



Corporate  
Responsibility  
Report  
**2016**



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## About Statkraft's Corporate Responsibility Report

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### The report is based on the Global Reporting Initiative guidelines

Statkraft's corporate responsibility reporting is based on the Global Reporting Initiative (GRI) guidelines. GRI is an independent organisation that works to establish a standard reporting on corporate responsibility. GRI's recommendations include both relevant indicators for a range of areas, as well as ten reporting principles related to the reporting process.

Statkraft's corporate responsibility reporting is based on GRI's sector specific guidance and recommendations, described in supplement G4 Sector Disclosures - Electric Utilities. Statkraft believes that the identified company indicators capture the most material aspects at a Core reporting level, while also taking into account expectations from our stakeholders. Statkraft's GRI Index is presented in the Appendix.

### Material aspects and adhering ambitions and goals

In 2015, Statkraft conducted a materiality analysis with the aim of identifying the corporate responsibility aspects 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 aspects related to corporate responsibility and conducting workshops with representatives from Statkraft's organisation to identify the most material aspects for the company.

All aspects of corporate responsibility are important for Statkraft, and the analysis identified the following six aspects as 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 all six material aspects. This year's corporate responsibility report is structured according to the identified material aspects. In addition, the report presents an overview of activities and initiatives performed in 2016 that contribute towards achieving the stated goals for each material aspect.

### Statkraft's corporate responsibility statement

Statkraft's corporate responsibility statement (see Appendix) presents the numeric results for the last three years for the areas environment, health and safety, labour practices, human rights, ethics and contributions to society. The presented data covers the entire company, unless information provided next to indicators indicates otherwise.

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

### 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

Statkraft has been a member of the UN Global Compact since 2010.

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. Members of the Global Compact are classified in three categories: Learning platform, Active level and Advanced level.

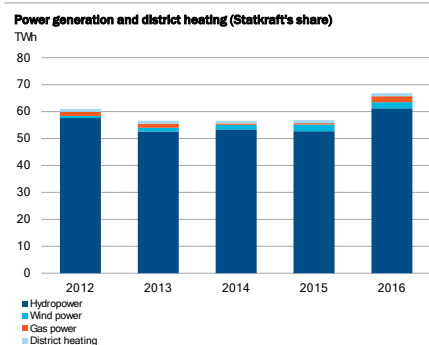
Statkraft believes that the Global Compact's ten principles are integrated into its strategy and daily operations, and that the company's corporate responsibility reporting satisfies the requirements of the category Active level. Statkraft's Global Compact Index is presented in the Appendix.

## Corporate Responsibility in Statkraft

### Statkraft offers renewable and sustainable energy solutions



*In 2016 92%, or 61.2 TWh, of Statkraft's power generation came from hydropower.*



*Power generation in Statkraft by technology in 2012-2016.*

Statkraft supports a global transition towards a low-carbon economy by offering renewable and sustainable energy solutions. Renewable energy is key to combat climate change and Statkraft is a part of the solution to a cleaner future. Since 2015, Statkraft is only investing in renewable energy.

### Environment-friendly portfolio

In 2016, over 96% of Statkraft's power generation was based on renewable energy sources, and more than 92%, or 61.2 TWh, came from hydropower. As an energy technology, hydropower has many advantages, including high efficiency, low operating costs, long lifetime and high flexibility. The large, Norwegian water reservoirs enable us to produce electricity even in periods of little 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 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 the 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 the district heating production. Gas power is considered by many a transitional technology. The technology generates CO<sub>2</sub> 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 and, like hydropower, therefore 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 risk.

## International standards and goals

## Responsible business conduct based on international standards

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 & 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).

## Contribution to the realisation of the UN Sustainable Development Goals

In September 2015, the UN adopted the Sustainable Development Goals (SDGs) to be realised by the year 2030, thereby setting an ambition for a safe and sustainable future. The 17 goals provide a global framework for action to end poverty, combat climate change and fight injustice and inequality. Achieving the goals requires action, partnership and involvement of stakeholders all over the world, and the business sector has a crucial role to play.

Statkraft's business contributes to the implementation of the SDGs, in particular Goal 7 on "Affordable and Clean Energy" and Goal 13 on "Climate Change". Statkraft, through its responsible business conduct and commitment to international standards for corporate responsibility management, also contributes to the implementation of several of the SDGs. In May 2016, Statkraft's President and CEO personally committed to do his utmost to be business worthy in all his efforts and to tune its business to support the SDGs.



**BUSINESS FOR PEACE FOUNDATION**

### The UN Global Goals

[www.businessworthy.org](http://www.businessworthy.org)  
#businessworthy #globalgoals

Name:	What is my company doing?	Why are we doing it?	What is the impact?
Christian Rytting-Tønnesen	Statkraft is a leading company in hydropower internationally and Europe's largest generator of renewable energy.	Renewable energy is key to combat climate change. Statkraft is a part of the solution to a cleaner future.	Reduced carbon emissions, and a push forward in the transition from fossil fuels to renewable energy. Renewable energy creates value for Statkraft and stimulates sustainable local economic development.
Organisation & title:	All the company's new investments will be in renewable energy		
Chosen goal(s):	No 7 and 13		

"The United Nations Sustainable Development Goals provide a once-in-a-lifetime opportunity to end poverty, combat climate change and fight injustice and inequality. By applying innovation, resources and expertise, I will pursue the business opportunities inherent in building a greener, more equitable and inclusive society. I am a business leader who knows that business cannot succeed in societies that fail. I will do my utmost to be businessworthy in all my efforts, and to tune my business to support the United Nations Sustainable Development Goals. I call on my peers to do the same."





## Governance

Statkraft's fundamental principles for sustainable, ethical and socially responsible behaviour are described in Statkraft's Code of Conduct. 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, The Statkraft Way, contains both policies and detailed specifications 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 a line and managerial 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 a staff unit which follows up the company's work and performance as regards corporate responsibility on an overall level. The staff unit has an advisory role towards the business units and an overall responsibility to properly 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.

### Corporate responsibility performance

Statkraft has established Key Performance Indicators (KPIs) at the group level for the areas of environment and health and safety. Corporate Management and the Board of Directors regularly review the results of these indicators. Furthermore, challenges and results related to corporate responsibility topics are presented and discussed in regular Business Reviews (meetings between the CEO and each business and staff area).

As a part of the annual audit plan, Corporate Audit verifies to what extent governing documents and requirements related to corporate responsibility have been implemented and adhered to in the organisation.

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, which also includes our interaction with suppliers. 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. 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.

The country risk level is based on five international country risk indices, while the risk of delivery is based on an industry risk assessment performed by DNV GL and Statkraft. This tool also assess 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". Ten audits were conducted in 2016 under this programme and a further 20 are planned for 2017.

Statkraft performs a risk evaluation of its complete supplier base every second year and conduct regularly reviews of the company's procurement practices.



## 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. Important partners in these dialogues include government officials, local and regional authorities, local communities, rights holders, employees, customers, suppliers, voluntary organisations and the media.

### Dialogue with local communities and host municipalities

Statkraft's activities can have significant impacts on local communities and individuals. Considerable efforts are made to avoid, reduce or mitigate negative impacts for stakeholders and at the same time to enhance direct and indirect benefits and development opportunities. Interventions are based on consultations with all affected right holders and stakeholders in accordance with good international practice and standards, based on the UN Guiding Principles on Business and Human Rights and the International Finance Corporation Performance Standards on Social & Environmental Sustainability.



*In Albania work has been put into reaching meaningful agreements with the households who will experience significant land loss due to the reservoir creation. Goats were part of the livestock inputs delivered.*

It is particularly important to provide information and ensure transparency in the early stages of development projects. Statkraft believes that thorough stakeholder mapping and implementation of wide-reaching communication are the foundation for a good cooperation with impacted communities and individuals, government agencies, as well as broad acceptance from civil society. In line with national licensing processes and international guidelines, Statkraft holds open meetings and hearings, providing information about development plans and topics relevant for those affected by a project. Such topics may include expropriation, employment opportunities and environmental impacts resulting from the project. In Norway, annual meetings are held with all host municipalities, where Statkraft provides information about ongoing and upcoming activities, opening up for discussion about topics important for the individual municipality.

### Dialogue with non-governmental organisations

Statkraft participates in several national and international forums for the purpose of discussing and influencing energy policy. These forums include Energy Norway, Eurelectric, World Business Council for Sustainable Development (WBCSD) and the International Hydropower Association (IHA).

Statkraft also cooperates with NGOs and has cooperation agreements with the Red Cross Norway, environmental organisations such as the Norwegian Society for the Conservation of Nature/Friends of the Earth Norway, Bellona and WWF Norway, in addition to a conference partnership with the environmental foundation Zero.

### Grievance mechanisms

Statkraft places great importance on establishing or participating in effective grievance mechanisms. Grievance mechanisms are established at project level for individuals and communities who may be adversely impacted by our activities. Grievances are logged and handled in accordance with the IFC Performance Standards for Social and Environmental Sustainability.

## 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, which is managed by the Head of Corporate Audit.

Reporting can be made anonymously, and the whistle-blower channel is also available for externals via Statkraft's web site. In 2016, out of the total number of 46 reported concerns, 18 concerns were reported to Corporate Audit. These concerns mainly covered the areas of business ethics and labour rights. Of the reported concerns some are closed after an initial evaluation by Corporate Audit, some are returned to the line organisation for further follow-up, while in some cases a corporate investigation is needed. Corporate Audit is responsible for performing such investigations in Statkraft. In addition to reacting to reported concerns, Corporate Audit can also proactively initiate preventive investigations to enhance compliance. In 2016, Corporate Audit initiated four investigations.

## Ambitions and goals for corporate responsibility

Statkraft has developed ambitions and goals towards 2020 for all six material aspects. This year's corporate responsibility report is structured according to the identified material aspects. In addition, the report presents an overview of activities and initiatives performed in 2016 that contribute towards achieving the stated goals for each material aspect.

Material aspect	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"> <li>→ Ensure that managers at all levels provide safety leadership</li> <li>→ Strengthen the focus on high risk activities and preventative measures</li> <li>→ Utilise a balance of leading and lagging indicators to measure and guide performance</li> <li>→ Improve processes and capabilities for security management</li> <li>→ Ensure that learnings from incidents are applied corporate wide</li> </ul>
Human rights	Statkraft acts according to the UN Guiding Principles on Business and Human Rights	<ul style="list-style-type: none"> <li>→ 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</li> <li>→ Ensure adequate implementation of training programme on human rights</li> <li>→ Strengthen and make better known our grievance mechanisms, including at project level</li> <li>→ Strengthen stakeholder dialogue and communication, including on our salient human rights</li> </ul>
Water management	Statkraft is recognised as a company with a responsible and sustainable water management practice	<ul style="list-style-type: none"> <li>→ Ensure proactive and adequate handling and systematic follow-up of water levels, flow-limits and hydropeaking requirements in our concessions</li> <li>→ 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</li> </ul>
Biodiversity	Statkraft supports a precautionary approach to biodiversity challenges, and facilitates ecological resilience in our areas of impact	<ul style="list-style-type: none"> <li>→ 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</li> <li>→ Increased understanding of our impacts on biodiversity, and adequate handling in project development and operation</li> </ul>
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"> <li>→ 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</li> <li>→ Improve our market and strategic analysis in order to incorporate climate change induced changes</li> <li>→ Further common understanding how climate change affects all our assets and continue to evaluate new business opportunities accordingly, based on company-wide climate assumptions</li> <li>→ Contribute to scientific methods for assessing the climate impact of our business</li> </ul>

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Business  
ethics and anti-  
corruption

Statkraft actively prevents  
corruption and unethical  
practices in all business  
activities

- All employees complete training 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
-

## Health, safety and security

### Status for material aspect “Safety and safeguarding of people”

In 2015, Statkraft conducted a materiality analysis to identify the corporate responsibility aspects that are most material to the company. One of the aspects is “Safety and safeguarding of people”, and ambitions, goals as well as main activities and initiatives in 2016 are presented here.

**Ambition statement for “Safety and safeguarding of people”:** Statkraft actively prevents harm or injuries to people through a systematic approach and a value-based safety culture

#### Goals towards 2020

#### Main activities and initiatives 2016

Ensure that managers at all levels provide safety leadership	→ HSE (Health, Safety and Environment) leadership workshops with Corporate Management and Business Area management teams
	→ Corporate Management has developed, signed and communicated a statement making their HSE commitment clear and visible
	→ HSE improvement program (Powered by Care) has been developed and is under implementation
Strengthen the focus on high risk activities and preventative measures	→ New indicator focusing on serious incidents has been implemented
	→ Life-saving rules and associated roll-out material have been developed and are ready for implementation in 2017 with the aim of mitigating serious injuries
Utilise a balance of leading and lagging indicators to measure and guide performance	→ Leading indicators that measure and drive management and employee engagement have been developed and implemented
Ensure that learnings from incidents are applied corporate wide	→ Company-wide HSE conference and regular network meetings to facilitate sharing and learning across the organisation
	→ Intranet portal for improved sharing of HSE information has been developed, and lessons learned from serious incidents have been reorganised for increased accessibility
Improve processes and capabilities for security management	→ Improved processes for emergency response management have been developed and are ready for implementation in 2017
	→ Enhanced group alignment within security management and improved reporting of security incidents and observations

## Health and safety focus and commitment



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.

*Christophe Bouchard, CEO*  
*Jos Vanhulst*  
*Philippe Babin*  
*Stéphane Rivest*  
*Angèle Gauthier*  
*Robert Gauthier*  
*Yves Gauthier*



Statkraft's Corporate Management has developed and signed a statement to emphasise and communicate their commitment in the area of HSE.

## Statkraft's health and safety commitment

Ambitions and goals for health and safety are firmly embedded within the company's senior management. In 2015, an improvement initiative was launched aiming to take Health, Safety and Environment (HSE) to the next level. The programme, named "Powered by Care" symbolising Statkraft's proactive and value-based safety culture, has several components that have been rolled out in 2016 and will continue with further implementation in 2017. As part of this programme, Corporate Management has made their commitment clear and visible through developing, signing and communicating a "Powered by Care" statement.

The HSE programme contains the following main elements:

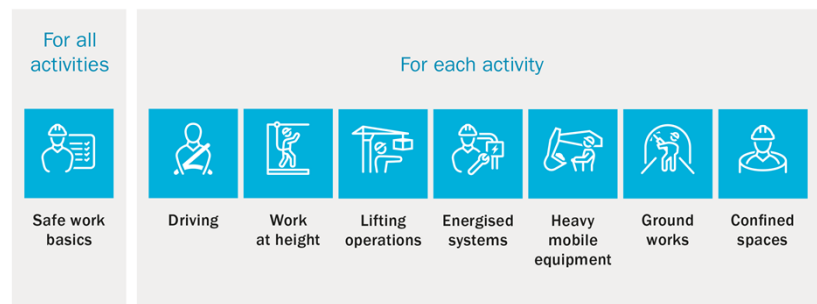
Area	Purpose and goal
HSE leadership development	→ Give the leaders the competence to drive the cultural change within HSE
CEO's HSE award	→ Encourage activities that improve our HSE results and share good practices
Leading indicators	→ Drive management and employee engagement in HSE
Life-saving rules	→ Specific rules for specific activities to mitigate serious injuries and fatalities
Modular e-learning	→ Provide fit for purpose HSE e-learning to reach out to different target groups
Enhanced HSE in projects	→ Establish best practice and tools, e.g. for start-up and contractor follow-up
Portal for sharing and learning	→ Provide a one-stop-shop for access to HSE content, experts and discussions
Improved reporting, analysis and visualisation	→ Provide due attention to HSE results and less manual work and errors

## Mitigation of fatalities and serious injuries

Incidents with serious consequences or potential for serious consequences are investigated or reviewed to identify facts and determine the direct and underlying causes. This information is followed up by the relevant responsible units and actions are taken to prevent recurrence. Lessons learned from such incidents are also made available throughout the organisation to enable learning and prevent similar incidents.

A key element in the on-going HSE programme addresses enhanced mitigation of fatalities and serious injuries through implementation of clear safety rules for specific high-risk activities. These are called "Life Saving Rules" and consist of a basic rule that apply for all work activities and specific rules that apply for seven specific work activities.

## The Life Saving Rules



The rules are simple, clear and suitable for communication at all levels of the organisation, and are supported by efficient tools for roll-out and follow-up.

## HSE key performance indicators

In 2016, new leading indicators and a new indicator for serious incidents have been introduced in addition to the existing indicators for TRI rate, Sick Leave and Environment. The new leading indicators encourage employee and management engagement through measuring activities such as HSE risk observations, HSE improvement proposals, positive HSE observations and Safe Job Dialogues.

## Health and safety 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. A range of modules will be launched early in 2017 through the Statkraft Academy training portal: A "Powered by Care" module providing general HSE training for all, an HSE Management module for more in-depth topics, modules to support the Life Saving Rules roll-out, and project specific training such as for the Fosen Wind Project. Some of the e-learning will be mandatory for employees and/or contractors, depending on their roles, risks and working situations.

## Sharing and learning

An HSSE portal has been introduced on the intranet to provide easy access to content, expertise and discussions. This will help facilitate improved collaboration and more effective use of resources across the organisation.



*Winner: The Banja Replacement Roads project (International Power Business Area, Devoll Hydropower project). Tom Kristian Larsen, Country Head of Albania, receiving the CEO's HSE Award for 2016 from CEO Christian Rynning Tønnesen.*

## CEO's HSE Award

An HSE Award scheme was launched in 2015 to encourage activities that contribute to improved HSE results. The initiative has resulted in great engagement across the organisation and the first CEO's HSE Award was presented in November 2016.

The winner was The Banja Replacement Roads Project, part of the Devoll Hydropower project in Albania. Through high focus on HSE in close cooperation with contractors, the project executed a challenging work scope on time and cost and without injuries.

Construction methods with particular focus on safety, quality and progress were developed and played a key role in the successful execution. These methods greatly reduced risk of work at height and included customised equipment and methods for installation of bridge beam bearings, customised prefabricated formwork solutions and prefabricated custom designed scaffolding to fit inside pillars.

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

- The Hydrology Department in the Market Operations & IT Business Area was recognised for their increased focus on HSE in relation to snow measurements. Central to this was an improved mountaineering safety course for snow surveyors covering snow physics and snow avalanche theory, avalanche hazard evaluation, avalanche rescue, safe travel in avalanche terrain and safety precautions for snow mobile driving.



*Nominated: Focus on HSE in relation to snow measurements (Market Operations & IT Business Area, Hydrology Department).*





*Nominated: Effective engagement of vendors and employees in the Ringedalen hydro power project (Power Generation Business Area).*

*Foto: Bård Basberg/Hardanger Atgaum*

→ The Ringedalen hydro power project in the Power Generation Business Area was recognised for effective engagement of vendors and employees on a complex project with high-risk activities. They succeeded in engaging employees across contractors and nationalities in achieving a culture of taking care of each other using means such as a local award for the most important HSE observation and a proactive, risk-based approach to the planning of upcoming activities.

→ The Grid Compliance Project in the Wind, District Heating & Projects Business Area was recognised for good HSE performance on a complex construction project inside a live High Voltage substation. This was achieved thorough planning, clear communication of HSE requirements and expectations, and continuous engagement and follow-up with contractors.

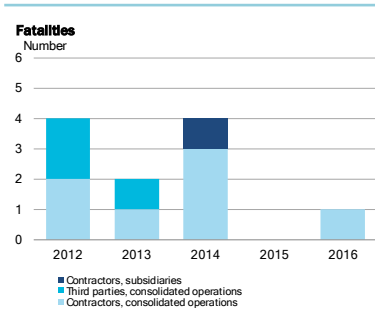


*Nominated: Good HSE performance in a complex grid project (Wind, District Heating & Projects Business Area).*

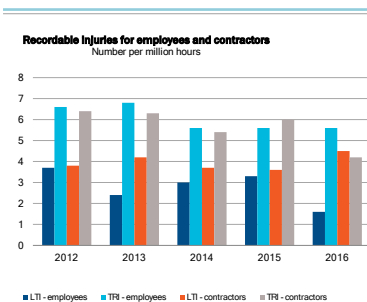
## Accidents and statistics

Accidents, near accidents and hazardous conditions are registered in a group-wide reporting tool, which allows for analysis and efficient follow-up.

### Fatalities



*Fatalities in Statkraft's operations (>20% ownership) in 2012-2016.*



*Lost time injuries (LTI) and Total recordable injuries (TRI) in Statkraft's operations (>20% ownership) in 2012-2016.*

Regrettably there was one fatal accident among Statkraft's contractor workforce in 2016. The deceased contractor employee was doing repair work on a siphon in La Oroya hydropower plant in Peru. La Oroya is 100% owned by Statkraft IH Invest AS, where Statkraft holds an ownership of 81.9%. The fatal accident occurred as a result of the opening of a pressurised valve, and the employee was struck by water, sediments and stones released from the valve. The investigation has identified root causes related to the implementation and understanding of risk mitigating systems and tools in maintenance activities, contract management and the follow-up of HSE requirements in procurement processes. Statkraft ensures learning from this tragic incident when further rolling out Statkraft's HSE program and reviewing governing documents, methods and tools related to HSE. Proper training and understanding of the intention behind the HSE barriers is key to succeed.

### Injuries and accidents

Statkraft experienced five accidents that led to serious injuries in 2016. These accidents occurred in relation to work at heights, ground works, and work with chemicals. A total of 19 accidents, 21 near-accidents and 27 hazardous conditions were classified as having high risk potential.

The Lost Time Injury rate (LTI rate) was 1.6 among Statkraft's employees, while LTI rate among Statkraft's contractors was 4.5. Correspondingly the total Recordable Injury Rate (TRI rate) among Statkraft's employees was 5.6 and 4.2 among Statkraft's contractors. In total, 128 injuries were recorded for Statkraft's employees and contractors, whereof 80 were lost-time injuries.

All serious incidents are subject to investigation in order to identify causes. Learning from the incidents, including possible preventative measures to be adopted, are shared across the organisation.

### Sick leave

Sick leave in Statkraft is at a stable low level and was 3.0% 2016, which is within the goal of a sick leave rate lower than 3.5%.

## Security management

Security refers to the ability to keep people, operations, information and systems secure from intentional harm or damage. Statkraft takes a comprehensive approach to security topics and follows international good practice for security management.

An initiative was launched in 2016 to strengthen continuous efforts within the field of security in Statkraft. Initial results include enhanced group alignment for security management and improved reporting of security incidents and observations. A total of 39 security incidents were reported in 2016. This includes 15 high potential IT security incidents, all of which were detected and blocked, and two serious security incidents related to street crime.

## Risk assessment

Countries with Statkraft presence or interests are monitored in terms of security matters (political instability, terrorism, sabotage, organised crime etc.) through a risk based-approach.

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

## Securing people and assets

Statkraft's buildings, power plants and infrastructure are secured against unauthorised access in order to secure the Group's assets against external threats and vandalism, but also to protect third parties against any safety risks within the vicinity of the Group's installations.

Statkraft is involved in development activities in countries and areas that are politically unstable. This may result in an increased need for guards and security measures for people and assets. The provision of security must be in line with the relevant principles of the Voluntary Principles for Security and Human Rights.

## Information security

Statkraft's work on information security maintains confidentiality, integrity and access to the organisation's information. Statkraft has implemented a number of measures to strengthen security and improve the company's ability to detect and handle risks and incidents related to potential information breaches.

Jointly with other energy companies, Statkraft has established the company KraftCERT. KraftCERT cooperates with NorCERT and other security authorities, and its main objective is to strengthen the sector's ability to detect and resist cyber attacks on the industry's IT systems. Statkraft has also established CSIRT (Computer Security Incident Response Team), responsible for follow-up on notifications and operational handling of incidents related to IT security.

## Emergency response plans

Business units, country offices and operative units in Statkraft are prepared to face emergency situations and have established emergency response plans in order to handle emergency situations in a structured and systematic manner. In order to continuously improve performance, regular drills are held on small and large scales.

The Group's Emergency Response Plans describe processes for notification, mobilisation, collaboration and management of a crisis situation. Updated and improved processes for such plans were approved in 2016, including the strengthening and clarification of emergency response functions in core organisational areas. The continuous strengthening of Statkraft's emergency preparedness, including through the implementation of the updated management process, will remain a priority in 2017.

## Human rights and labour rights

### Status for material aspect “Human rights”

In 2015, Statkraft performed a materiality analysis to identify the corporate responsibility aspects that are most material to the company. One of the aspects is “Human rights”, and ambitions, goals as well as main activities and initiatives in 2016 are presented here.

**Ambition statement for “Human rights”:**  
Statkraft acts according to the UN Guiding Principles on Business and Human Rights

Goals towards 2020	Main activities and initiatives 2016
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	→ Follow-up on developments taking place in the United Nations as well as other national or international fora → Dialog with stakeholders → Initiatives aiming at improving our practices, in particular at project level
Ensure adequate implementation of training program on human rights	→ E-learning made available to all employees → Tailor-made training to selected parts of the organization, particularly those parts related to our salient human rights
Strengthen and make better known our grievance mechanisms, including at project level	→ Further implementation of social management systems, which include grievance mechanisms at project level → Procedures to report concerns (whistleblowing channel which includes human rights in its scope, and which is open to employees but also external parties) have been part of a training rolled out to all employees
Strengthen stakeholder dialogue and communication, including on our salient human rights impacts	→ Dialogs with key stakeholders, including NGOs → Consultations with indigenous peoples and representatives, at project, country office and headquarter level → Salient human rights communicated internally and externally

## Human rights and labour rights



Reindeer near Stamåsen windfarm in Sweden.

## Policy statement and its integration

Statkraft's work on human rights is based on the internationally recognised UN's Guiding Principles on Business and Human Rights. The Group's commitment in this area is reflected in the company's Code of Conduct, which is adopted by the Board of Directors. The commitment to human rights is also reflected in the company's Supplier Code of Conduct and Corporate Responsibility and HSE policy.

In addition to the abovementioned policy commitments, Statkraft's approach to human rights management is based on the principles of integration and mainstreaming of human rights considerations into existing governing documents, processes and systems, for instance those related to procurement, social sustainability management, human resources or security.

## Salient human rights

Statkraft's salient human rights are indigenous rights, rights related to local community acceptance, labour rights, and rights related to health, safety and security. Statkraft has prioritised its efforts on its salient human rights throughout the year.

## Rights of indigenous peoples

Indigenous rights are salient to Statkraft and the company had consultation processes with different indigenous communities in 2016. As a result of consultations a number of agreements with indigenous communities were reached.

In June 2016, Statkraft entered into an agreement with the Northern Group of the Fosen reindeer grazing district in Norway regarding compensation and mitigation measures in relation to the construction of the Fosen wind farm. Dialogue is on-going with the Southern Group of the Fosen reindeer grazing district. Statkraft discussed the project with representatives from the Sami Parliament. In July 2016, a long term agreement concerning compensation for mitigation measures and land access for the operation phase of affected wind farms was signed with the Jijnjevaerie Sami Village in Sweden. A corresponding long term agreement was signed with the Ohredahke Sami Village in Sweden in 2016.

Statkraft has in 2016 also engaged in several rights holders and stakeholder dialogue efforts in relation to the planned projects in Chile (Osorno and Los Lagos), including meetings with Mapuche representatives in Norway and Chile, as well as representatives from Sami institutions, NGOs and other institutions. Indigenous communities have expressed concerns about the projects in Chile. Statkraft is striving to obtain a better understanding of the potential impacts, and is undertaking further analysis, alongside stakeholder engagement.



The Devoll Hydropower project in Albania has worked intensively in reaching meaningful agreements with the 332 households who will experience significant land loss due to the creation of the Banjë reservoir. To date 318 agreements have been reached.

## Social sustainability management and local development

Rights related to community acceptance are salient to Statkraft as its activities can have significant impacts on local communities and individuals. Considerable efforts are made to avoid, reduce or mitigate negative impacts for stakeholders and at the same time to enhance direct and indirect benefits and development opportunities. Interventions are derived from consultations with all affected right holders and stakeholders in accordance with good international practice and standards, based on the UN Guiding Principles on Business and Human Rights and the International Finance Corporation Performance Standards on Social & Environmental Sustainability. All major development projects have to develop an environmental and social management plan, which includes environmental and social mitigation measures and defined monitoring targets.

Statkraft's activities can have significant impacts on local communities and individuals. Statkraft's approach to complying with these standards involves the mobilization of considerable resources and staff in the planning phase. This includes careful supervision of consultants carrying out key studies, such as the Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP), outlining environmental and social requirements for contractors, and implementing extensive



*At the Kargi hydropower plant in Turkey a study to measure the potential benefits of increased water efficiency downstream of the dam on the Kizilirmak River was initiated in 2016. The overall goal is to verify if there is potential for reducing water released and increasing generation.*

stakeholder management processes and pre-construction activities before construction starts. Statkraft believes that stakeholder mapping and wide-reaching communication are requirements to obtain the cooperation of impacted communities and government agencies, as well as broad acceptance from civil society.

Full restoration of impacted communities in a sustainable manner requires establishing detailed baselines and following up with socio-economic monitoring to ensure that there are project beneficiaries and development that can be sustained by the communities and local government.

In 2016, Statkraft's local development work included the completion of resettlement, compensation and livelihood development programs for the Devoll project in Albania. This is especially relevant in light of the filling of the reservoir and commencement of operations of the Banjë power plant.

## Labour rights

Statkraft supports and respects internationally recognized labour rights, including the 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 its supply chain management.

Statkraft collaborates with local employee representatives and represented trade unions. In addition to national cooperation with trade unions, Statkraft has established a European works council (Statkraft European Works Council, SEWC), with employee representatives from Norway, Sweden, Germany and the UK. SEWC is an important forum where topics related to working life and labour rights are addressed and discussed with Statkraft's CEO and management. For other countries the collaboration with employee representatives is structured and managed by the relevant country office.

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 collaborate with union representatives in accordance with collective bargaining agreements, legal requirements, international standards and prevailing industry best-practice for each location.



## Diversity and gender equality

At the end of 2016, Statkraft had 3804 employees and 40% of the work force is now working outside Norway. Statkraft has employees in 16 countries, representing 43 nationalities. At the end of 2016, 25% of the Group's employees were women, and the percentage of women in management positions was 22%. The percentage of women among new employees in 2016 was 24%. The percentage of women in Statkraft's Board of Directors is 44%. Average service time in Statkraft is 11.6 years, while turnover in 2016 was 6.6%.

To encourage and maintain a diverse employee base Statkraft is working actively towards six goals addressing key people processes; recruitment, competence development, leadership pipeline and mobility:

- Statkraft has a zero tolerance for discrimination, workplace bullying and harassment
- Statkraft will further develop our recruitment process to attain a more balanced gender distribution
- Statkraft will work to increase gender equality and diversity in managerial positions
- Statkraft will promote diversity and gender balance in leadership development
- Statkraft will work to promote equal career opportunities for employees regardless of gender, disabilities or any other ground
- Statkraft will benchmark performance and seek new ways to strengthen gender equality

## Environment and Climate

### Status for the material aspects “Water management”, “Biodiversity” and “Climate change mitigation, adaption and preparedness”

**Ambition statement for “Water management”:** Statkraft is recognised as a company with a responsible and sustainable water management practice

**Ambition statement for “Biodiversity”:** Statkraft supports a precautionary approach to biodiversity challenges, and facilitates ecological resilience in our areas of impact

In 2015, Statkraft performed a materiality analysis to identify the corporate responsibility aspects that are most material to the company. Three of the aspects are “Water management”, “Biodiversity” and “Climate change mitigation, adaption and preparedness. Ambitions, goals as well as main activities and initiatives undertaken in 2016 are presented here.

#### Goals towards 2020

#### Main activities and initiatives in 2016

Ensure proactive and adequate handling and systematic follow-up of water levels, flow-limits and hydropeaking requirements in our concessions

→ Clear processes in place to follow-up concessions in close dialogue with authorities.

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

→ Finalised first step of a R&D project targeting a holistic management tool using LIDAR-technology to map and improve water management and flood control in regulated water courses.

→ Initiated a detailed climate risk study for the Himalayan watershed “Tamakoshi”, including a hydrology forecast for different time horizons.

→ Finalised a report on Brazil as part of the “Hydropower and precipitation” project (HYPRE), dealing with climate change impacts in different regions.

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

→ Collaboration project established (Q2, 2016) with WWF Norway and DNV-GL developing an environmental risk mapping tool for biodiversity using a Geographic Information System (GIS) platform.

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

→ Finalisation of first step of a R&D project targeting a holistic management tool using LIDAR-technology to map and improve evaluation of biodiversity values in regulated water courses.

→ Two new environmental R&D projects initiated to increase competence on key environmental regulation impacts (water temperature and sedimentation) from hydropower related to biodiversity.

→ 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” – which focused on 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.

→ Focus on actions to prevent proliferation of blacklisted species and safeguard vulnerable red-listed species under construction work on our hydro power plants.

**Ambition statement for “Climate change mitigation, adaption 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

<p>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</p>	<ul style="list-style-type: none"> <li>→ Elaborated specific recommendations for legislative changes in the ongoing revision of the European Emission Trading System and communicated these to relevant stakeholders.</li> <li>→ Statkraft is co-chairing a working group in the World Bank Carbon Pricing Leadership Coalition and had a leading role in preparing high level briefing notes on the benefits of carbon pricing as the core approach to decarbonisation on a global level.</li> <li>→ As part of the Norway 203040 coalition, a group of Norwegian companies and organisations, including Statkraft, have contributed to developing a report which demonstrates commercial solutions for realising Norways' low carbon growth ambitions.</li> <li>→ 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”.</li> </ul>
<p>Improve our market and strategic analysis in order to incorporate climate change induced changes</p>	<ul style="list-style-type: none"> <li>→ 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.</li> </ul>
<p>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</p>	<ul style="list-style-type: none"> <li>→ Statkraft participates in Copernicus Climate Change projects aiming at providing climate change products tailored for the energy sector in Europe.</li> <li>→ Statkraft also participates in a number of R&amp;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.</li> <li>→ For assets outside the Nordics, we are conducting hydrological impact studies. In 2016, studies for Chile and Brazil were conducted. We also assess future water availability in order to understand future implications on balancing water needs for energy production, ecosystem services and the environment.</li> </ul>
<p>Contribute to scientific methods for assessing the climate impact of our business</p>	<ul style="list-style-type: none"> <li>→ 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).</li> </ul>

## Climate



*In March 2016 a broad group of scientists, business leaders and politicians gathered for the third time at Statkraft conference centre Vang gård to explore new solutions to climate change challenges.*

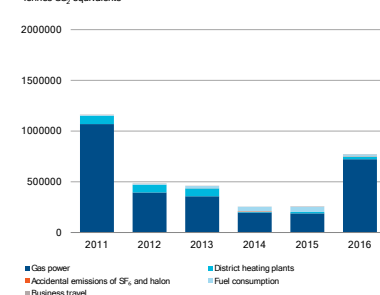
Climate change and global warming are among the greatest challenges of our day. Statkraft contributes to meeting this challenge by offering renewable and sustainable energy solutions. Our generation of renewable energy – with hydropower at its core – has a low carbon footprint. The operation of our power plants and storage facilities can be adapted to reduce the impact of floods and droughts. Our storage hydropower provides rapid and efficient flexibility which in turn can balance more variable energy sources, such as solar and wind.

Statkraft's core activities have a long-term perspective. The effects of climate change will influence both operations and business opportunities. Changes in the availability of natural resources (precipitation, run-off and wind) can influence the profitability of our assets significantly. The possible effects of climate change on Statkraft's Nordic hydropower assets are thoroughly analysed. Statkraft has adapted regional climate models to assess future changes in precipitation and temperature, which affect water values and generation possibilities. We are also working to enhance our understanding of climate change effects outside the Nordics, for instance by conducting specific R&D projects. For non-Nordic assets Statkraft conducts hydrological impact studies and also assesses future water availability to understand future implications on balancing water needs for energy generation, ecosystems and the environment. Operational and investment decisions in all regions are based on assessments that include climate change considerations.

Statkraft also assesses and develops tools to evaluate potential greenhouse gas emissions from our hydropower reservoirs. This is done in collaboration with leading research institutes, other industry actors and industry associations such as IEA and IHA.

Climate policy formation also has an impact on our current and future operations and business opportunities. As Europe's largest generator of renewable energy, Statkraft needs to have in-depth understanding of regulatory frameworks, national and international climate policies, negotiations and processes. Statkraft continuously follows national, EU and global climate policy developments to assess the possible impact on our business. We have provided direct input to policy processes in Norway and the EU, and also participate in relevant public consultations. Statkraft joined the World Bank Carbon Pricing Leadership Coalition in 2014 with the goal of establishing carbon pricing as the core approach to decarbonisation on a global level, and participates in other international partnerships to promote international carbon markets. Statkraft is also directly involved in various markets for carbon related products in order to contribute with product development and enhance the development of carbon markets.

**Greenhouse gas emissions**  
Tonnes CO<sub>2</sub> equivalents



*Statkraft's emissions of greenhouse gases in the period from 2011 to 2016.*

## Statkraft's emissions of greenhouse gases

Most of Statkraft's portfolio is more or less emission-free hydropower and wind power production, and the Group's emissions of greenhouse gases are therefore relatively low. The majority of the Group's total emissions of greenhouse gases come from the gas power plants in Germany. For Statkraft's consolidated power production emissions of CO<sub>2</sub> equivalents amounted to 258 600 tonnes in 2015 and 773 400 tonnes in 2016. This corresponds to a relative emission of CO<sub>2</sub> equivalents of 5 kg/MWh in 2015 and 12 kg/MWh in 2016. The increase in 2016 was due to more gas power in the energy mix.

The Group buys ordinary carbon quotas on the international carbon quota market to compensate for greenhouse gas emissions from the part of the business that is not subject to mandatory quota schemes. This applies to emissions related to fuel consumption, business travel and any accidental emissions of the greenhouse gases halon and SF<sub>6</sub>. In 2016, the emissions from these sources amounted to 25 800 tonnes of CO<sub>2</sub> equivalents.

## Environmental management

### Water management

Statkraft is the second largest supplier of electric power in the Nordics, and the largest supplier of renewable energy in Europe. Hydropower is the dominant technology with 81 % of installed capacity. Most of the installed capacity (69 %) is in Norway. This implies that Statkraft has a central role as administrator of important natural resources – both in Norway and other areas of operation.

Statkraft's power plants and power generation capacity represents both considerable value creation and societal benefits – values which are enhanced in light of the climate challenges we are facing. Hydro power is renewable, flexible and has capabilities to restrict vulnerability to extreme weather, primarily by providing flood control.

Central to Statkraft's approach to water management is the EU's Water Framework Directive (WFD) and the revision of terms for our power plants. The ultimate target of WFD is to achieve "good ecological and chemical status" for all Community waters. In Norway, these regulations have been incorporated into the Framework for Water Management (the Water Regulations), and enacted through the revision of terms process.

The main objective of the revision of terms process is to improve environmental conditions in previously regulated water courses. Statkraft supports this aim, and emphasises the importance of weighting environmental improvements against the potential loss of climate friendly power production, flexibility and flood control capabilities.

Statkraft works to ensure that the value creation and social benefits that hydropower plants represent are safeguarded in the revision of terms process. We strive to be a clear partner in the process, and provide subject matter expertise and professionally developed evaluations to ensure the best possible result for Statkraft in a long-term perspective. More specifically, Statkraft contributes by:

- Providing existing facts and scientific evaluations called for by NVE
- Providing local expertise related to environment, hydrology and production when evaluating the costs and benefits of suggested measures

### Biodiversity



*Statkraft has in 2016 started work on improving conditions for large trout in the lower reaches of the Tokkeåi river.*

Statkraft's major business activities are within hydropower and wind power. Both technologies have a low carbon footprint, but as with any form of energy generation, they impact ecosystems and the landscape. Statkraft supports a precautionary approach to environmental challenges and strives to avoid, minimise, mitigate or compensate negative environmental impacts of its activities, balanced in a cost-benefit perspective.

Statkraft's environmental efforts in relation to river systems and fish are comprehensive. Examples of such efforts include environmentally adapted operation of the power plants, laying down suitable spawning and smolt growth substrate, fish restocking, egg planting, construction of fish ladders and improvement of thresholds and migration barriers. The overall objective for this work is sustainable fish population. These measures are concessionary terms. Statkraft operates a gene bank for salmon, seven fish cultivation facilities and is a large producer of stocking fish and fish eggs in Norway and Sweden.

As part of the effort to further increase our understanding of our impacts on biodiversity, Statkraft has in 2016 initiated a project with WWF Norway and DNV GL to develop a mapping tool for biodiversity in Norway. The aim of the project is to utilise Geographic Information System (GIS) technology to obtain an overview of potential areas of impact. A pilot version of the tool is currently being developed and is expected to be finalised in the first half of 2017.



*The research project conducted at Smøla wind farm using contrast paint and UV light to increase visibility was concluded in 2016.*

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

The R&D project "INTACT" at Smøla was concluded in 2016. The project was initiated in 2013 with the aim of developing measures for reducing the risk of birds colliding with wind turbines. Four turbines had one blade each painted black, and 10 turbine towers were painted black 10 meters from the base to see if this would increase visibility and reduce bird mortality. The results from the project are expected to be made public in 2017. Statkraft has also built additional nesting platforms for eagles to increase the survival of the population. The nesting platforms have been placed further away from the wind farms than the existing ones.

## Consumption, emissions, discharges and waste

Statkraft's activities cause only a limited amount of waste, emissions and discharges. Data for the Group's energy consumption, emissions and discharges, waste volumes and environmental incidents are reported in the corporate responsibility statement.

### Electricity consumption

In 2016, electricity consumption in Statkraft was 918 GWh, of which 62% was used for pumped-storage hydropower. In locations where it is applicable, the electricity consumed has been certified as renewable in accordance with RECS (Renewable Energy Certificate System).

### Local pollution

Statkraft faces few challenges as regards local pollution. The greatest environmental risk is associated with oil spills from vehicles, construction equipment and production equipment. Routines are established for registration of equipment containing oil, and the use of bio oils and switching to equipment with water-lubricated bearings also help reduce the risk of oil spills. There were no oil spills with permanent damage to the external environment in 2016.

There can be local challenges associated with noise and dust in connection with transport and construction, and we have also experienced challenges with odours and ash emissions from the district heating plants.

### Waste handling

Statkraft's operations generated about 17 000 tonnes of hazardous waste in 2016. More than 95 % of this was residual products from the biomass plant in Germany and the district heating plant in Trondheim, which mainly uses waste as an energy source. In addition, 50 000 tonnes of other waste was generated. Statkraft's goal is to separate as much waste as possible at the source, and 97% of the waste (hazardous waste not included) was source separated in 2016.

### Environmental incidents

Environmental incidents are recorded and followed up systematically throughout the Group and reported regularly to the management and Board of Directors. No serious environmental incidents have been registered since 2008. In 2016, 233 minor environmental incidents with little or no impact on the environment were reported. Most of them concerned short-term breaches of the river management regulations for hydropower plants and minor oil spills.



## Business ethics and anti-corruption

### Status for material aspect “Business ethics and anti-corruption”

In 2015, Statkraft conducted a materiality analysis to identify the corporate responsibility aspects that are most material to the company. One of the aspects is “Business ethics and anti-corruption”, and ambitions, goals as well as main activities and initiatives in 2016 are presented here.

**Ambition statement for “Business ethics and anti-corruption”:** Statkraft actively prevents corruption and unethical practices in all activities

#### Goals towards 2020

#### Main activities and initiatives 2016

All employees complete training in business ethics with focus on anti-corruption

→ A mandatory business ethics and anti-corruption training program has been rolled out across the company to all staff in the Group, excluding Skagerak Energi and Fjordkraft. Training has been provided in seven languages, with sessions in many locations. All staff provided with training on laws and internal rules, as well as dilemma training specifically adapted to likely risks in their area of work.

Continue to strengthen the culture of reporting of concerns and breaches

→ Training has been provided on the procedures for reporting of concerns to all staff as part of the mandatory training on business ethics and anti-corruption. There has been an increase in the use of the different channels established for reporting of concerns.

Continue to ensure adequate corporate-wide handling of anti-corruption and business ethics risks, with particular focus on high risk processes

→ Compliance risk assessments have been conducted for all high risk locations in 2016. The risk assessments conducted provide the basis for updating of policies, procedures and controls related to handling of compliance risks. A new system has been introduced for integrity reviews of business partners, where all high risk contracting processes are subject to a dedicated integrity review.

Improve the adequacy of how business ethics is reflected in requirements and controls for key business processes

→ A number of improvement measures have been implemented in 2016. This included a dedicated project on fraud and corruption prevention in CFO processes, with a new fraud prevention system being designed.

## Compliance Programme

Statkraft's commitment to a high level of integrity is clearly stated in our Code of Conduct. Statkraft works actively to build a strong ethical culture and secure robust internal controls. The work is tailored to the company's risk profile and responds to applicable laws and requirements, as well as relevant international standards.

In 2016, a strengthened Compliance unit was established in Corporate Legal and Compliance. The unit has the mandate to manage corporate policies and requirements, provide support services to business and staff areas and review the implementation of corporate requirements related to core compliance subjects, including:

- Anti-corruption
- Fraud
- Money-laundering
- Competition law
- Sanctions
- Export control
- Personal data protection



*Illustration of key principles of the compliance program.*

The Compliance unit has been established to be a driving force for compliance work in Statkraft, to support all parts of the company and contribute to ensuring consistency across the company. The compliance work in Statkraft is organised overall according to internationally recognised principles for prevention of fraud, corruption and other economic crimes, with a focus on ensuring:

- An effective 'Tone from the Top'
- Regular risk assessments
- Proportionate and adequate procedures adopted to address risks
- Integrity due diligence for key business processes
- Regular training and communication efforts
- Regular monitoring and evaluation of compliance measures, and effective enforcement of established rules

The Compliance unit is managed by a Corporate Compliance Officer, supported by full-time staff based in HQ and in key business regions. In addition, there are compliance responsible persons appointed in each business and staff area, and in countries with higher risk. The Compliance unit also collaborates closely with control functions in the CFO area, particularly on counter-fraud initiatives, and with HR and communication functions on communication and training related activities.

The Corporate Audit function undertakes audits and is responsible for all internal investigations also within the "compliance areas", with input from the Compliance unit where appropriate. Statkraft's independent whistleblowing channel is also managed by the Corporate Audit function.

Statkraft works continuously to strengthen the culture of reporting concerns and breaches. Out of the 46 concerns reported in 2016, 23 related to business ethics and anti-corruption. These concerns were handled in accordance with Statkraft's procedures for handling of reported concerns (see chapter on Corporate Responsibility in Statkraft).

The Compliance unit reports regularly to the Board, the CEO and the members of the Corporate Management team, and produces an annual report on progress and plans for further improvements.

## Strengthened internal guidelines



*Examples of the practical guidelines include guidelines to address questions of hospitality, and rules regarding charitable donations and sponsorships.*



*Example of a business integrity session at a business association event in Lima, Peru, September 2016.*

Statkraft is present in a wide range of markets. Some of these rank high on Transparency International's Corruption Perception Index. Particular care is taken to handle the corruption risk in these markets. Compliance related risk assessments are conducted regularly, with more frequent updates for high-risk units. In 2016 a detailed risk assessment was conducted for all high-risk locations, by teams made up of corporate and local compliance experts. The risk assessments were conducted through in-country interviews and workshops, resulting in targeted prevention plans adopted for each location.

In 2016, a separate assessment of fraud-related risks in CFO-processes across the company was also concluded, resulting in a separate project being set up to further strengthen controls in these processes.

Statkraft has adopted detailed internal rules and guidelines for business ethics and anti-corruption. The guidelines are regularly updated in order to address the type of risks identified in different parts of the company. Statkraft has developed an Anti-corruption Hand-book, in addition to a range of practical guidelines (called Quick Guides) that advise employees on how to handle ethical challenges. The guidelines are a supplement to governing documents, the existing anti-corruption handbook and e-learning programs, and are available in all major languages used in the group.

Statkraft also established an improved corporate framework for integrity due diligence reviews of third parties, suppliers and business partners in 2016. This entails a harmonised approach to risk management across the various types of contracting with externals, to ensure that potential integrity risks are assessed and handled appropriately.

## Collaboration with public and private actors to promote business ethics

Statkraft continuously seeks to identify opportunities to contribute to a positive business ethics culture in different markets, in collaboration with public and private sector entities. This includes efforts to collaborate with business associations to organise seminars on compliance topics, and efforts to promote joint standards and approaches to dealing with challenges in this areas.

Examples of this work in 2016 include the Building Integrity and Business Ethics seminar in Tirana, Albania and the participation of Statkraft's Corporate Compliance Officer at a number of business association events in Peru.

## Anti-corruption training programme



*An example of a classroom training session.*

Statkraft has rolled out mandatory business ethics and anti-corruption training to all staff in the Group, with the exception of Skagerak Energi and Fjordkraft. The training program aims to ensure knowledge of relevant anti-corruption legislation and Statkraft's rules, enhance preparedness to handle risks, and promote an ethical culture and increased reporting of concerns.

By the end of 2016, 100% of Statkraft's employees have received tailored training. Moreover, 100% of people in senior management positions have received specialised anti-corruption training over the last two years.

The program consists of various elements, with classroom training or e-learning as mandatory for all. The combination of methods implemented in each business unit depends on their risk profile, defined according to the geography where staff is located and the function they hold.

Key features of the training program include:

- The training includes a strong emphasis on laws and internal rules, as well as dilemma training specifically adapted to likely risks in the different locations. Case studies, role plays, and written exercises are developed for different locations and business units, to allow for practical group work focused on mitigating and handling risks the respective unit may face.
- Training has been provided in 7 different languages, with separate class-room sessions conducted in wide range of different locations. At the end of this cycle of training approximately 2/3 of all staff have completed classroom training, with the remaining trained through e-learning.
- A 'cascading down' approach has been also used for some locations, where middle management participated in 'train the trainer' sessions, before conducting dilemma training sessions with their teams.
- Additional targeted training for key risk exposed groups is provided on a regular basis. This includes training for suppliers and agents, with a risk based approach.

Regular communication and awareness raising efforts are made at different levels of the organisation and externally. This includes, but is not limited to the following: talks by senior management and compliance personnel, intranet and internet coverage, regular articles in the internal magazine, guidelines and tools published.

## Fraud and corruption prevention in CFO processes



*The annual process of the Fraud Prevention Process.*

In addition to established rules and procedures, a recent initiative includes a CFO fraud and corruption prevention project which focusses on ensuring that the CFO processes have sufficient controls in place to prevent and detect fraud. Following a company-wide risk assessment and gap analysis, a set of improvement measures have been identified.

This includes the proposal to establish a new Fraud Prevention System, to be managed by the unit that manages the system for Internal Control over Financial Reporting (ICFR system) and supports the financial reporting process with regards to correctness and timeliness.

The objective of the new system is to prevent and detect fraud in CFO-processes, related to procurement, accounting, tax and treasury.

In line with the ICFR system, the new Fraud prevention system will have a risk based approach and will be structured through an annual process involving regular risk assessment and continuous improvement of controls.

The system will be implemented through several phases, with the initial phase focused on the high risk locations.

**APPENDIX**

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## Ambitions and goals for corporate responsibility material aspects

All aspects of corporate responsibility are important for Statkraft. However, a materiality analysis was conducted in 2015 with the aim of identifying the most significant corporate responsibility aspects for Statkraft. The materiality analysis was conducted according to the Global Reporting Initiative (GRI G4) standards, including an assessment of stakeholders' expectations. Six material aspects were identified as a result of this analysis. In terms of reporting, these material aspects are given a more detailed and comprehensive review than other aspects – see the full Corporate Responsibility Report posted on [www.statkraft.com](http://www.statkraft.com).

Material aspect	Ambition statement	Goals towards 2020
<b>Safety and safeguarding of people</b>	Statkraft actively prevents harm or injuries to people through a systematic approach and a value-based safety culture	<ul style="list-style-type: none"> <li>→ Ensure that managers at all levels provide safety leadership</li> <li>→ Strengthen the focus on high risk activities and preventative measures</li> <li>→ Utilize a balance of leading and lagging indicators to measure and guide performance</li> <li>→ Improve processes and capabilities for security management</li> <li>→ Ensure that learnings from incidents are applied corporate wide</li> </ul>
<b>Human rights</b>	Statkraft acts according to the UN Guiding Principles on Business and Human Rights	<ul style="list-style-type: none"> <li>→ 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</li> <li>→ Ensure adequate implementation of training program on human rights</li> <li>→ Strengthen and make better known our grievance mechanisms, including at project level</li> <li>→ Strengthen stakeholder dialogue and communication, including on our salient human rights</li> </ul>
<b>Water management</b>	Statkraft is recognised as a company with a responsible and sustainable water management practice	<ul style="list-style-type: none"> <li>→ Ensure proactive and adequate handling and systematic follow-up of water levels, flow-limits and hydropeaking requirements in our concessions</li> <li>→ 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</li> </ul>
<b>Biodiversity</b>	Statkraft supports a precautionary approach to biodiversity challenges, and facilitates ecological resilience in our areas of impact	<ul style="list-style-type: none"> <li>→ 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</li> <li>→ Increased understanding of our impacts on biodiversity, and adequate handling in project development and operation</li> </ul>
<b>Climate change mitigation, adaptation and preparedness</b>	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"> <li>→ 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</li> <li>→ Improve our market and strategic analysis in order to incorporate climate change induced changes</li> <li>→ Further common understanding how climate change affects all our assets and continue to evaluate new business opportunities accordingly, based on company-wide climate assumptions</li> <li>→ Contribute to scientific methods for assessing the climate impact of our business</li> </ul>
<b>Business ethics and anti-corruption</b>	Statkraft actively prevents corruption and unethical practices in all business activities	<ul style="list-style-type: none"> <li>→ All employees complete training in business ethics with focus on anti-corruption</li> <li>→ Continue to strengthen the culture of reporting of concerns and breaches</li> <li>→ Continue to ensure adequate corporate-wide handling of anti-corruption and business ethics risks, with particular focus on high risk processes</li> <li>→ Improve the adequacy of how business ethics is reflected in requirements and controls for key business processes</li> </ul>



## Corporate Responsibility Statement

### Power generation and district heating production

Installed capacity per technology and geography <sup>1)</sup>	Unit of measurement	2016	2015	2014
Installed capacity power generation	MW	17 418	16 778	16 401
Of which hydropower	MW	14 075	13 464	13 273
Of which small-scale hydropower <sup>2)</sup>	MW	0	0	147
Of which wind power	MW	703	647	488
Of which gas power <sup>3)</sup>	MW	2 600	2 600	2 600
Of which bio power	MW	40	67	40
Installed capacity, district heating	MW	820	838	760
Installed capacity per geography, power generation	MW	17 418	16 778	16 401
Norway	MW	12 041	11 711	11 823
Other Nordic countries	MW	1 606	1 587	1 511
Other European countries	MW	2 971	2 863	2 761
Rest of the world	MW	800	617	305
Installed capacity per geography, district heating	MW	820	838	760
Norway	MW	657	675	596
Other Nordic countries	MW	164	164	164

Installed capacity per technology and geography <sup>1)</sup>	Unit of measurement	2016	2015	2014
Installed capacity per technology, power generation				
Hydropower	%	80.8	80.2	80.9
Wind power	%	4.0	3.9	3.0
Gas power <sup>3)</sup>	%	14.9	15.5	15.9
Bio power	%	0.2	0.4	0.2
Installed capacity per geography, power generation				
Norway	%	69.1	69.8	72.1
Other Nordic countries	%	9.2	9.5	9.2
Other European countries	%	17.1	17.1	16.8
Rest of the world	%	4.6	3.7	1.9
Installed capacity per geography, district heating				
Norway	%	80.1	80.5	78.4
Other Nordic countries	%	19.9	19.5	21.6

Capacity under development per technology and geography <sup>1), 4)</sup>	Unit of measurement	2016	2015	2014
Capacity under development, power generation	MW	729	909	1 262
Of which hydropower	MW	207 <sup>5)</sup>	873	1 016
Of which small-scale hydropower <sup>2)</sup>	MW	0	0	13
Of which wind power	MW	522	36	247
Capacity under development, district heating	MW	0	21	23
Capacity under development per geography, power generation	MW	729	909	1 262
Norway	MW	545	100	158
Other Nordic countries	MW	0	0	126
Other European countries	MW	184 <sup>5)</sup>	809	859
Rest of the world	MW	0	0	119
Capacity under development per geography, district heating	MW	0	21	23
Norway	MW	0	21	23
Other Nordic countries	MW	0	0	0

Capacity under development per technology and geography <sup>1), 4)</sup>	Unit of measurement	2016	2015	2014
Capacity under development per technology, power generation				
Of which hydropower	%	28,4 <sup>5)</sup>	96.0	80.5
Of which wind power	%	71.6	4.0	19.6
Capacity under development per geography, power generation				
Norway	%	74.8	11.0	12.5
Other Nordic countries	%	0	0	10.0
Other European countries	%	25,2 <sup>5)</sup>	89.0	68.1
Rest of the world	%	0	0	9.4
Capacity under development per geography, district heating				
Norway	%	-	100.0	100.0
Other Nordic countries	%	-	0	0

Power generation and district heating production per technology and geography <sup>1)</sup>		Unit of measurement	2016	2015	2014
Power generation		TWh	66.0	56.3	56.0
Of which hydropower		TWh	61.2	53.1	53.4
Of which small-scale hydropower <sup>2)</sup>		TWh	0.0	0.4	0.3
Of which wind power		TWh	2.3	2.5	1.7
Of which gas power <sup>3)</sup>		TWh	2.2	0.5	0.5
Of which bio power		TWh	0.3	0.3	0.3
District heating		TWh	1.1	1.1	1.0
Renewable power generation <sup>6)</sup>		%	96.7	99.1	99.1
Renewable district heating <sup>6)</sup>		%	91.8	94.7	83.6
Power generation per geography		TWh	66.0	56.3	56.0
Norway		TWh	52.8	44.4	46.4
Other Nordic countries		TWh	6.1	7.2	5.6
Other European countries		TWh	3.2	1.3	1.8
Rest of the world		TWh	3.9	3.4	2.2
District heating per geography		TWh	1.1	1.1	1.0
Norway		TWh	0.9	0.8	0.8
Other Nordic countries		TWh	0.2	0.2	0.2

Power generation and district heating production per technology and geography <sup>1)</sup>		Unit of measurement	2016	2015	2014
Power generationper technology					
Hydropower	%	92.7	94.3	95.4	
Wind power	%	3.5	4.4	3.0	
Gas power <sup>3)</sup>	%	3.3	0.9	0.9	
Bio power	%	0.5	0.5	0.5	
Power generation per geography					
Norway	%	80	78.9	82.9	
Other Nordic countries	%	9.2	12.9	10.0	
Other European countries	%	4.8	2.3	3.2	
Rest of the world	%	5.9	6.0	3.9	
District heating per geography					
Norway	%	81.8	80.1	79.5	
Other Nordic countries	%	18.2	19.9	20.5	

<sup>1)</sup> Includes Statkraft's shareholdings in subsidiaries where Statkraft has a majority interest.

<sup>2)</sup> Installed capacity <10 MW.

<sup>3)</sup> Includes the jointly controlled Herdecke (Germany) and Kårstø (Norway) power plants.

<sup>4)</sup> Includes projects with an investment decision.

<sup>5)</sup> The Cetin project is no longer included in the figures, as it is currently suspended.

<sup>6)</sup> Non-renewable production covers gas power and share of district heating based on fossil fuel. From 2015 the waste used in the incineration plant in Trondheim is defined as input for waste heat and therefore counted as renewable.

## Climate

Greenhouse gas emissions	Unit of measurement	2016	2015	2014
Emissions of CO <sub>2</sub> equivalents, consolidated activities <sup>1)</sup>	Tonnes	773 400	258 600	313 300
Of which from gas power plants	Tonnes	722 700	188 800	197 300
Of which from district heating plants <sup>2)</sup>	Tonnes	24 900	13 000	64 000
Of which from SF <sub>6</sub> emissions	Tonnes	2 700	2 300	5 500
Of which from halon emissions	Tonnes	1 000	0	0
Of which from fuel consumption <sup>3)</sup>	Tonnes	19 100	50 900	44 500
Of which from business travel <sup>4)</sup>	Tonnes	3 000	3 600	2 000
Emissions of CO <sub>2</sub> equivalents <sup>5)</sup> from affiliated gas power plants	Tonnes	85 600	26 000	39 600
SF <sub>6</sub> emissions	kg	120	101	267
Halon emissions	kg	140	0	0

<sup>1)</sup> Statkraft's ownership is >50%.

<sup>2)</sup> Fossil share of emissions. From 2015 the waste used in the incineration plant in Trondheim is defined as input for waste heat and therefore counted as renewable with zero emissions of greenhouse gases.

<sup>3)</sup> CO<sub>2</sub> from fuel consumption from the Group's machinery and vehicles.

<sup>4)</sup> Comprises air travel and mileage reimbursements for private vehicle use in the Norwegian operations.

<sup>5)</sup> Statkraft's share.

Relative greenhouse gas emissions <sup>1)</sup>	Unit of measurement	2016	2015	2014
CO <sub>2</sub> -equivalent emissions per MWh generated, total	kg/MWh	12	5 <sup>2)</sup>	6
CO <sub>2</sub> -equivalent emissions per MWh generated, gas power	kg/MWh	367	408	473
CO <sub>2</sub> -equivalent emissions per MWh generated, district heating	kg/MWh	23	12 <sup>2)</sup>	64

<sup>1)</sup> Includes Statkraft's share of production and direct fossil CO<sub>2</sub> emissions from the production process. Includes also Statkraft's share of production and emissions of CO<sub>2</sub> in the jointly controlled power plants Herdecke (Germany) and Kårstø (Norway).

<sup>2)</sup> From 2015 the waste used in the incineration plant in Trondheim is defined as input for waste heat and therefore counted as renewable with zero emissions of greenhouse gases.

Allocated CO <sub>2</sub> -quotas	Unit of measurement	2016	2015	2014
Allocated CO <sub>2</sub> -quotas, consolidated activities <sup>1)</sup>	Tonnes	42 400	49 800	59 700
Of which Norway	Tonnes	21 100	23 600	26 200
Of which other Nordic countries	Tonnes	21 300	26 200	33 500

<sup>1)</sup> Statkraft's ownership is >50%.

## Interventions on nature and biodiversity

Impacts on watercourses <sup>1)</sup>	Unit of measurement	2016	2015	2014
Impacted river courses with:				
Anadromous fish	Number	46	46	46
Catadromous fish	Number	5	5	2
Impacted national salmon rivers	Number	13	13	12
Impacted protected rivers	Number	8	8	8

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

Fish cultivation	Unit of measurement	2016	2015	2014
Restocking of fish and smolt <sup>1)</sup>	Number	916 700	523 000	1 799 200
Of which in Norway	Number	485 400	139 600	-
Of which in other Nordic countries	Number	403 300	376 400	-
Of which in other European countries	Number	28 000	7 000	-
Of which in the rest of the world	Number	0	0	-
Stocking of fish roe <sup>2)</sup>	Number	471 800	1 080 000	936 400

<sup>1)</sup> Includes salmon, inland trout, sea trout, grayling and eel.

<sup>2)</sup> Includes salmon in Norway and eel in Sweden.

Red list species (fauna) <sup>1), 2)</sup>	Unit of measurement	2016	2015
Red list species with habitat in areas impacted by Statkraft's operations in:			
Norway	Number	33	2 <sup>3)</sup>
Other Nordic countries	Number	6 <sup>4)</sup>	6 <sup>4)</sup>
Other European countries	Number	2	0
Rest of the world	Number	23 <sup>5)</sup>	61

<sup>1)</sup> This indicator was introduced in 2015.

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

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

<sup>4)</sup> Includes red list species with habitat areas impacted by Power Generation's operations in Sweden.

<sup>5)</sup> Reduction from 2015 largely due to revised analysis of red list species impacted by Statkraft's operations.

Operational sites in, or adjacent to, protected areas <sup>1), 2)</sup>	Unit of measurement	2016	2015
Operational sites in, or adjacent to, protected areas	Number	21	19
Of which in Norway	Number	16	14
Of which in other Nordic countries	Number	4	4
Of which in other European countries	Number	1	1
Of which in the rest of the world	Number	0	0

<sup>1)</sup> This indicator was introduced in 2015.

<sup>2)</sup> Limited to natural parks and nature or wildlife reserves.

## Energy and resource consumption

Consumption	Unit of measurement	2016	2015	2014
Electricity	GWh	918	1 031	899
Of which pumped-storage power	GWh	566	858	668
Of which electric boilers for district heating	GWh	63	35	76
Of which other operations	GWh	289	138	155
Fossil fuel				
Natural gas, gas-fired power plants	Mill. Nm <sup>3</sup>	349	91	95
Fuel gas, district heating plants	Tonnes	6 722	3 506	3 712
Fuel oil, district heating plants	Tonnes	1 556	3 438	1 817
Engine fuel <sup>1)</sup>	Tonnes	6 039	14 502	13 223
Other fuel				
Waste for district heating plants	Tonnes	219 400	227 700	205 400
Waste for bio power plants	Tonnes	279 200	110 000	0
Bio fuel	Tonnes	207 700	154 200	409 700
Process water <sup>2)</sup>	m <sup>3</sup>	1 466 800	349 100	350 000

<sup>1)</sup> Includes consumption of fuel for own equipment and machinery.

<sup>2)</sup> Includes cooling water in gas fired power plants, bio power plants and district heating plants.

## Waste

Waste	Unit of measurement	2016	2015	2014
Hazardous waste	Tonnes	17 000	18 900	19 400
Of which from waste incineration plants <sup>1)</sup>	Tonnes	6 800	6 600	6 600
Of which from bio power plants	Tonnes	9 400	8 300	11 200
Of which other hazardous waste	Tonnes	850	3 980	1 750
Other waste	Tonnes	50 000	54 500	48 600
Of which separated waste	Tonnes	48 600	52 500	46 600
Of which residual non-hazardous waste	Tonnes	1 300	2 000	2 000

<sup>1)</sup> Consists of filter dust and filter cake.

## Environment

Environmental assessment <sup>1)</sup>	Unit of measurement	2016	2015	2014
Environmental assessment result, total	Rating	B+	B+	B
Environmental management	Rating	B	B	B
Products and services	Rating	B	B	B
Eco-efficiency	Rating	A	A	A-

<sup>1)</sup> 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.

Environmental incidents	Unit of measurement	2016	2015	2014
Serious environmental incidents <sup>1)</sup>	Number	0	0	0
Less serious environmental incidents <sup>2)</sup>	Number	233	228	159

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

<sup>2)</sup> 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 2016 were related to short-term breaches of the concession terms for water management, and minor oil spills to water and land. The less serious environmental incidents also included situations where birds collided with wind turbines, resulting in 14 dead white-tailed eagles.

Judicial sanctions, environment	Unit of measurement	2016	2015	2014
Material judicial sanctions for non-compliance with environmental legislation	Number	0	0	0
Fines for non-compliance with environmental legislation	NOK million	0	0	0

## Contribution to society

Value creation	Unit of measurement	2016	2015	2014
Gross operating revenues	NOK million	50 987	53 094	52 254
Paid to suppliers for goods and services <sup>1)</sup>	NOK million	34 261	37 655	29 942
Gross value added	NOK million	16 727	15 439	22 312
Depreciation, amortisation and impairment	NOK million	8 260	6 401	4 071
Net value added	NOK million	8 467	9 038	18 241
Financial income	NOK million	380	421	859
Share of profit from associates	NOK million	0	683	661
Minority interests	NOK million	-62	-598	684
Values for distribution	NOK million	8 909	10 740	19 077

<sup>1)</sup> Includes energy purchases, transmission costs and operating expenses.

Distribution of value created	Unit of measurement	2016	2015	2014
Employees				
Gross salaries and benefits	NOK million	3 202	3 107	2 667
Lenders/owners				
Interest	NOK million	-1 757	5 740	7 143
Dividend <sup>1)</sup>	NOK million	0	1 604	5 600
Taxes <sup>2)</sup>	NOK million	7 581	3 665	6 059
The company				
Change in equity	NOK million	-117	-3 376	-2 392
Total wealth distributed	NOK million	8 909	10 740	19 077

<sup>1)</sup> Includes dividend and Group contribution from Statkraft AS to Statkraft SF.

<sup>2)</sup> Includes taxes, property tax, licence fees and employers' contribution.

Taxes <sup>1)</sup>	Unit of measurement	2016	2015	2014
Total	NOK million	4 764	2 825	3 546
Of which in Norway	NOK million	4 366	2 390	2 959
Of which in other Nordic countries	NOK million	8	100	165
Of which in other European countries	NOK million	293	279	420
Of which in the rest of the world	NOK million	97	56	3

<sup>1)</sup> Taxes payable in the balance sheet.

## Stability of electricity supply

Power outage	Unit of measurement	2016	2015	2014
Power outage frequency (SAIFI) <sup>1)</sup> for Skagerak Nett	Index	1.14	1.50	1.75
Average power outage duration (SAIDI) <sup>2)</sup> for Skagerak Nett	Index	102.4	92.4	115.8

<sup>1)</sup> System average interruption frequency index (measured based on IEEE standard).

<sup>2)</sup> System average interruption duration index (measured based on IEEE standard).

## Reported concerns (whistleblowing)

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

<sup>1)</sup> 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.

<sup>2)</sup> 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. The four investigations initiated in 2016 were related to business ethics or anti-corruption.

## Business ethics and anti-corruption

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

<sup>1)</sup> This indicator was introduced in 2015 and covers the Group, excluding Skagerak Energi and Fjordkraft.

<sup>2)</sup> This indicator was introduced in 2016.

Judicial sanctions, business ethics and anti-corruption <sup>1)</sup>	Unit of measurement	2016	2015	2014
Judicial sanctions	Number	0	0	0
Fines	NOK million	0	0	0

<sup>1)</sup> Material judicial sanctions for accounting fraud, price cooperation and corruption.

## Human rights

Consultations with indigenous peoples <sup>1)</sup>	Unit of measurement	2016	2015
Number of projects with ongoing consultations involving rights of indigenous peoples	Number	10 <sup>2)</sup>	9 <sup>2)</sup>

<sup>1)</sup> This indicator was introduced in 2015.

<sup>2)</sup> Including ongoing consultations in Norway, Sweden and Chile.

Judicial sanctions, human rights <sup>1)</sup>	Unit of measurement	2016	2015	2014
Judicial sanctions	Number	0	0	0
Fines	NOK million	0	0	0

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

## Labour practices

Employees	Unit of measurement	2016	2015	2014
Employees 31.12	Number	3 804	4 119	3 731
Of which in Norway	Number	2 297	2 327	2 470
Of which in other Nordic countries	Number	224	222	216
Of which in other European countries	Number	732	725	663
Of which in the rest of the world	Number	551	845	382
Full-time employees 31.12	%	96	97	97
Staff turnover rate <sup>1)</sup>	%	6.6	4.6	4.0
Service time				
Average service time	Years	11.6	10.8	11.8
Average service time for employees resigned or dismissed <sup>1)</sup>	Years	9.7	6.6	11.4
Apprentices employed 31.12	Number	59	61	75
Trainees employed 31.12	Number	15	15	14
Nationalities represented among Statkraft's employees	Number	43	44	45

<sup>1)</sup> Excluding retirements, and not including ENEX in Brazil (2016).

Gender equality	Unit of measurement	2016	2015	2014
Percentage of women				
Total	%	25	23	24
In Norway	%	27	26	25
In other Nordic countries	%	20	20	20
In other European countries	%	24	25	24
In the rest of the world	%	19	14	16
In management positions	%	22	23	22
In Norway	%	25	26	24
In other Nordic countries	%	12	15	12
In other European countries	%	19	20	21
In the rest of the world	%	18	17	16
In Corporate Management	%	29	29	14
In Statkraft's Board of Directors	%	44	50	44
Among employees recruited in the reporting year	%	24	26	25
Among managers recruited in the reporting year	%	19	16	14
Among full-time employees	%	23	22	23
Among part-time employees	%	70	55	57

Equal salary	Unit of measurement	2016	2015	2014
Salary ratio among employees <sup>1)</sup>	Ratio	0.90	0.97	0.90
In Norway	Ratio	0.93	0.96	0.93
In other Nordic countries	Ratio	0.96	1.05	0.98
In other European countries	Ratio	0.76	0.85	0.70
In the rest of the world	Ratio	0.94	1.07	1.02
Salary ratio among managers <sup>1)</sup>	Ratio	0.90	0.91	0.90
In Norway	Ratio	0.97	0.96	0.94
In other Nordic countries	Ratio	0.84	0.91	0.70
In other European countries	Ratio	0.73	0.77	0.74
In the rest of the world	Ratio	0.93	0.89	1.15

<sup>1)</sup> Average salary for women in relation to average salary for men.

Statkraft as employer	Unit of measurement	2016	2015	2014
Organisation and leadership evaluation <sup>1)</sup>				
Result	Scale 0-100	<sup>2)</sup>	73	74
Response rate	%	<sup>2)</sup>	88	87
Employees who have completed the performance and career development review	%	-	81	88
Ranking as preferred employer <sup>3)</sup> among				
Business students	Ranking	60	53	48
Technology students	Ranking	6	7	7
Business professionals	Ranking	31	37	28
Technology professionals	Ranking	6	8	18

<sup>1)</sup> From Statkraft's internal annual organisation and leadership evaluation survey. Statkraft's score can be compared with the European Employee Index Norway 2015 result of 70.

<sup>2)</sup> Evaluation postponed to 2017.

<sup>3)</sup> 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.

## Health and safety

<b>Fatalities</b>	Unit of measurement	2016	2015	2014
Consolidated operations <sup>1)</sup>				
Employees	Number	0	0	0
Contractors	Number	1	0	3
Third party	Number	0	0	0
Associates <sup>2)</sup>				
Employees	Number	0	0	0
Contractors	Number	0	0	1
Third party	Number	0	0	0

<sup>1)</sup> Activities where Statkraft has > 50% ownership.

<sup>2)</sup> Activities where Statkraft has 20 - 50% ownership

The fatal accident in 2016 occurred in the La Oroya hydropower plant in Peru. La Oroya is 100% owned by Statkraft IH Invest AS, where Statkraft holds an ownership of 81.9%.

<b>Serious injuries <sup>1), 2)</sup></b>	Unit of measurement	2016	2015
Injuries with serious consequences	Number	5	6

<sup>1)</sup> Includes activities where Statkraft has ≥ 20% ownership.

<sup>2)</sup> This indicator was introduced in 2015.

<b>Serious incidents and hazardous conditions <sup>1), 2)</sup></b>	Unit of measurement	2016	2015
Accidents with, or with potential for, serious consequences	Number	19	12
Near-accidents with potential for serious consequences	Number	21	27
Hazardous conditions with potential for serious consequences	Number	27	22

<sup>1)</sup> Includes activities where Statkraft has ≥ 20% ownership.

<sup>2)</sup> This indicator was introduced in 2015.

<b>Injuries <sup>1)</sup></b>	Unit of measurement	2016	2015	2014
Employees				
Lost-time injuries (LTI) <sup>2)</sup>	Number	19	41	43
Lost-time injuries per million hours worked	LTI rate	1.6	3.3	3.0
Total recordable injuries (TRI) <sup>3)</sup>	Number	71	70	80
Total recordable injuries per million hours worked	TRI rate	5.6	5.6	5.6
Lost days <sup>4)</sup>	Number	491	781	566
Lost days per million hours worked	Lost-days rate	40	63	39
Contractors				
Lost-time injuries (LTI) <sup>2)</sup>	Number	61	63	63
Lost-time injuries per million hours worked	LTI rate	4.5	3.6	3.7
Total recordable injuries (TRI) <sup>3)</sup>	Number	57	106	90
Total recordable injuries per million hours worked	TRI rate	4.2	6.0	5.4
Third parties				
Injuries <sup>5)</sup>	Number	0	0	2
Statkraft, total				
Lost-time injuries per million hours worked	LTI rate	3.1	3.5	3.4
Total recordable injuries per million hours worked	TRI rate	4.9	5.9	5.5

<sup>1)</sup> Includes activities where Statkraft has ≥ 20% ownership.

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

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

<sup>4)</sup> Number of days of recorded absence due to work-related injuries.

<sup>5)</sup> Recorded injuries requiring treatment by a doctor.

<b>Sick leave <sup>1)</sup></b>	Unit of measurement	2016	2015	2014
Sick leave, total	%	3.0	3.0	2.8
Of which short-term absence (16 days or less)	%	1.5	1.4	1.3
Of which long-term absence (more than 16 days)	%	1.5	1.6	1.5

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

<b>Judicial sanctions, health and safety</b>	Unit of measurement	2016	2015	2014
Material judicial sanctions for non-compliance with health and safety legislation	Number	0	0	0
Fines for non-compliance with health and safety legislation	NOK million	0	0	0



## Global Reporting Initiative (GRI)

### About GRI

Global Reporting Initiative (GRI) is an independent organisation which, since it was established in 1997, has worked to establish a more standardised format for reporting on corporate responsibility issues and sustainability development. From 2009 guidelines tailor-made for the electric utility sector (Electric Utilities Sector Supplement) have been available.

GRI G4 defines ten reporting principles. Four of these deal with identifying the scope and content of the report, while the other six address the quality of the presented information.

GRI G4 covers both general and industry-specific indicators for enterprise profile, economy, environment, working conditions, human rights, corporate citizenship and product responsibility. For all material aspects, companies must describe the governance, measures and performance. Companies can choose between two reporting levels - Core or Comprehensive.

### Statkraft's GRI Index

Statkraft's corporate responsibility reporting is based on GRI's sector specific guidelines, described in supplement G4 Sector Disclosures - Electric Utilities, and the reporting level is Core.

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

#### Explanations for the GRI index

Reported = The indicator is reported.

Partly = The indicator is reported partly.

EU = Specific indicator for the energy utilities sector.

STRATEGY AND ANALYSIS		REFERENCE / RESPONSE	STATUS
G4-1	Statement from the CEO	Letter from the CEO Report from the Board of Directors	Reported
ORGANIZATIONAL PROFILE		REFERENCE / RESPONSE	STATUS
G4-3	Name of the organization	Statkraft AS	Reported
G4-4	Primary brands, products and/or services	Statkraft in fact and figures Report from the Board of Directors	Reported
G4-5	Location of organization's headquarters	Oslo, Norway	Reported
G4-6	Countries in which the organization's operations are located	Statkraft in fact and figures	Reported
G4-7	Nature of ownership and legal form	State-owned limited company	Reported
G4-8	Markets served	Statkraft in fact and figures Report from the Board of Directors	Reported
G4-9	Scale of the reporting organization (employees, operations, net sales etc.)	Financial key figures Non-financial key figures Statkraft in fact and figures	Reported

G4-10	Scale of the reporting organization (employees by contract and gender, region etc.)	CR statement: Labour practices	Reported
G4-11	Scale of the reporting organization (employees covered by collective bargaining agreements)	Report from the Board of Directors Human rights and labour rights	Partly
G4-12	The organization's supply chain	Corporate responsibility in Statkraft	Reported
G4-13	Significant changes during the reporting period	Report from the Board of Directors Note 5: Business combinations and other transactions	Reported
G4-14	Explanation of whether and how the precautionary approach or principle is addressed	Corporate responsibility in Statkraft	Reported
G4-15	Externally developed sustainability related charters, principles, or other initiatives endorsed	Corporate governance Corporate responsibility in Statkraft	Reported
G4-16	Memberships in associations and/or national/international advocacy organizations	Corporate responsibility in Statkraft	Reported
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: <a href="http://www.statkraft.com">www.statkraft.com</a> <a href="http://www.skagerakenergi.no">www.skagerakenergi.no</a> <a href="http://www.fjordkraft.no">www.fjordkraft.no</a> <a href="http://www.statkraftvarme.no">www.statkraftvarme.no</a>	Partly
G4-EU4	Length of above and underground transmission and distribution lines	Assessed as not material indicator at group level.	
G4-EU5	Allocation of CO <sub>2</sub> emissions allowances or equivalent	CR statement: Climate	Reported

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		REFERENCE / RESPONSE	STATUS
G4-17	Operational structure of the organization	Activities: Organisation	Reported
G4-18	Process for defining report content – Process for defining report content	About Statkraft's CR report Corporate responsibility in Statkraft	Reported
G4-19	Process for defining report content – material aspects	About Statkraft's CR report Corporate responsibility in Statkraft	Reported
G4-20	Boundary of the report – within the organization	About Statkraft's CR report Corporate responsibility in Statkraft	Reported
G4-21	Boundary of the report – outside the organization	About Statkraft's CR report Corporate responsibility in Statkraft	Reported
G4-22	Explanation of the effect of any re-statements of information	Corporate responsibility statement	Reported
G4-23	Significant changes from previous reporting periods	Corporate responsibility statement	Reported

STAKEHOLDER ENGAGEMENT		REFERENCE / RESPONSE	STATUS
G4-24	Stakeholder groups engaged by the organization	Report from the Board of Directors Corporate responsibility in Statkraft	Reported
G4-25	Identification and selection of stakeholders engaged		
G4-26	Approaches to stakeholder engagement		
G4-27	Key topics and concerns raised through stakeholder engagement		

REPORT PROFILE		REFERENCE / RESPONSE	STATUS
G4-28	Reporting period	2016	Reported
G4-29	Date of most recent previous report	Annual report 2015	Reported
G4-30	Reporting cycle	Annual	Reported
G4-31	Contact point for questions regarding the report	info@statkraft.com	Reported
G4-32	"In accordance" option, GRI content index, and reference to the External Assurance Report	Auditor's statement Statkraft's GRI index	Reported
G4-33	Policy and current practice with regard to seeking external assurance		

GOVERNANCE		REFERENCE / RESPONSE	STATUS
G4-34	Governance structure of the organization	Corporate governance	Reported

ETHICS AND INTEGRITY		REFERENCE / RESPONSE	STATUS
G4-56	Values, principles, standards and norms, such as codes of conduct and codes of ethics	Report from the Board of Directors Corporate Governance Corporate responsibility in Statkraft	Reported

#### **SPECIFIC STANDARD DISCLOSURES** **CATEGORY: ECONOMIC**

ASPECT: ECONOMIC PERFORMANCE		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Report from the Board of Directors Corporate governance Activities: Risk management	-
G4-EC1	Direct economic value generated and distributed	CR statement: Contribution to society	Reported
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Report from the Board of Directors Risk management Environment and climate	Reported
G4-EC3	Coverage of the organization's defined benefit plan obligations	Note 16: Pensions	Reported

ASPECT: INDIRECT ECONOMIC IMPACTS		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft	-
G4-EC7	Development and impact of infrastructure investments and services supported	Human rights and labour rights	Partly
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Human rights and labour rights	Partly

EU SECTOR SPECIFIC ASPECT: RESEARCH AND DEVELOPMENT		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Report from the Board of Directors Environment and climate	-

### **CATEGORY: ENVIRONMENTAL**

ASPECT: ENERGY		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Environment and climate	-
G4-EN3	Energy consumption within the organization	Environment and climate CR statement: Energy and resource consumption	Reported

ASPECT: WATER		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Environment and climate	-
G4-EN8	Total water withdrawal by source	CR statement: Energy and resource consumption	Partly
G4-EN9	Water sources significantly affected by withdrawal of water	Environment and climate CR statement: Interventions on nature and biodiversity	Reported

ASPECT: BIODIVERSITY		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Environment and climate	-
G4-EN11	Operational sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	CR statement: Interventions on nature and biodiversity	Reported
G4-EN12	Description of significant impacts on biodiversity in protected areas and areas of high biodiversity value outside protected areas	CR statement: Interventions on nature and biodiversity	Reported
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	CR statement: Interventions on nature and biodiversity	Reported

ASPECT: EMISSIONS		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Environment and climate	-
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment and climate CR statement: Climate	Reported
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environment and climate CR statement: Climate	Reported
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environment and climate CR statement: Climate	Reported

ASPECT: EFFLUENTS AND WASTE		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Environment and climate	-
G4-EN23	Total weight of waste by type and disposal method	CR statement: Waste	Reported
G4-EN24	Total number and volume of significant spills	CR statement: Environment	Reported

ASPECT: COMPLIANCE		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Environment and climate	-
G4-EN29	Fines and sanctions for non-compliance with environmental laws and regulations	CR statement: Environment	Reported

ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft	-
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Corporate responsibility in Statkraft	Partly

ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights Environment and climate	-
G4-EN34	Number of grievances about environmental impacts	Human rights and labour rights	Partly

**CATEGORY: SOCIAL****SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK**

ASPECT: EMPLOYMENT		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Health, safety and security Human rights and labour rights	-
G4-LA1	New employee hires and employee turnover	CR statement: Labour practices	Reported
G4-EU17	Percentage of contractor and subcontractor employees that has undergone relevant health and safety training	Health, safety and security	Partly

ASPECT: OCCUPATIONAL HEALTH AND SAFETY		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Health, safety and security	-
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	Health, safety and security Human rights and labour rights	Partly
G4-LA6	Fatalities, injuries and occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Health, safety and security CR statement: Health and safety	Reported

ASPECT: TRAINING AND EDUCATION		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Health, safety and security Human rights and labour rights	-
G4-LA10	Programs for skills management and lifelong learning	Human rights and labour rights	Partly
G4-LA11	Percentage of employees receiving regular performance and career development reviews	CR statement: Labour practices	Reported

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Report from the Board of Directors Human rights and labour rights	-
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to indicators of diversity	CR statement: Labour practices	Reported

ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Report from the Board of Directors Human rights and labour rights	-
G4-LA13	Ratio of basic salary and remuneration of women to men	CR statement: Labour practices	Reported

ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft	-
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Corporate responsibility in Statkraft	Partly

#### SUB-CATEGORY: HUMAN RIGHTS

ASPECT: INVESTMENT		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Corporate responsibility in Statkraft Human rights and labour rights	Partly

ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk	Corporate responsibility in Statkraft Human rights and labour rights	Partly

ASPECT: CHILD LABOUR		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour	Corporate responsibility in Statkraft Human rights and labour rights	Partly

ASPECT: FORCED OR COMPULSORY LABOUR		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour	Corporate responsibility in Statkraft Human rights and labour rights	Partly

ASPECT: INDIGENOUS RIGHTS		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Human rights and labour rights CR statement: Human rights	Reported

ASPECT: ASSESSMENT		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Corporate responsibility in Statkraft Human rights and labour rights	Partly

ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Corporate responsibility in Statkraft Human rights and labour rights	Partly

ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-HR12	Number of grievances about human rights impacts	Human rights and labour rights CR statement: Human rights	Reported

## SUB-CATEGORY: SOCIETY

ASPECT: LOCAL COMMUNITIES		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	Human rights and labour rights	Partly
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Corporate responsibility in Statkraft Human rights and labour rights	Partly
G4-EU22	Number of people physically or economically displaced and compensation, broken down by type of project	Human rights and labour rights	Partly

ASPECT: ANTI-CORRUPTION		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Business ethics and anti-corruption	-
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Business ethics and anti-corruption	Reported
G4-SO4	Communication and training on anti-corruption policies and procedures	Business ethics and anti-corruption CR statement: Business ethics and anti-corruption	Reported
G4-SO5	Confirmed incidents of corruption and actions taken	Business ethics and anti-corruption CR statement: Business ethics and anti-corruption	Reported

ASPECT: COMPLIANCE		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Business ethics and anti-corruption Human rights and labour rights	-
G4-SO8	Significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	CR statement: Business ethics and anti-corruption CR statement: Human rights	Reported

ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Human rights and labour rights	-
G4-SO11	Number of grievances about impacts on society	Human rights and labour rights	Partly

EU SECTOR SPECIFIC ASPECT: DISASTER/EMERGENCY PLANNING AND RESPONSE		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Health, safety and security	-



**SUB-CATEGORY: PRODUCT RESPONSIBILITY**

ASPECT: CUSTOMER HEALTH AND SAFETY		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Corporate responsibility in Statkraft Health, safety and security	-
G4-EU25	Injuries and fatalities to the public involving company assets	CR statement: Health and safety	Reported

EU SECTOR SPECIFIC ASPECT: ACCESS		REFERENCE / RESPONSE	STATUS
G4-DMA	Generic disclosures on management approach	Report from the Board of Directors Corporate responsibility in Statkraft	-
G4-EU28	Power outage frequency	CR statement: Stability of electricity supply	Reported
G4-EU29	Average outage duration	CR statement: Stability of electricity supply	Reported

## UN Global Compact

### About Global Compact

Global Compact is a UN initiative which encourages businesses to commit to sustainable development and to promote activities and partnerships that contribute to meeting the UN's goal of sustainable development.

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's Global Compact Index

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 within their sphere of influence, and	Report from the Board of Directors Corporate responsibility in Statkraft Human rights and labour rights
2	make sure that they are not complicit in human rights abuses.	Corporate responsibility in Statkraft Human rights and labour rights

#### LABOUR

PRINCIPLE	DESCRIPTION	REFERENCE
3	Business should uphold the freedom association and the effective recognition of the right to collective bargaining,	Corporate responsibility in Statkraft Human rights and labour rights
4	the elimination of all forms of forced and compulsory labour,	Corporate responsibility in Statkraft Human rights and labour rights
5	the effective abolition of child labour, and	Corporate responsibility in Statkraft Human rights and labour rights
6	the elimination of discrimination in respect of employment and occupation.	Corporate responsibility in Statkraft Human rights and labour rights

## ENVIRONMENT

PRINCIPLE	DESCRIPTION	REFERENCE
7	Business should support a precautionary approach to environmental challenges,	Report from the Board of Directors Corporate responsibility in Statkraft Environment and climate
8	undertake initiatives to promote greater environmental responsibility, and	Corporate responsibility in Statkraft Environment and climate
9	encourage the development and diffusion of environmental friendly technologies.	Corporate responsibility in Statkraft Environment and climate

## ANTI-CORRUPTION

PRINCIPLE	DESCRIPTION	REFERENCE
10	Business should work against all forms of corruption, including extortion and bribery.	Report from the Board of Directors Corporate responsibility in Statkraft Business ethics and anti-corruption

## Auditor's Statement



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To the management of Statkraft AS

### INDEPENDENT AUDITOR'S REPORT ON THE STATKRAFT CORPORATE RESPONSIBILITY REPORT 2016

We have reviewed certain aspects of Statkraft's Corporate Responsibility reporting for 2016 ("the Report") and related management systems and procedures. The Report includes the Corporate Responsibility chapter within the Board of Directors Report, the Corporate Responsibility Statement 2016 and the Corporate Responsibility Report 2016, presented under Statkraft Annual Report 2016 on the Internet ([www.annualreport2016.statkraft.com](http://www.annualreport2016.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 with management and individual resources responsible for corporate responsibility aspects at corporate and at selected reporting units represented by the head offices of the business areas International Power and Power Generation, as well as at the head office of Skagerak Energi AS.

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 2016 to be included in the Report, as described in the Report. Information presented for 2016 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- The management systems referred to above have been implemented and locally adopted as necessary at the reporting units that we have visited, as specified above. Information for 2016 from these units has been reported according to the procedures noted above and is consistent with source documentation presented to us.
- Statkraft applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version G4) reporting principles and the reporting fulfils in accordance level Core according to the GRI guidelines. The GRI Index presented in the Report appropriately reflects where information on each of the elements and indicators of the GRIs guidelines is to be found within the Statkraft Annual Report 2016.

Oslo, 15 February 2017  
Deloitte AS

Ingebrigt G. Hisdal  
State Authorized Public Accountant (Norway)

Frank Dahl  
Deloitte Sustainability

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Corporate Responsibility  
Report 2016

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