



# Statkraft's sustainability strategy

We drive a green and fair  
energy transition



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Statkraft is a leading company in hydropower internationally and Europe's largest generator of renewable energy. The Group produces hydropower, wind power, solar power, gas-fired power and supplies district heating. Statkraft is a global company in energy market operations. Statkraft has 5,300 employees in 21 countries.

# About sustainability in Statkraft

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Statkraft aspires to be a leading international renewable energy company – creating value by enabling a net-zero future. The overall approach, ambitions and targets are outlined in the Corporate strategy 2023-2030<sup>1</sup>. To get there, the way we do business is important. We therefore embed sustainability in everything we do, in order to create value for society, the environment, and the company. The key elements of our Sustainability strategy are integrated in the Corporate strategy.

This document, Statkraft's sustainability strategy, outlines our direction and priorities. It covers our overall approach the UN Sustainable Development Goals (the UN SDGs), and our four strategic pillars: climate action, biodiversity, human rights and circular economy.

Below is a description of overall drivers and trends, corporate strategic objectives, targets and prioritised actions going forward to improve our sustainability performance. A table summarising targets and actions is included in Appendix 1.

Statkraft has also established objectives and targets for other sustainability areas, such as health and safety, security, diversity and business ethics. These topics are not covered in this document.

## Sustainability drivers and trends

The sustainability landscape is changing rapidly, with an increasing number of regulations and ever higher expectations related to companies' performance, management and reporting on sustainability topics. Four key global sustainability trends that currently shape the energy market are:

**Climate resilience:** With the more evident consequences of climate change, there is increasing focus on reducing vulnerability to climate threats. This includes understanding and mitigating climate risks, as well as adapting to the changes.

**A just transition:** There is increasing focus on the green shift being fair and inclusive, ensuring that we are not only ceasing to deplete the planet's resources which impact the climate and environment, but also by taking into account the impact on people. This includes creating decent, safe, and equal working conditions, respecting the rights of the local communities, and leaving no people or countries behind in the transition to a low carbon economy.

**Protecting nature:** A historic deal to halt and reverse biodiversity loss was decided in COP15 in Montreal at the end of 2022. The 196 countries that adopted the framework are now following up with national action plans, emphasising nature and its interlinkages with climate change.

**Increased regulation:** There is an increasing number of regulations related to sustainability, changing to a large extent what businesses are required to do and how to disclose their actions. This makes sustainability management and external reporting mandatory, more comprehensive and standardised. How companies address sustainability is expected to be integrated into key business processes and driving performance.

## Statkraft's approach to sustainability

Through our activities, we aim to create value for the society, the environment and the company. Acting responsibly is one of our core values. Our fundamental principles for sustainable and responsible behaviour are outlined in our Code of Conduct, approved by the Board. Our sustainability principles are further detailed in our management system, 'The Statkraft Way'.

Our work is guided by relevant frameworks and guidelines, including but not limited to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We comply with sustainability-related EU Directives for our European activities and take guidance from the IFC Performance Standards for new energy development projects. We are also a member of UN Global Compact and participate in industry initiatives and networks.

We regularly conduct corporate-wide impact assessments related to sustainability topics. We also complete double materiality analyses on a regular basis, assessing Statkraft's impact on the economy, environment and people. Further, the white paper on state ownership<sup>2</sup> details the Norwegian state's role and expectations to the companies where they have ownership interests. The overall goal from our owner is 'highest possible return over time in a sustainable manner'. Our sustainability strategy is based on the insight from the above-mentioned processes, Statkraft's position, the owner's expectations, market development and evolving requirements and expectations.

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<sup>1</sup> More information can be found at [Statkraft.com/about-statkraft/strategy](https://www.statkraft.com/about-statkraft/strategy).

<sup>2</sup> Meld. St. 6 (2022-2023), A greener and more active state ownership – The state's direct ownership of companies, October 2022.

# The sustainability strategy

## We drive a green and fair energy transition

Statkraft's sustainability ambition is to drive a green and fair energy transition. Through our large operational fleet and our growth strategy within new renewable energy we contribute to decarbonisation and electrification of societies. In these activities we are committed to fair and inclusive processes, where impact on people and the environment is carefully taken into account.

We drive a green and fair energy transition through four pillars:

- Climate action: Developing a net-zero value chain
- Biodiversity: Growing within planetary limits
- Human rights: Creating a positive impact on people
- Circular economy: Adopting circular ways of thinking

As an overall framework, we are committed to the UN's sustainable development goals. This framework and our four pillars are outlined below.

## The UN Sustainable Development Goals at Statkraft

The UN Sustainable Development Goals (SDGs) enable the global community to navigate towards a more sustainable future by 2030. For Statkraft, the SDGs serve as a guide for developing and improving our business activities.

Statkraft recognises the important role that businesses play in contributing to the realisation of these goals, and we have assessed our impact on all 17 SDGs. Based on that assessment, we have decided to specifically address eight of the goals where we believe we can contribute the most.

We address the SDGs on three levels: as part of our overarching commitment, in our core business, and in the way we work together.

As a provider of renewable energy, and with an aspiration to enable a net-zero future, we are strongly committed to SDG 13 (Climate Action). We also focus on SDG 7 (Affordable and clean energy) and SDG 11 (Sustainable cities and communities) which are closely linked to our core business. In addition, we are convinced that responsible and sustainable operations and project development is key to succeed with the goals. Therefore, we also focus on SDG 5 (Gender equality), SDG 8 (Decent work and economic growth), SDG 12 (Responsible consumption and production), SDG 15 (Life on land) and SDG 16 (Peace, justice and strong institutions).

We aim at making an impact, focusing on what matters and delivering smart solutions that drive positive change. As part of the sustainability strategy, we have developed strategic objectives, targets and prioritised actions for our key areas within sustainability. There is a clear and strong link between these objectives and targets and our prioritised SDGs.



## Climate action: Developing a net-zero value chain

Limiting global warming to 1.5°C means that global greenhouse gas (GHG) emissions must be reduced by half by 2030 and approach net-zero<sup>3</sup> by 2050. This is the goal of the Paris Agreement, and it requires a comprehensive transformation across all economic sectors. The energy system will play a central role in this transformation, as nearly 75% of today's GHG emissions are energy-related – and mainly from the combustion of fossil fuels. Decarbonising the power sector is therefore key to reach the goal. This will require a sustained rapid growth of renewable electricity, and at the same time significant reductions in coal- and gas-fired electricity generation at a global level over the next 10 years.

### Overall picture and general status at Statkraft

Statkraft's asset portfolio and our growth strategy based on 100% renewable energy is consistent with a science-based emissions trajectory for the global power sector. This means that the development of our emissions is in line with the 1.5°C degree warming target and the Paris Agreement.

The GHG intensity (scope 1+2) from our electricity generation is one of the lowest in the EU energy sector<sup>4</sup>. Our German gas-fired power plants amounted to 96% of our total direct (scope 1) emissions in 2022, whilst representing only 3% of our total electricity generation.

We continue to implement climate measures such as reaching 100% share of renewable energy in district heating activities, understanding, assessing and reducing indirect GHG emissions (scope 3), and electrifying our commercial vehicle fleet.

We compensate 100% of our electricity consumption with Guarantees of Origin, and we offset non-ETS direct emissions.

### Commitments and targets

Statkraft is committed to the 1.5°C global warming target and the Paris agreement. This means our emissions shall follow a 1.5°C pathway for the power sector. 100% of our investments are in renewable energy, and we aim to reach carbon neutrality<sup>5</sup> for scope 1+2 by 2040. In principal, by 2040 our German gas-fired power plants must either be sold, phased out, retrofitted with CCS technology, or use blend-in of low-carbon fuels. An action roadmap with updated climate targets will be developed by 2024.

We are also committed to decreasing our indirect GHG emissions (scope 3), with an ambition of reaching net-zero<sup>3</sup> for scope 1+2+3 by 2050 at the latest. We will collaborate with our major strategic suppliers to achieve this, e.g. by purchasing low-carbon material in the design and planning phases as well as using electric machineries on our construction sites. The residual scope 3 emissions will be neutralised by carbon removals.

### Short- and medium-term targets:

- By 2025: Secure science-based third-party verification of our emissions targets
- By 2025: Carbon intensity (scope 1+2) to be <50 g CO<sub>2</sub>e/kWh
- By 2030 and onwards: Carbon intensity (scope 1+2) to be <35 g CO<sub>2</sub>e/kWh
- By 2030: 100% share of renewable energy in district heating activities

### Long term targets:

- By 2040: Become carbon neutral (scope 1+2)
- By 2050: Become net-zero (scope 1+2+3)

### Key priorities and actions going forward

- Initiate process to externally verify that Statkraft's short-, medium- and long-term climate targets are in line with science-based emission trajectories for the global power sector
- Continue the development of GHG assessment tools and test them across the company to understand, assess and reduce emissions in refurbishment and construction projects
- Embed climate assessments and actions, including GHG budgeting and accounting, into the project development and procurement processes
- Ensure alignment with recognised standards and upcoming frameworks for external reporting of GHG emissions, climate risks and opportunities and climate change adaptations
- Improve our understanding and quantification of cost and benefits related to climate risk and opportunities
- Continue annual reporting of our climate related information to CDP<sup>6</sup>
- Develop an action roadmap with updated climate targets by 2024

<sup>3</sup> Net-zero means cutting GHG emissions (scope 1+2+3) to as close to zero as possible, in alignment to a 1.5°C pathway. Any remaining emissions must be compensated by carbon removals.

<sup>4</sup> Statkraft's corporate GHG intensity (scope 1+2) for 2022 was 11 g CO<sub>2</sub>e/kWh. As a comparison, the GHG intensity for electricity generation in the EU was 241 g CO<sub>2</sub>e/kWh in 2021.

<sup>5</sup> Carbon neutrality means reducing GHG emissions (scope 1+2 as a minimum) as much as possible and compensate for any remaining emissions. There is no requirement for alignment to a 1.5°C pathway, and compensation can be done by purchase of carbon offsets.

<sup>6</sup> Former Climate Disclosure Project (CDP) manages a global disclosure system for climate-related information.

## Biodiversity: Growing within planetary limits

The last 50 years have seen an unprecedented decline of nature, and the rate of species extinctions is accelerating. Loss of biodiversity and negative impact on nature is now ranked among the most prominent risks to humanity. The five key drivers of change are: change in land and sea use, direct exploitation of organisms, climate change, pollution and alien invasive species. For terrestrial and freshwater ecosystems, land-use change has had the largest relative negative impact on nature since 1970<sup>7</sup>.

The Global Biodiversity Framework (GBF) from COP15<sup>8</sup> set a goal to substantially increase the area of natural ecosystems by 2050 and halt the human induced extinction of threatened species by 2050. The GBF sets 25 global explicit targets for 2030, including:

- Close to zero loss of areas of high biodiversity importance, including ecosystems of high ecological integrity
- 30 percent of degraded natural areas are under effective restoration
- 30 percent of natural areas are conserved, especially areas of particular importance for biodiversity and ecosystem functions

### Overall picture and general status at Statkraft

Biodiversity and ecosystem functions and services are material aspects to Statkraft. Two of the key drivers for biodiversity loss are closely linked to Statkraft's activities: climate change and land and sea use change. To mitigate climate change, there is a need for replacing fossil energy sources with renewable energy. This means utilising natural resources, and inevitably impacting on the environment. Hydropower plants impact the natural flow of rivers, while wind and solar power plants require land usage. The approach taken at each new project development needs to consider both aspects carefully and will be guided by national priorities and regulatory requirements.

### Commitments and targets

Statkraft is committed to applying the principles of the mitigation hierarchy<sup>9</sup> and mitigating our impact on biodiversity in a responsible way. We also continuously work to improve the understanding of our impact and to disclose our performance transparently.

For new energy developments Statkraft will follow relevant best practices, and first and foremost seek to avoid adverse impacts if possible. In a number of new wind and solar development projects, Statkraft is striving to achieve net gain for biodiversity<sup>10</sup>. We aim to learn from this for our wider operations. For existing assets, and redevelopment of these, the appropriate approach will be further explored in light of concessioning frameworks and wider developments.

Furthermore, Statkraft recognises the biodiversity risks in our supply chain. For our biomass supplies we will strive to ensure sustainable procurement of wood.

### Key priorities and actions going forward

Statkraft has identified four cross-cutting focus areas to increase biodiversity efforts:

- Streamline and disclose biodiversity performance data
- Understand our biodiversity impact and evaluate relevant mitigation measures
- Leverage biodiversity networks internally and externally
- Increase biodiversity awareness and knowledge

A number of actions have been identified to follow up on the prioritised focus areas, e.g. developing a methodology to identify high risk and/or impact areas and developing updated biodiversity targets by 2024. These actions are listed in Appendix 1.

## Human rights: Creating a positive impact on people

The role of business in making the green transition happen has been clear for a long time. Now it is becoming increasingly important to understand how this green transition also impacts people and how to ensure that this takes place in a way that is seen as fair. Respect for human rights is an integral part of this just transition agenda, spanning from how to ensure that workers are treated fairly, to how new green developments impact communities. Human rights are also increasingly integrated into legislation directed at business, such as the Norwegian Transparency Act<sup>11</sup>.

<sup>7</sup> IPBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany.

<sup>8</sup> UN Biodiversity Conference, Montreal 2022.

<sup>9</sup> The mitigation hierarchy follows avoidance, minimisation, restoration and offsets in order to reduce impact on the environment.

<sup>10</sup> Net gain principles mean, in short, aiming at leaving the natural environment in a measurably better state than it was before the impact.

<sup>11</sup> The Norwegian Transparency Act was introduced in 2022. The Act requires companies to more systematically assess, address and follow-up human rights risks in their operations, and disclose their efforts and challenges.

**Overall picture and general status at Statkraft**

Statkraft’s approach to human rights is aligned with the international agenda and available guidance and frameworks. It is risk-based and aims to create shared value, and we strive to integrate human rights into relevant business processes and activities.

Statkraft undertakes regular corporate-level human rights risk assessments in line with the UN Guiding Principles. The focus in these assessments is risk to people.

Based on the last assessment (2023), the following key rightsholder groups in the value chain have been identified:

- In upstream activities: Contract workers and supply chain workers
- In own operations: Direct workers, local communities, indigenous peoples and human rights defenders
- In downstream activities: Downstream workers

Human rights due diligence at country and project level is also a priority, and we are rolling out new processes and tools across the organisation to enable this as well as align with new requirements.

**Commitments and targets**

Statkraft’s human rights commitments are outlined in the Corporate Management commitment statement:

- We are committed to conducting business in a way that respects human rights and we seek to positively contribute to the realization of human rights of neighbouring communities.
- We are committed to international labour rights and a workplace without injury or harm. We promote diversity and inclusion in the workplace and support the right to organise and collective bargaining.
- We encourage decent working conditions in our supply chains, including promoting living wages and reasonable working hours.
- We are committed to providing for or cooperating in remedy processes in situations where our activities cause or contribute to adverse human rights impacts.

In addition, we have established the following commitments and targets:

**Zero confirmed instances**

Statkraft aims to respect human rights, by having zero confirmed instances where we are causing, contributing, or directly linked to breaches of human rights as per the UN Guiding Principles on Business and Human Rights.

**Living wage**

Statkraft guarantees a living wage for all employees and will require the same for site-based workers. Statkraft is committed to promoting living wages in the supply chain based on the principle of leverage<sup>12</sup>. All migrant or foreign workers performing work on a Statkraft site shall be informed of their rights to a living wage.

**Working hours**

Statkraft will comply with national working hour regulations and ILO recommended limits and is committed to promoting adherence to such standards in the supply chain based on the principle of leverage. All migrant or foreign workers performing work on a Statkraft site shall be informed of their rights to decent and safe working time arrangements.

**Indigenous & tribal peoples, and other vulnerable groups**

Where projects affect or otherwise impact vulnerable groups, such as indigenous and tribal peoples, impacts shall be assessed in line with company commitments and legal requirements. Engagement and dialogue with such groups is a priority and for new projects we apply the guidance of IFC Performance Standard number 7.

**Key priorities and actions going forward**

We have identified the following key priorities and actions:

- Prepare a plan for how Statkraft shall support the transition to a net-zero economy in a fair and just manner for all people concerned, including setting ambitions for achieving net-positive impacts for local communities
- Develop best practice for follow-up of indigenous and tribal peoples, where such groups are impacted by our activities, including engagement and dialogue processes
- Develop further guidance on management of social investments and community engagement throughout early phase development, projects and operations
- For promotion of collective bargaining, map gaps and risks in own organisation and explore targets for the supply chain

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<sup>12</sup> Statkraft recognises that the extent of its leverage varies, i.e. Statkraft has stronger ability to influence conditions on its sites than further down in the supply chain.

**Circular economy: Adopting circular ways of thinking**

**Overall picture and general status at Statkraft**

Circular economy is an alternative to traditional linear economic thinking, focusing on keeping raw materials in use for as long as possible. Circular economy is included in upcoming EU regulations and is, for example, one of the six pillars in the EU Taxonomy. Circularity helps reduce direct drivers of climate change and biodiversity loss by contributing to a reduction of greenhouse gas emissions, land-use, resource-use and pollution. It is therefore closely linked with the climate and biodiversity ambitions at Statkraft.

Statkraft recognises the importance of circularity in our operations. Since the company's beginning, our business has been based on products leveraging circular thinking, producing renewable energy with long-term time horizons. We prolong the lifetimes of our assets through monitoring, rehabilitation, and upgrades when necessary. Hydropower assets have a particularly long life-time, but with the increasing share of wind and solar power in our portfolio, with shorter life-time, we experience new challenges and opportunities related to circular principles.

**Commitments and targets**

We strive to decrease the material footprint of our own activities and have minimal resource use across technologies. Our primary focus for increasing circularity is on wind and solar, including the use of energy storage solutions.

Statkraft commits to increasing the re-use and recyclability of key materials and products used in our activities, and to applying the principles of the waste mitigation hierarchy<sup>13</sup>. We aim at designing our assets in a way that increases efficiencies and extends the lifetime, and we strive to improve circularity throughout the value chain.

Statkraft will continue to work with the industry to find commercially viable options for recycling of windmill blades to avoid landfill.

**Key priorities and actions going forward**

**Understand our footprint and impact related to circularity**

We will map our footprint and impact related to resource use and circular thinking, and based on that identify and develop specific actions for each of our technologies, for example:

- Map lifecycle of key materials, resource inflows and resource outflows from our operations
- Develop end of life strategies for our wind and solar assets, including repowering and rehabilitation during lifetime
- Map our extraction of virgin non-renewable resources
- Investigate the extent of certain waste materials, e.g. microplastic waste
- Map and increase our use of recycled material

Based on this mapping, we will develop an action roadmap with specific circularity targets by 2024.

**Collaboration with suppliers and industry to increase circularity**

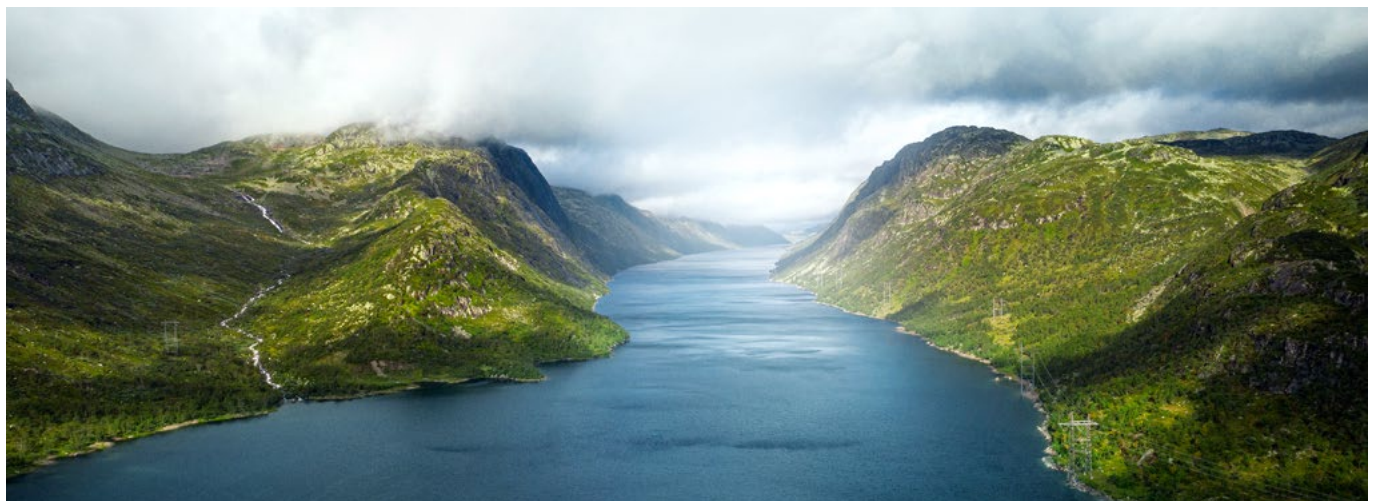
We will work together with suppliers and industry to develop best practice solutions and policies, share knowledge and mature circular principles within the industry as well as in Statkraft.

**Circularity pilot projects**

We will identify relevant projects among our early phase new business initiatives to test circularity concepts and solutions.

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<sup>13</sup> The waste mitigation hierarchy includes to prevent, reuse, repurpose, recycle, recover and lastly disposal.





# Appendix 1

## Overview of corporate strategic objectives, targets and actions

The table discloses Statkraft’s corporate strategic objectives, targets and actions for the areas of climate action, biodiversity, human rights and circular economy. Our approach to the UN SDGs is covered in the UN SDG section in this document, but the link between identified targets and actions and the relevant SDG is also included in the table.

Statkraft has also established ambitions and targets for other sustainability areas, such as health and safety, security and business ethics. These topics are not covered in this document.

| Area                  | Corporate strategic objectives  | Targets and actions  | Linked to SDG |
|-----------------------|---|--|---------------|
| <b>Climate action</b> | We commit to a power sector pathway compatible with a 1.5°C global warming target                       | Develop an action roadmap with updated climate targets by 2024   | 13            |
|                       |   | Complete third-party verification of our GHG emission targets by 2025  | 13            |
|                       |   | Carbon intensity (scope 1+2) to be <50 g CO <sub>2</sub> e/kWh by 2025 and <35 g CO <sub>2</sub> e/kWh by 2030 and onwards | 13            |
|                       |   | Have a renewable share of 100% in district heating activities by 2030  | 11, 13        |
|                       |   | Have 100% share of electric/hybrid personal and light commercial vehicles by 2030  | 11, 13        |
|                       |   | Statkraft to be carbon neutral (scope 1+2) by 2040   | 13            |
|                       |   | Statkraft to be net-zero (scope 1+2+3) by 2050   | 13            |
|                       |   | Engage with and set requirements to suppliers in order to reduce supply chain emissions (scope 3)                          | 13            |
|                       | Increase awareness for GHG emissions related to business travel and improve overview of these emissions | 13   |               |

*The table continues at the next page*

| Area                    | Corporate strategic objectives   | Targets and actions   | Linked to SDG |
|-------------------------|--|---|---------------|
| <b>Biodiversity</b>     | We mitigate our impact on biodiversity in a responsible and transparent way                        | Define and execute a new baseline for biodiversity reporting and streamline reporting procedures  | 15            |
|                         |  | Develop annual action plans per portfolio   | 15            |
|                         |  | Investigate our footprint in the supply chain and how to leverage our position to drive improvements  | 15            |
|                         |  | Explore ways to measure biodiversity impact and methods to demonstrate no net loss and net gain   | 15            |
|                         |  | Identify and participate in relevant external initiatives, e.g. standard setting initiatives to measure biodiversity impact   | 15            |
|                         |  | Develop and rollout group-wide knowledge program to cover our interaction with biodiversity and dilemmas for our operations   | 15            |
|                         |  | Develop updated biodiversity targets by 2024  | 15            |
| <b>Human rights</b>     | We ensure high ethical standards and respect human rights in all business activities               | Zero confirmed instances where we are causing, contributing, or directly linked to breaches of human rights as per the UN Guiding Principles on Business and Human Rights   | 8             |
|                         |  | Develop plan for how Statkraft shall support the transition to a net-zero economy in a fair and just manner   | 8             |
|                         |  | Develop best practice for follow-up of indigenous and tribal peoples, where such groups are impacted by our activities  | 8             |
|                         |  | Develop further guidance on management of social investments and community engagement   | 8             |
|                         |  | For promotion of collective bargaining, map gaps and risks in own organisation and explore targets for the supply chain   | 8             |
| <b>Circular economy</b> | We commit to a sustainable resource use and circular economy within own operations and value chain | Map our footprint and impact related to resource use and circular thinking, including lifecycle of key materials, resource inflow and outflow, extraction of virgin non-renewable resources and the extent of certain waste materials | 11, 12        |
|                         |  | Develop and of life strategies for our wind and solar assets  | 11, 12        |
|                         |  | Increase our use of recycled material   | 11, 12        |
|                         |  | Strengthen our collaboration with suppliers and industry to develop best practice solutions and policies  | 11, 12        |
|                         |  | Test circularity concepts in pilot projects   | 11, 12        |
|                         |  | Develop an action roadmap with specific circularity targets by 2024   | 11, 12        |





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