics	Reported
205-2	Communication and training about anti-corruption policies and procedures	Economic disclosures: Business ethics CR statement: Business ethics and anti-corruption	Reported
205-3	Confirmed incidents of corruption and actions taken	Economic disclosures: Business ethics CR statement: Business ethics and anti-corruption	Reported

ENVIRONMENTAL DISCLOSURES: ENERGY		REFERENCE / RESPONSE	STATUS
103: 1-3	Management approach for environmental disclosures	Report from the Board of Directors Management of corporate responsibility	Reported
302-1	Energy consumption within the organisation	CR statement: Consumption	Reported
ENVIRONMENTAL DISCLOSURES: WATER WITHDRAWAL BY SOURCE		REFERENCE / RESPONSE	STATUS
303-1	Water withdrawal by source	CR statement: Consumption	Partly
303-2	Water sources significantly affected by withdrawal of water	Economic disclosures: Water management CR statement: Biodiversity and impact on nature CR statement: Impact on watercourses 2017	Reported
ENVIRONMENTAL DISCLOSURES: BIODIVERSITY		REFERENCE / RESPONSE	STATUS
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	CR statement: Biodiversity and impact on nature	Reported
304-2	Significant impacts of activities, products, and services on biodiversity	Environmental disclosures: Biodiversity Economic disclosures: Water management CR statement: Biodiversity and impact on nature	Reported
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	CR statement: Biodiversity and impact on nature CR statement: Red list species (within fauna) 2017	Reported
ENVIRONMENTAL DISCLOSURES: EMISSIONS		REFERENCE / RESPONSE	STATUS
305-1	Direct (scope 1) GHG emissions	CR statement: Climate	Reported
305-2	Energy indirect (scope 2) GHG emissions	CR statement: Climate	Reported
305-3	Other indirect (scope 3) GHG emissions	CR statement: Climate	Reported
305-4	GHG emissions intensity	CR statement: Climate	Reported
ENVIRONMENTAL DISCLOSURES: EFFLUENTS AND WASTE		REFERENCE / RESPONSE	STATUS
306-2	Waste by type and disposal method	CR statement: Waste	Reported
306-3	Significant spills	CR statement: Environmental incidents and assessments	Reported
ENVIRONMENTAL DISCLOSURES: COMPLIANCE		REFERENCE / RESPONSE	STATUS
307-1	Non-compliance with environmental laws and regulations	CR statement: Environmental incidents and assessments	Reported
ENVIRONMENTAL DISCLOSURES: SUPPLIER ENVIRONMENTAL ASSESSMENT		REFERENCE / RESPONSE	STATUS
308-1	New suppliers that were screened using environmental criteria	Management of corporate responsibility	Reported
SOCIAL DISCLOSURES: EMPLOYMENT		REFERENCE / RESPONSE	STATUS
103: 1-3	Management approach on social disclosures	Report from the Boars of Directors Management of corporate responsibility Social disclosures: Health, safety and security Social disclosures: Human rights Social disclosures: Labour practices	Reported
401-1	New employee hires and employee turnover	CR statement: Labour practices	Reported
SOCIAL DISCLOSURES: OCCUPATIONAL HEALTH AND SAFETY		REFERENCE / RESPONSE	STATUS
403-1	Workers representation in formal joint management-worker health and safety committees	Social disclosures: Health, safety and security Social disclosures: Labour practices	Partly
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Social disclosures: Health, safety and security CR statement: Health and safety	Reported
SOCIAL DISCLOSURES: TRAINING AND EDUCATION		REFERENCE / RESPONSE	STATUS
404-2	Programs for upgrading employee skills and transition assistance programs	Social disclosures: Labour practices	Partly
404-3	Percentage of employees receiving regular performance and career development reviews	Social disclosures: Labour practices CR statement: Labour practices	Reported
SOCIAL DISCLOSURES: DIVERSITY AND EQUAL OPPORTUNITY		REFERENCE / RESPONSE	STATUS
405-1	Diversity of governance bodies and employees	CR statement: Labour practices	Reported

405-2	Ratio of basic salary and remuneration of women to men	CR statement: Labour practices	Reported
SOCIAL DISCLOSURES: NON-DISCRIMINATION		REFERENCE / RESPONSE	STATUS
406-1	Incidents of discrimination and corrective actions taken	Management of corporate responsibility CR statement: Reported concerns covering the scope of the Code of Conduct	GRI alignment in process
SOCIAL DISCLOSURES: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		REFERENCE / RESPONSE	STATUS
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Management of corporate responsibility Social disclosures: Labour practices	GRI alignment in process
SOCIAL DISCLOSURES: CHILD LABOUR		REFERENCE / RESPONSE	STATUS
408-1	Operations and suppliers at significant risk for incidents of child labour	Management of corporate responsibility	GRI alignment in process
SOCIAL DISCLOSURES: FORCED OR COMPULSORY LABOUR		REFERENCE / RESPONSE	STATUS
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Management of corporate responsibility Social disclosures: Labour practices	GRI alignment in process
SOCIAL DISCLOSURES: RIGHTS OF INDIGENOUS PEOPLES		REFERENCE / RESPONSE	STATUS
411-1	Incidents of violations involving rights of indigenous peoples	Social disclosures: Human rights CR statement: Human rights	Reported
SOCIAL DISCLOSURES: HUMAN RIGHTS ASSESSMENT		REFERENCE / RESPONSE	STATUS
412-1	Operations that have been subject to human rights reviews or impact assessments	Management of corporate responsibility Social disclosures: Human rights	Partly
412-2	Employee training on human rights policies and procedures	Social disclosures: Human rights CR statement: Human rights	Reported
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Management of corporate responsibility Social disclosures: Human rights	Partly
SOCIAL DISCLOSURES: LOCAL COMMUNITIES		REFERENCE / RESPONSE	STATUS
413-1	Operations with local community engagement, impact assessments and development programs	Social disclosures: Human rights Economic disclosures: Water management	Partly
413-2	Operations with significant actual and potential negative impacts on local communities	Social disclosures: Human rights Economic disclosures: Water management	Partly
SOCIAL DISCLOSURES: SUPPLIER SOCIAL ASSESSMENT		REFERENCE / RESPONSE	STATUS
414-1	New suppliers that were screened using social criteria	Management of corporate responsibility	Reported
SOCIAL DISCLOSURES: SOCIOECONOMIC COMPLIANCE		REFERENCE / RESPONSE	STATUS
419-1	Non-compliance with laws and regulations in the socioeconomic area	CR statement: Business ethics and anti-corruption CR statement: Human rights	Reported

UN Global Compact index

Statkraft's Global Compact index

Global Compact comprises ten fundamental principles relating to human rights, labour rights, protection of the environment and combating corruption. Companies that endorse Global Compact commit to support and respect the principles and report their performance in the various areas annually. In 2011, Global Compact introduced a scheme where all members are classified in three categories; Learning Platform, Active Level and Advanced Level.

Statkraft has been a member of the UN Global Compact since 2010. We believe that the Global Compact's principles are integrated into Statkraft's strategy and daily operations, and that the company's corporate responsibility reporting satisfies the requirements to the category Active Level. In the table below, references are given to Statkraft's reporting on Global Compact's principles.

HUMAN RIGHTS

PRINCIPLE	DESCRIPTION	REFERENCE
1	Business should support and respect the protection of internationally proclaimed human rights, and	Report from the Board of Directors Management of corporate responsibility Social disclosures, Human rights
2	make sure that they are not complicit in human rights abuses.	Management of corporate responsibility Social disclosures, Human rights

LABOUR

PRINCIPLE	DESCRIPTION	REFERENCE
3	Business should uphold the freedom association and the effective recognition of the right to collective bargaining,	Management of corporate responsibility Social disclosures, Labour practices
4	the elimination of all forms of forced and compulsory labour,	Management of corporate responsibility Social disclosures, Labour practices
5	the effective abolition of child labour, and	Management of corporate responsibility Social disclosures, Labour practices
6	the elimination of discrimination in respect of employment and occupation.	Management of corporate responsibility Social disclosures, Labour practices

ENVIRONMENT

PRINCIPLE	DESCRIPTION	REFERENCE
7	Business should support a precautionary approach to environmental challenges,	Report from the Board of Directors Management of corporate responsibility Environmental disclosures, Biodiversity Economic disclosures, Water management Economic disclosures, Climate change
8	undertake initiatives to promote greater environmental responsibility, and	Environmental disclosures, Biodiversity Economic disclosures, Water management Economic disclosures, Climate change
9	encourage the development and diffusion of environmentally friendly technologies.	Statkraft's contribution Environmental disclosures, Biodiversity Economic disclosures, Water management Economic disclosures, Climate change

ANTI-CORRUPTION

PRINCIPLE	DESCRIPTION	REFERENCE
10	Business should work against corruption in all its forms, including extortion and bribery.	Report from the Board of Directors Management of corporate responsibility Economic disclosures, Business ethics



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To the management of Statkraft AS

Independent Auditor's Report on the Statkraft Corporate Responsibility Report 2017

We have reviewed certain aspects of Statkraft AS – Corporate Responsibility Report 2017 (“the Report”) and related management systems and procedures. The Report is presented under Statkraft Annual Report 2017 on the Internet (www.annualreport2017.statkraft.com). The Report is the responsibility of and has been approved by the management of Statkraft AS (“the Company”). Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below. Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews and meetings with management and individual resources responsible for corporate responsibility aspects at corporate level and at selected business and staff units. 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. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusions

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

- Statkraft has established management processes and systems to manage material aspects related to corporate responsibility, as described in the Report.
- Statkraft has applied procedures to identify, collect, compile and validate information for 2017 to be included in the Report, as described in the Report. Information presented for 2017 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Statkraft applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils in accordance level Core according to the GRI Standards. Statkraft's GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Statkraft Annual Report 2017 and Statkraft AS – Corporate Responsibility Report 2017.

Oslo, 14. februar 2018
Deloitte AS

Aase Aa. Lundgaard
State Authorized Public Accountant

Frank Dahl
Deloitte Sustainability

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