



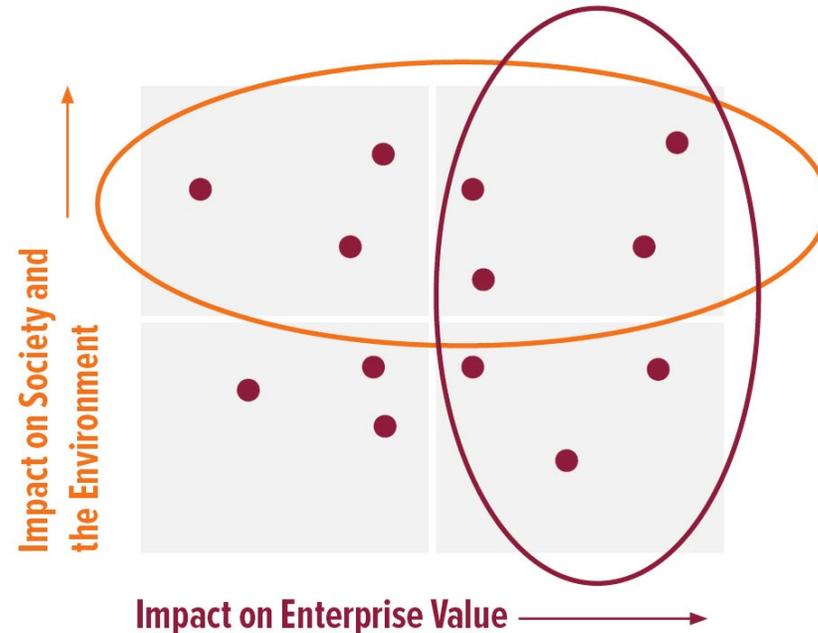
Statkraft's Double Materiality Analysis

2022

Our methodology aligns to double materiality

Reporting standards and frameworks are clarifying their focus on single versus double materiality.

- Considers the company's impacts outwards
- Uses the GRI definition: "topics that reflect its most significant impacts on the economy, environment and people, including impacts on human rights"
- For multiple stakeholders



- Considers the company's impacts inwards
- For investors, lenders and other creditors

Double materiality means that businesses should report on financially material topics that influence the business value as well as topics material to the economy, environment, and people.



Methodology: The Prioritization Process

1

Identify list of sustainability topics relevant to Statkraft based on all the standards

- CSRD
- ESRS
- SFDR
- SDGs
- SASB
- GRI
- Human Rights Conventions

#	Category	Topic	Definition
1	Environment	Nature and Biodiversity	Business impacts on biodiversity of ecosystems on land and in water. This includes, but not limited to, impact on red-list species, biodiversity loss or change in distribution (reproduction or immigration) of local species, critical habitats, and protected areas.

2

Desktop research and draft scoring

- Reviewed internal **Statkraft documents, public resources** and **BSR expertise**
- Across topics, the team scored **Impact on Business** and **Impact on Society and Environment**
- Aligned with **Statkraft's ERM Framework**

3

Focus group interviews to identify and assess impacts and collect feedback on draft ratings



- 28 Internal stakeholders
- 4 External stakeholders

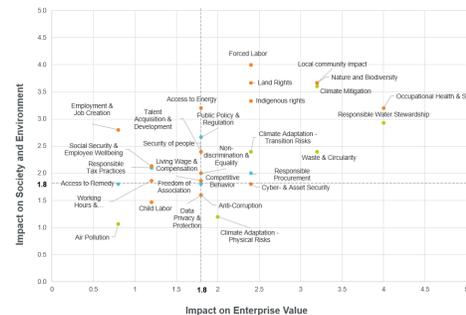
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Revised assessment

Topic	Impact on Business (x axis)	Impact on Society and the Environment (y axis)
Nature and Biodiversity	1.8	3.3

5

Validate matrix during workshop



Workshop objectives

- Ensure understanding of materiality process and outputs
- Share initial materiality assessment results and insights for Statkraft's materiality matrix
- Confirm alignment on the position and relative importance of material topics identified
- Seek general feedback on the initial materiality matrix

6

Final materiality assessment results, which includes:

- Feedback from the workshop
- Input shared after the workshop by participants

Long List of Material Topics

The materiality process starts by identifying a “long list” of potentially material topics. We developed the following list of relevant sustainability topics that were prioritized and plotted on the materiality matrix, and describe each topic’s impact on business and impact on society and the environment.

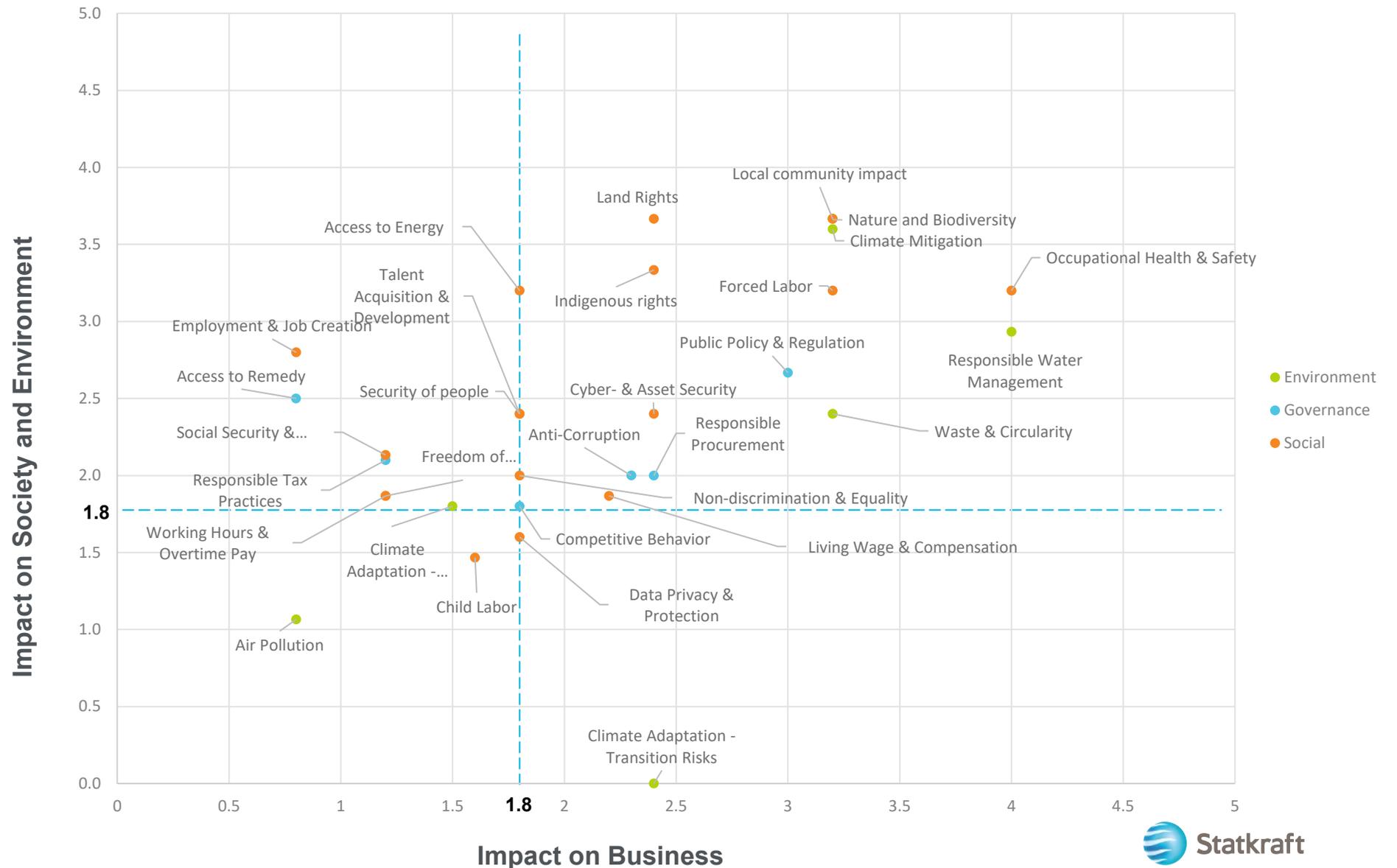
	Category	Topic Name
1	Environment	Nature and Biodiversity
2	Environment	Climate Adaptation – Physical Risks
3	Environment	Climate Adaptation – Transition Risks
4	Environment	Climate Mitigation
5	Environment	Waste & Circularity
6	Environment	Air Pollution
7	Environmental	Responsible Water Management
8	Social	Forced Labor
9	Social	Child Labor
10	Social	Security of people
11	Social	Cyber- & Asset Security
12	Social	Data Privacy & Protection
13	Social	Occupational Health & Safety
14	Social	Living Wage & Compensation
15	Social	Social Security & Employee Wellbeing
16	Social	Working Hours & Overtime Pay

	Category	Topic Name
17	Social	Freedom of Association
18	Social	Local community impact
19	Social	Land rights
20	Social	Indigenous rights
21	Governance	Non-discrimination & Equality
22	Governance	Access to Energy
23	Governance	Talent Acquisition & Development
24	Governance	Employment & Job Creation
25	Governance	Anti-Corruption
26	Governance	Competitive Behavior
27	Governance	Public Policy & Regulation
28	Governance	Responsible Procurement
29	Governance	Responsible Tax Practices
30	Governance	Access to Remedy

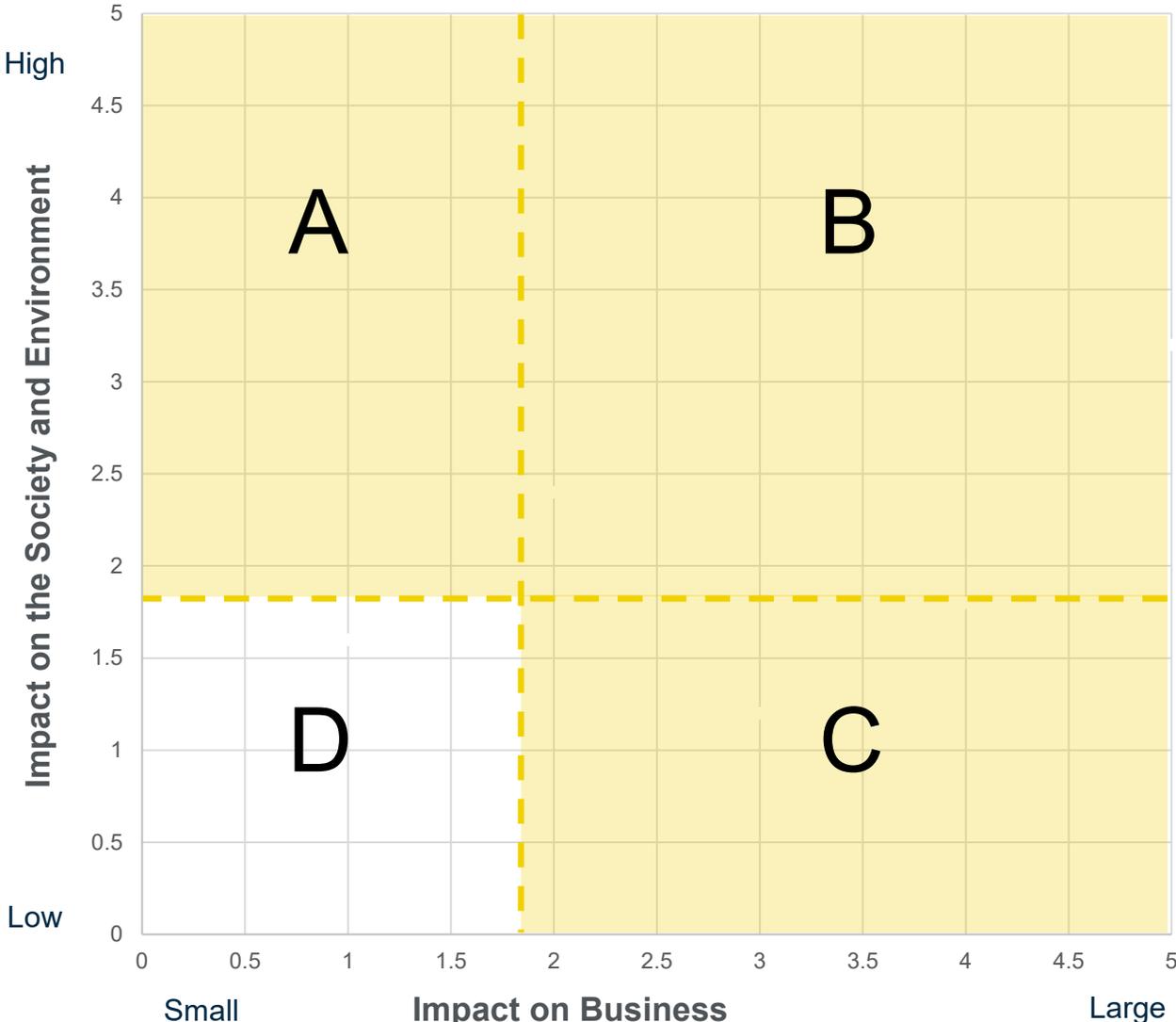
Materiality Matrix

Impacts related to **Land Rights**, **Nature and Biodiversity** and **Local Community Impact**, and **Climate Mitigation** are the most significant impacts on Society and Environment.

Impacts related to **Responsible Water Management** and **Occupational Health & Safety** are the most significant impact on Statkraft's business.



Interpreting the Materiality Matrix



Topic placement on the map indicates the impact it has inward and outward. For impact-materiality the threshold for material topics is 1.8, which is a medium impact.

What each zone means:

- A. **High** impact on the society and environment & **Small** impact on business
Mitigate, Promote, Address & Communicate
Impacts outward and emerging topics
- B. **High** impact on the society and environment & **Large** impact on business
Prioritize
Strategic issues
- C. **Low** impact on the society and environment & **Large** impact on business
Mitigate, Promote & Address
Impacts inward
- D. **Low** impact on the society and environment & **Small** impact on business
Monitor
Tablestakes

Stakeholder Key Insights, Observations, and Reflections (1/2)

While opportunities and risks vary depending on the specific renewable energy technology and the geography of the asset, common findings for Statkraft related to high demand for RE include the following:

<p>Rapid growth of RE brings both opportunities and challenges</p>	<p>Growth and expansion will lead to cumulative impacts, both positive (e.g. climate mitigation) and negative, by the sheer scale of the future operations. This might lead to challenges to maintain high standards on H&S outside of Europe, attract and keep talent, and increased risk of corruption with intermediaries. It is about striking a balance between keeping fossil fuels off the grid and increasing RE, while minimizing negative impacts on people and the environment. Statkraft should seek to balance safeguarding value of existing assets and growing its RE assets.</p>
<p>The energy crisis will increase focus on access to affordable energy</p>	<p>While the focus on access to affordable energy has increased the last few years, this is expected to grow in the coming years. Statkraft can have a significant positive impact on this issue, and therefore should consider including this as a strategic topic. Challenges relate to uncertainty in the energy markets and government intervention. There are opportunities to communicate on how renewable energy can support access to affordable energy and strengthen energy security.</p>
<p>License to operate is increasingly at risk due to land and community issues</p>	<p>With increasing energy demands throughout technologies, land take issues are increasing. Pushback from communities may lead to delays and project execution for Statkraft. To keep its license to operate, Statkraft should focus on community engagement, such as co-ownership of projects, local hiring and local procurement.</p>

Stakeholder Key Insights, Observations, and Reflections (2/2)

While opportunities and risks vary depending on the specific renewable energy technology and the geography of the asset, key sustainability topics to increase focus on include the following:

Communicate and raise the bar on impacts on biodiversity and nature

As a RE project developer, **Statkraft will always have an impact on biodiversity and nature**. There is an opportunity to **be proactive on the topic and implement more than national authorities require**, raising the bar specifically in non-Nordic countries. To comply with upcoming regulations and respond to society scrutiny **Statkraft can communicate more about their impacts, both negative and positive**.

Develop a strategy on waste and circularity

Waste and circularity is an emerging issue for the industry. As **first-generation equipment for solar and wind today reaches end of life, waste to landfill will increase**. Regulation and stakeholders expect companies to focus on circularity and report on their impacts. While some Statkraft peers have committed to ban land filling turbine blades, **Statkraft has not made any commitments yet**. While an industry-wide response is needed, circular models will also help Statkraft hedge against risks of supply chain disruption.

Monitor supply chain risks to identify “what is next”?

Companies are increasingly expected to **act beyond compliance across their value chain**. The company is aware of key current risks in the supply chain such as forced labor in solar supply chain, and with contractors on site. However it is key to **proactively monitor emerging risks and impacts across the supply chain by conducting environmental and social due diligence**. Regulations like the **Norwegian Transparency Act** require this.

Transparency and Regulatory Requirements

The legal landscape is changing rapidly, where companies are expected to disclose more. **CSRD** requires businesses to report on financially material topics that influence business value as well as topics material to the economy, environment, and people. Statkraft should **continue to participate and be an active partner in discussions and processes on policy and regulation** where the company operates. Statkraft’s biggest risk is to **keep up with regulation**.



Statkraft

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