



ENERGINET



SUSTAINABILITY REPORT

2021

STATUS AND OUTLOOK FROM CEO

The 2021 UN Climate Report made it clear once and for all that climate change is man-made. With global warming on the path to an excessive temperature increase, it is obvious that our carbon emissions must be reduced, and quickly. This also applies to Energinet. Expanding and operating energy infrastructure uses many resources, and Energinet impacts the climate through our many construction activities, transmission losses and greenhouse gas emissions – such as SF₆ gas and methane. Energinet's commitment to sustainable development is therefore rooted in the entire organisation.

In autumn 2021, Energinet took part in COP26 in Glasgow with the global climate on the agenda. International cooperation will be crucial to a sustainable future. It is therefore very meaningful for Energinet to listen, contribute and be present on the global scene. On several occasions, we shared information on the groundbreaking Danish energy island projects, through which large-scale offshore wind power can have a major impact on the transformation of Europe's energy systems.

In late 2021, we increased our focus on sustainability in our 'Winds of change' Group strategy. This sums up a year in which sustainability has become increasingly important at Energinet – both internally and externally. Internally, we have intensified our sustainability efforts on a number of parameters related to the operation of Energinet. Externally, we have seen that new energy infrastructure can be delayed due to environmental and biodiversity considerations.

The strategy assures the world around us that Energinet will prioritise sustainability and integrate it as a key part of the decision

basis for construction projects, so we can minimise the climate and environment impacts of new energy infrastructure. We are facing a reality where climate and environment considerations are becoming increasingly important, and must be balanced against the need to transition to a greener, more sustainable energy system at a rapid pace.

In 2021, Energinet became subject to the new EU taxonomy regulation. Its purpose is to create a common language for sustainable investments and a strong foundation for a demand-driven green transition in our society and company value chains. The taxonomy regulation is a classification system for assessing economic activities and services that can be defined as sustainable, by contributing positively to the environment and climate. We have taken this on board, so that the taxonomy supports our other sustainability initiatives. Together with our own Sustainability Programme, it has taken us the next step in relation to measuring, documenting and focusing our efforts. Each Energinet subsidiary has prepared ten-year plans for activities and sub-goals, which aim to help meet Energinet's ambitious climate targets.

During 2021, our sustainability focus has generally become more holistic. It is not only the global goals and our wish to contribute to the world through our core task of advancing the green transition that drive our efforts. It is also a holistic view of sustainability within our own operations and business. This year, we have had diversity, a flexible workplace, sustainable procurement and new sub-goals for reducing methane emissions from our plants on the agenda. To mention a few. This is all presented here in Sustainability Report 2021.



Thomas Als Egebo
President and CEO

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REPORT ON CORPORATE SOCIAL RESPONSIBILITY Sustainability Report 2021 contains two reports:

Energinet is an independent public enterprise owned by the Danish Ministry of Climate, Energy and Utilities. Sustainability Report 2021 constitutes Energinet's report on sustainability and social responsibility, as well as the gender distribution of management, in line with section 99a and 99b and 107d of the Danish Financial Statements Act. It thus forms part of the management's review in the Energinet Group's Annual Report 2021. Like the annual report, it covers the period from 1 January 2021 to 31 December 2021. The report also constitutes Energinet's CoP (Communication on Progress) on our commitment to the UN Global Compact.

ENERGINET'S VISION, STRATEGY AND BUSINESS MODEL

Energinet contributes to converting energy systems, with the aim of ensuring that citizens and businesses use renewable energy for everything, with a continued high level of security of supply and at an affordable price. This is what we call the energy trilemma. We must create value for society in a broad sense – for citizens, businesses, institutions and civil society.

If we succeed in resolving the energy trilemma, the Danish energy system can serve to inspire the rest of the world. We thus contribute to global climate action and initiatives by performing our core task and resolving the energy trilemma.

The energy sector is undergoing a major transformation as a result of national and international agreements to convert to climate-neutral societies. The Danish Folketing has set an agenda for climate neutrality in 2050, and Energinet's ongoing work with security of supply under the green transition involves the development of market, grid and system mechanisms, both nationally and internationally. Our work is thus governed by objectives based on the Danish Government's ownership strategy, and by provisions in Danish and European legislation regulating Energinet's activities.

The enormous offshore wind resources and the boom in renewable energy on market terms are Denmark's core strengths in the green transition. These core strengths can lead to extensive climate impact reductions in otherwise difficult sectors such as agriculture and transport, concurrently with the transformation to a 100% green energy system.

The political aims in Denmark and Europe, especially the aim to reduce Danish greenhouse gas emissions by 70 per cent in 2030 and to have a climate-neutral society in 2050, have been followed up by new regulations and legislation during the past two years which, together with the rapid development in the market-based establishment of new RE energy plants, have helped to accelerate development. Energinet has therefore

revised our dynamic 'Winds of change' Group strategy this year, with a particular focus on sustainability.

The activities of integrating renewable energy and maintaining a high level of security of supply in ways that are affordable to society consume resources and impact the climate themselves. As a natural part of the energy trilemma, Energinet will therefore inevitably increase its carbon emissions in step with the green transition, through the construction and operation of plants, etc. Energinet's primary direct impacts come from transmission losses in the electricity transmission grid, electricity consumption from Energinet's substations and emissions of SF₆ gas and methane. We therefore have a focus on reducing our own negative impacts.

Energinet's general objective is to ensure the efficient operation and expansion of energy infrastructure, and contribute to developing the energy supply in a climate and environment-friendly manner. Sustainability Report 2021 describes Energinet's handling of and initiatives to address the negative impacts of our own operations, while contributing to global climate action. The report is Energinet's report on social responsibility and related policies and due diligence processes for the climate and environment, employee and social conditions, respect for human rights and combatting corruption and bribery, as well as the gender breakdown of the management. The report also contains goals, actions and objectives for each of the areas covered.

Energinet is owned by the Danish Government, and the framework for Energinet's portfolio of tasks has

been determined by law. The minister acts as the owner of Energinet, in accordance with the guidelines in the Danish Government's ownership policy, the EU regulations and the rules set out in the Danish Act on Energinet. This means that the minister is obligated to supervise at a general level and consider developments in the enterprise. In December 2020, the minister approved three green indicators for Energinet's operations based on Energinet's climate targets. They are now stated in the ownership document and included as part of the ongoing reporting to the ministry in line with other KPIs and indicators for the quality of Energinet's performance.

- SF₆ gas emissions relative to grid volume
- Transmission losses relative to the amount of transported electricity
- Methane emissions relative to the amount of transported gas

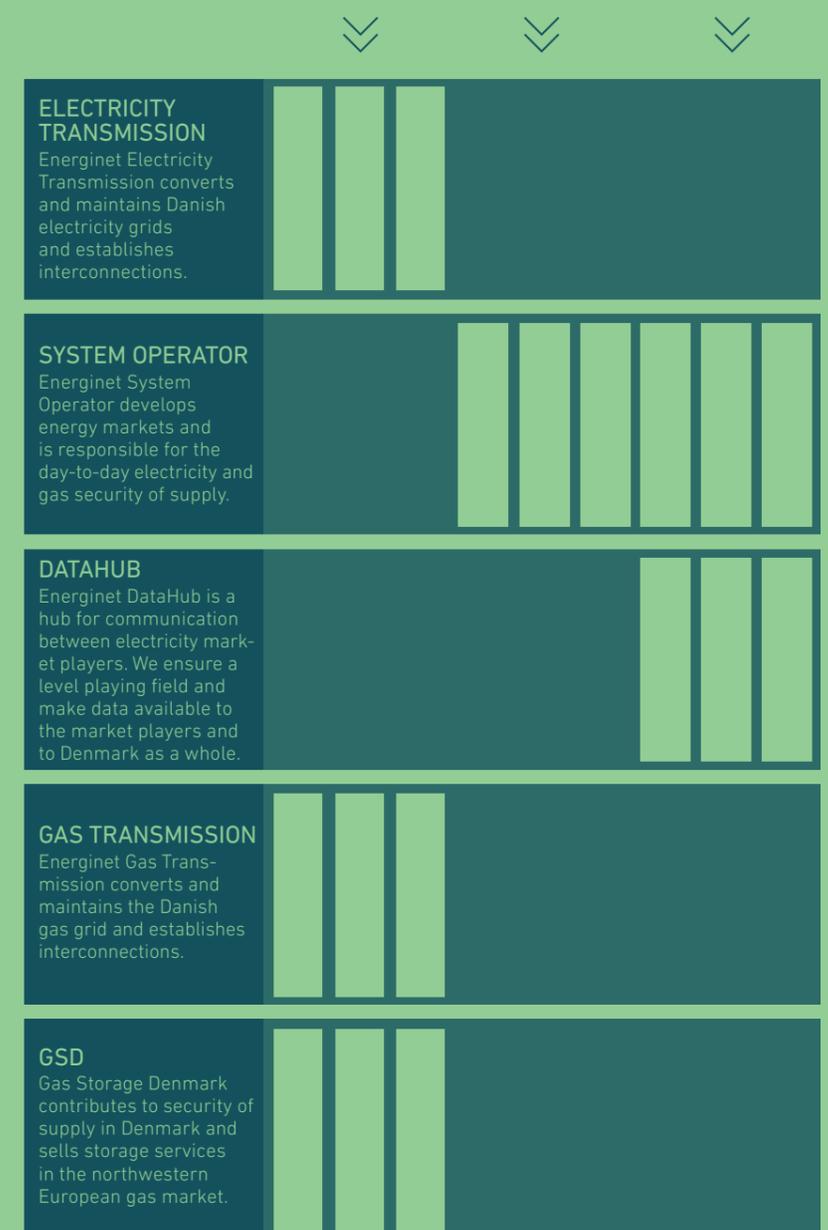
Energinet also has the subsidiary, Energinet Associated Activities. Its purpose is to share knowledge about efficient integration of renewable energy into the electricity system globally via consultancy services, and to offer consultancy services related to open source IT cooperation and leasing of optical fibre and antenna positions. Energinet also has two inward looking subsidiaries – Energinet Forretningsservice, which undertakes business-supporting and value-creating activities across the Group, and Energinet Teknik & Anlæg, which maintains gas transmission and gas storage facilities. Read more about Energinet's structure and organisation at www.energinet.dk

ROLES OF THE COMPANIES IN ENERGINET

GRID: We operate and develop electricity and gas grids and gas storage facilities, and we establish interconnections.

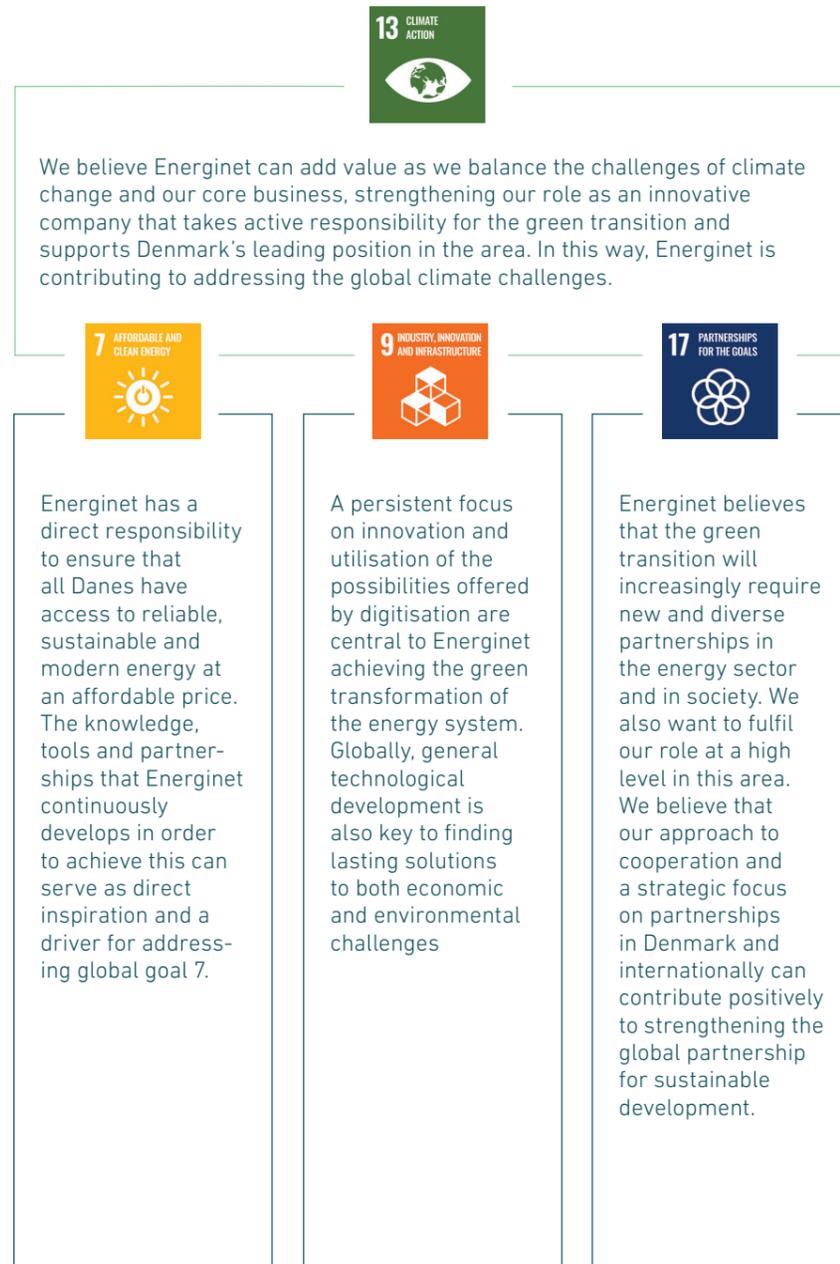
SYSTEM: We have the day-to-day and long-term TSO responsibility for the electricity and gas system.

MARKET: We participate in the development of energy markets and market rules in Denmark, the Nordic countries and the EU.



CONTRIBUTIONS TO GLOBAL GOALS

Energinet supports the UN's global goals and has chosen to focus on our contribution to four specific goals: 7, 9, 13 and 17 – with climate goal 13 serving as an umbrella for the others.



Based on the four selected global goals, we have identified relevant targets to work with. We have compiled an overview of some of our activities in relation to the targets.

LINKS TO TARGETS FOR THE FOUR SELECTED GLOBAL GOALS

13.3. BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

DEFINITION
13.3. BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

We must increase general knowledge and awareness of the possibilities for slowing down global warming and adapting to climate change. This must happen at both an individual and institutional level. We also need to improve our capacity to predict and limit the damage at an early stage.

ENERGINET'S ACTIVITIES

- Climate accounts
- Climate goals
- Green indicators
- Sustainability Programme (programme strands 1, 2 and 3)

7.1 UNIVERSAL ACCESS TO MODERN ENERGY

DEFINITION
7.1 UNIVERSAL ACCESS TO MODERN ENERGY

Everyone must have access to an affordable, reliable, modern energy supply by 2030.

ENERGINET'S ACTIVITIES

- Associated Activities
- Viking Link
- Energy islands

7.A PROMOTE ACCESS TO RESEARCH, TECHNOLOGY AND INVESTMENTS IN CLEAN ENERGY

DEFINITION
7.A PROMOTE ACCESS TO RESEARCH, TECHNOLOGY AND INVESTMENTS IN CLEAN ENERGY

We must expand cooperation and provide access to clean energy research by 2030, in relation to renewable energy, energy efficiency and cleaner, more advanced use of fossil fuels. We must also promote investment in energy infrastructure and clean energy technology.

ENERGINET'S ACTIVITIES

- Sharing data from DataHub
- Open source collaboration between DataHub and Microsoft
- Research and development cooperation with universities
- Pilot project with Energi Danmark on wind turbines providing services to the balance market

7.2 INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

DEFINITION
7.2 INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

There must be significantly more sustainable energy in the global energy supply by 2030.

ENERGINET'S ACTIVITIES

- Associated Activities
- Green Hydrogen Hub
- Green ancillary services

>> LINKS TO TARGETS FOR THE FOUR SELECTED GLOBAL GOALS



DEFINITION

7.B EXPAND AND UPGRADE ENERGY SERVICES FOR DEVELOPING COUNTRIES

We must expand infrastructure and upgrade technology in order to provide modern and sustainable energy services to all people in developing countries by 2030. This applies particularly to the least developed countries, small developing island states and developing landlocked countries, and must happen in accordance with these countries' respective aid programmes

ENERGINET ACTIVITIES

- Selected Associated Activities projects in developing countries, such as sharing experience with integrating renewable energy in Ethiopia and Ukraine



DEFINITION

9.A FACILITATE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FOR DEVELOPING COUNTRIES

We must facilitate developing countries in the development of sustainable and robust infrastructure. This must be done through better financial, technological and technical support for African countries, the least developed countries, landlocked developing countries and small developing island states.

ENERGINET'S ACTIVITIES

- Share experiences with the integration of renewable energy in places such as Ethiopia and Ukraine and through the East African Power Pool (EAPP)



DEFINITION

17.6 KNOWLEDGE SHARING AND COOPERATION FOR ACCESS TO SCIENCE, TECHNOLOGY AND INNOVATION

We must improve research cooperation between countries in the north and the south, among countries in the south, and at the regional and international level. This cooperation must provide access to science, technology and innovation, and improve general knowledge sharing on mutually agreed conditions.

ENERGINET'S ACTIVITIES

- Research cooperation with universities
- TSO sustainability cooperation
- Various delegations visit Energinet to find inspiration on the integration of renewable energy.
- International cooperation towards the green transition in the Global Power System Transformation Consortium (G-PST)



DEFINITION

9.2. PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION

We must develop reliable, sustainable, robust high-quality infrastructure. This applies to infrastructure across borders and regions, to support economic development and human well-being. We must focus on ensuring everyone has equal access to the infrastructure, at an affordable price.

ENERGINET'S ACTIVITIES

- TSO cooperation on a network development plan for the offshore electricity grid in the Baltic Sea and achieving the EU's climate targets
- Baltic Pipe
- Viking Link
- Energy island cooperation with Belgian and German TSOs



DEFINITION

17.7 PROMOTE SUSTAINABLE TECHNOLOGIES TO DEVELOPING COUNTRIES

We must do more research into industry technologies and upgrade them in all countries – especially in developing countries. By 2030, we must encourage innovation, and significantly more people must work with research and development. Both the public and the private sector must invest more in this

ENERGINET'S ACTIVITIES

- Energy Partnership Programme in Vietnam
- Consultancy support in India, South Africa, Indonesia, etc.



DEFINITION

17.7 PROMOTE SUSTAINABLE TECHNOLOGIES TO DEVELOPING COUNTRIES

We must promote and encourage partnerships across the public and private sectors and civil society. This will be done by building on our experience with partnerships and their resource strategies.

ENERGINET'S ACTIVITIES

- Cooperation with society on citizen involvement
- Data service providing information on the use of green electricity in Danish companies
- Various Open Door labs, eg for green ancillary services and new green business models.

GOVERNANCE, RISKS, POLICIES AND GUIDELINES FOR SUSTAINABILITY

Sustainability in Energinet involves the entire Group, and is an area all employees are directly or indirectly affected by. Energinet's general sustainability efforts are driven at Group level, where the Executive Board makes the decisions jointly. This ensures that the whole organisation pulls in the same direction.

Energinet is responsible for extensive and complex tasks in the next phase of the green transition, and these tasks entail a number of risks that we must manage. Our key sustainability risks in 2021 include:

- Risk of occupational injuries: The need to increase the pace in operations and the projects increases the risk of critical occupational injuries. A process of anchoring and developing a new strategy and organisation in the area has been initiated, and an action plan to improve our efforts at our construction sites. Read more about occupational health and safety on page 30.
- Strategic approach to biodiversity at Group level: We have to balance the need for a faster pace in the transition to a greener and more sustainable energy system with consideration for the environment and biodiversity through a strategic approach. Read more about our biodiversity and the environment initiatives on page 19.
- Compliance with Energinet's updated Code of Conduct: The taxonomy regulation places additional demands on Energinet's suppliers, which we handle through our Code of Conduct. Read more about the Code of Conduct for Suppliers on page 31.

Risk management, prevention and mitigating actions are documented continuously through Energinet's Governance, Risk and Compliance committee and Audit and Risk committee. Sustainability Report 2021 describes sustainability initiatives that help manage our risks.

Our risks and Energinet's general governance structure are supported by a number of policies and guidelines related to sustainability. Energinet is a member of the UN Global Compact and follows the ten principles of the standard, which are reflected in Energinet's CSR policy. The policy contains Energinet's approach and policy for the environment and climate, respect for human rights, anti-corruption and bribery, social and employee conditions, pursuant to Section 99a of the Danish Financial Statements Act. In 2021, Energinet updated its diversity policy, formulated an Ethical Code of Conduct for employees and developed a Value Set for Data Ethics. The report on data ethics can be found in Energinet's Annual Report 2021.

As is evident in Sustainability Report 2021, sustainability is important in many aspects of Energinet, and this work is supported by the new EU taxonomy for sustainable activities. The taxonomy regulation sets specific requirements for sustainability standards in relation to the climate and the environment, as well as social minimum guarantees. Energinet has reported on eligibility in 2021 in line with the requirements of the regulation, and we will continue this work in 2022.

SUSTAINABILITY AT ENERGINET

Energinet identified a number of strategic sustainability priorities in 2020. This led to the establishment of a Sustainability Programme in 2021. This gives us a common framework for putting our aims into action, and meeting Energinet's sustainability goals – especially our climate targets. Our Sustainability Programme consists of nine strands, which we will discuss here.

Sustainability Programme

The strands in the Sustainability Programme support Energinet's role in the green transition and show that Energinet is ready to continually improve its negative impacts on the climate and environment, etc. The need for this will not diminish in future, as we realise the 'Winds of change' strategy and the four potentials: sector coupling, large-scale offshore wind power, solar and wind power on market terms, and partnership with society. The strategy, as revised in 2021, contains a clear commitment to more sustainability in a broad sense – described as follows:

Prioritise sustainability and integrate it as a central part of the decision-making basis for coming projects, to minimise the environmental impact caused by new energy infrastructure.

Energinet's Sustainability Programme was established in 2021. This has nine programme strands in a framework that is updated annually. Each programme strand can be dynamically activated or deactivated, depending on the current need for action.

The priority in 2021 was to decide on the first three programme strands, which are closely linked to Energinet's first four climate goals.

<p>PROGRAMME STRAND</p> <p>1 Emissions from natural gas and SF₆ gas</p> <p>Climate goals: Work towards emissions from natural gas being carbon-neutral, and SF₆ gas being phased out by 2050</p>	<p>PROGRAMME STRAND</p> <p>2 Transmission losses and energy consumption for the transmission grid</p> <p>Climate goals: Transmission losses and energy consumption for the transmission grid are carbon-neutral by 2030</p>	<p>PROGRAMME STRAND</p> <p>3 Carbon-neutral passenger transport and administrative business operation, and other carbon emissions</p> <p>Climate goals: Energinet's administrative business operations must be carbon-neutral by 2030</p> <p>Climate goals: Energinet's passenger transport must be carbon-neutral by 2025</p>
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The programme strands are evaluated each year and adjusted as required. Actions and processes are tied to 10-year plans developed by each subsidiary to meet climate targets. This means we can assess each year whether Energinet as a group is on the right path.

In addition to the three programme strands on climate impact, the foundation has been laid for sustainability action in a broad sense in our revised Group strategy. This is reflected in the remaining six programme strands in the Sustainability Programme, shown below:

<p>PROGRAMME STRAND</p> <p>4 Environment factors in general Pollution, water consumption, waste management, natural resources, chemicals, eco-friendly technologies etc.</p>	<p>PROGRAMME STRAND</p> <p>5 Biodiversity Protection and restoration of biodiversity and ecosystems</p>	<p>PROGRAMME STRAND</p> <p>6 Physical and psychological working environment The complete working environment for Energinet's employees and the physical working environment for suppliers</p>	<p>PROGRAMME STRAND</p> <p>7 Diversity Diversity in four strategic areas: Competencies and skills, gender diversity, nationalities and inclusive culture and management</p>	<p>PROGRAMME STRAND</p> <p>8 Sustainable procurement Sustainable procurement for projects, operations and facilities</p>	<p>PROGRAMME STRAND</p> <p>9 Responsible business behaviour Responsible business behaviour in relationships with companies and people in Energinet's value chains, including suppliers and other business partners</p>
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Energinet's Sustainability Programme is expected to be fully defined at the end of 2022. Together with the complete implementation of the taxonomy regulation in 2022, it provides a solid foundation for formulating an actual sustainability strategy for the entire Group.

SUSTAINABILITY PROGRAMME

SUSTAINABLE TRANSITION OF OPERATIONS AND FACILITIES

STRATEGIC PRIORITIES



CLIMATE IMPACT

PROGRAMME STRAND

- 1 Emissions from natural gas and SF₆ gas
- 2 Transmission losses and energy consumption for the transmission grid
- 3 Carbon-neutral passenger transport and administrative business operation, and other carbon emissions



ENVIRONMENT FACTORS

PROGRAMME STRAND

- 4 Environment factors in general
- 5 Biodiversity

SUSTAINABLE BUSINESS FOR EVERYONE

STRATEGIC PRIORITIES



HEALTH AND SAFETY

PROGRAMME STRAND

- 6 Physical and psychological working environment



EMPLOYEES

PROGRAMME STRAND

- 7 Diversity



VALUE CHAIN RESPONSIBILITY

PROGRAMME STRAND

- 8 Sustainable procurement
- 9 Responsible business behaviour

TAXONOMY REGULATION FOR SUSTAINABLE ACTIVITIES

As a class D enterprise, Energinet must report in line with the taxonomy regulation for sustainable activities for the 2021 financial year. This means that we must calculate the share of our revenue and costs – divided into CAPEX and OPEX – that are eligible under the taxonomy.

The taxonomy regulation is very specific in relation to various sectors. In Energinet's case, we calculate our eligibility for the following economic activities:

- Transmission and distribution of electricity
- Transmission and distribution grids for renewable and low-carbon gases
- Engineering and similar technical consultancy aimed at adapting to climate change

To be classified as climate and environmentally sustainable, calculations must be made in relation to the taxonomy for two of the six climate and environmental targets in 2021, which Energinet's economic activities must significantly contribute to. (See the explanation in the section, 'Comments and assessment of conformity with the taxonomy regulation' on page 44).

- **Goal 1: Climate change mitigation**
- **Goal 2: Adaptation to climate change**
- Goal 3: Sustainable use and protection of water and marine resources
- Goal 4: Transition to a circular economy
- Goal 5: Prevent and combat pollution
- Goal 6: Protection and restoration of biodiversity and ecosystems

Companies must contribute significantly to fulfilling one of the six environment and climate goals, while

showing that they have no significant negative impact (do no significant harm) in relation to the five other goals, and also comply with the minimum social guarantees for human rights, labour rights, etc. This results in an overall percentage score for the eligible economic activities which fulfil the relevant technical screening criteria defined by the EU and are 'in alignment'.

The calculation produces financial key figures which are also reported in Energinet's Annual Report 2021.

It is based on Energinet's financial figures for 2021, which are summarised in the figure, showing eligibility and non-eligibility for revenue, CAPEX and OPEX, also referred to as KPIs in the taxonomy (see figure).

Energinet's high proportion of eligible revenue and OPEX is due to our core task: Contributing to the conversion of energy systems to renewable energy.

The taxonomy defines our activities for electricity infrastructure as eligible, while for gas infrastructure it is only the transmission and distribution of renewable and low carbon gases that are eligible in the taxonomy. Activities supporting traditional natural gas are not eligible. 46% of Energinet's CAPEX in 2021 comes from the Baltic Pipe project, the purpose of which is to transport natural gas. This part of CAPEX therefore cannot be considered an eligible activity in the taxonomy's definition. That is why the figure for CAPEX is much lower than the figures for revenue and OPEX. Read more about 'Accounting policies in relation to the taxonomy regulation' for this calculation on page 45.

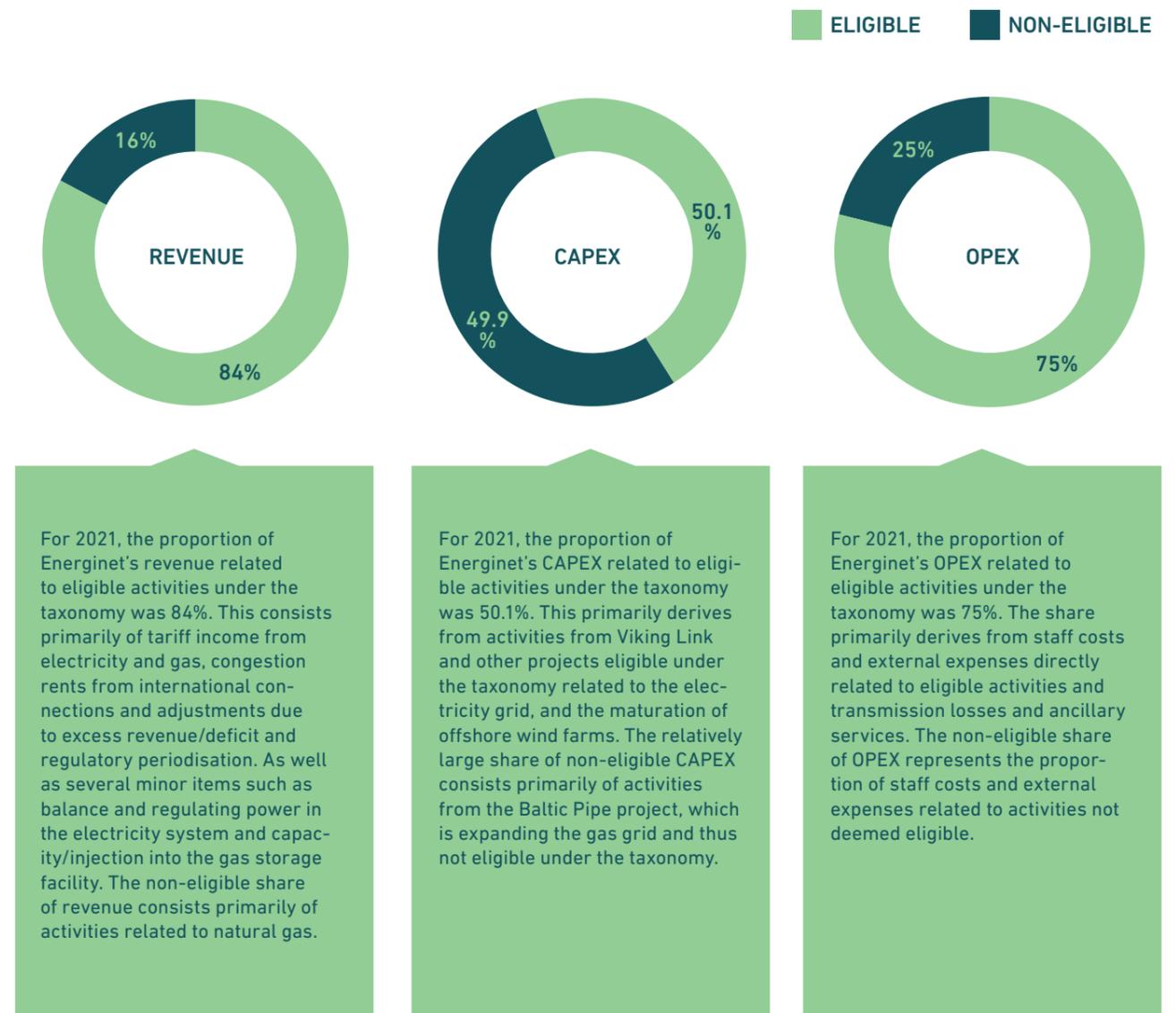
As long as Energinet has activities related to natural gas, we will not be able to achieve eligibility close to 100%. Natural gas is still the primary gas in the Danish gas system, but the proportion of biogas is steadily increasing, and this is reflected in the figure below.

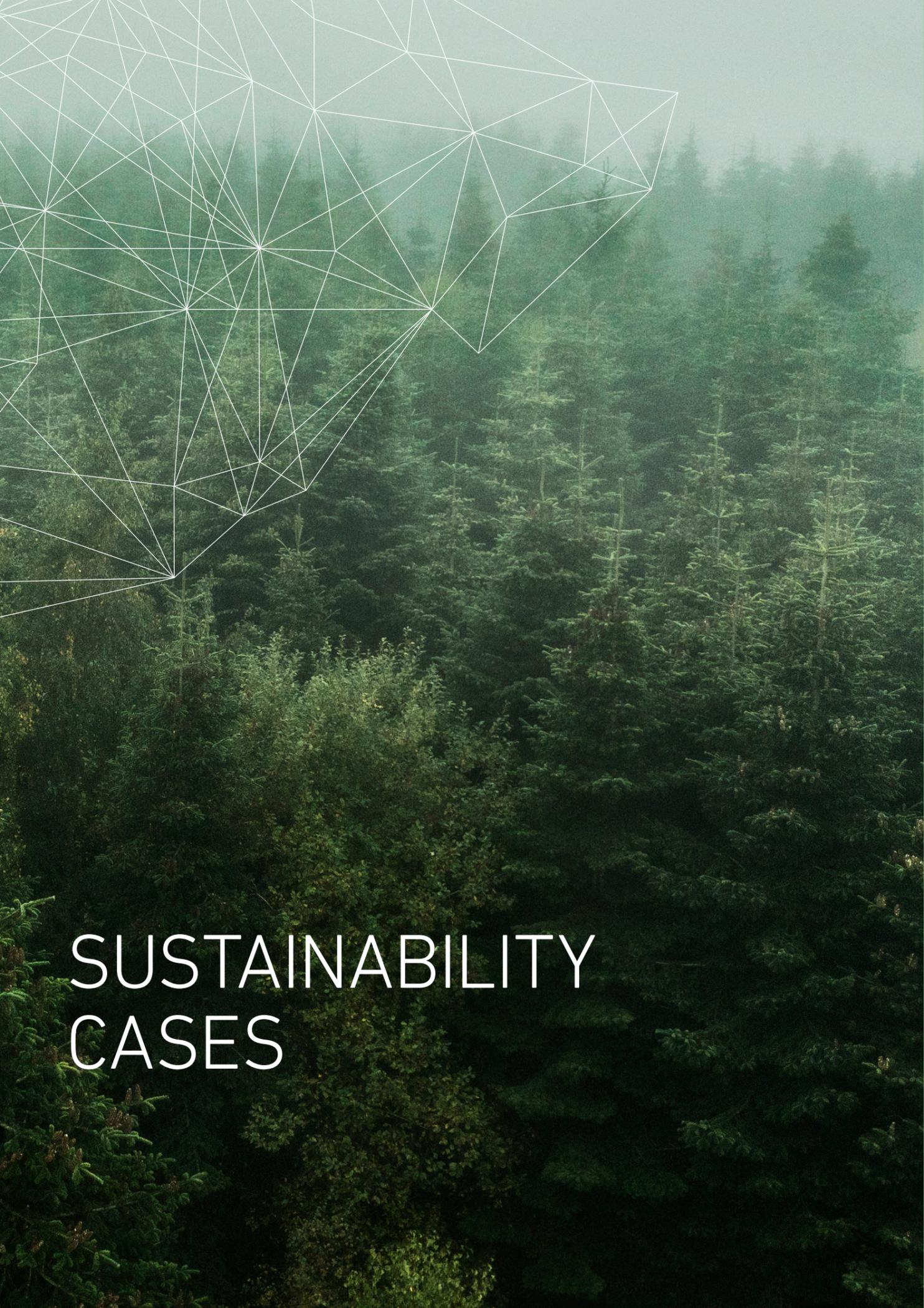
On 31 December 2021, the European Commission published a bill that aimed to include gas and nuclear power in the taxonomy – a 'complementary

delegated act'. Energinet has reviewed the bill, and concluded that there was no reason at this stage to change the taxonomy calculation for 2021. However, the bill could potentially have an impact on next year's calculation, which Energinet will monitor in 2022.

'Alignment' in the taxonomy regulation
Energinet is not obligated to calculate or report on alignment for 2021, but has also made preliminary calculations of the significant contribution in

relation to electricity transmission, looked at 'do no significant harm', and performed a gap analysis in relation to the minimum social guarantees, in parallel with the calculation of eligibility. The aim has been to keep abreast of the significantly increased requirements for the 2022 reporting year, and be able to allocate resources to meet these.





SUSTAINABILITY CASES

CASE

INITIATIVES TO REDUCE METHANE EMISSIONS

The proportion of biogas in the Danish gas system is increasing at record speed. Green gas thus accounted for 21 per cent of Danish gas consumption in 2021. The green transition of the gas system has great potential to contribute to Denmark's climate goals, but methane emissions from gas pipelines and facilities have the same climate impact whether the gas is green or not. Energinet therefore continues to focus on limiting its own emissions.

Climate impact of methane

Methane gas emissions account for approx. 1.5% of Energinet's total carbon footprint using the standard calculation method for methane's climate impact. Under this method, methane is taken to have a GWP (Global Warming Potential) factor 28 times greater than CO₂. However, this is seen over a 100-year period, and since methane degrades in the atmosphere within 12 years, a value based on a shorter time perspective would be more accurate. The value found using the shortest time perspective (20 years) is a GWP factor of 86 for methane. Using a GWP factor of 86, methane emissions account for approx. 4.5% of Energinet's total carbon footprint. Methane is thus a very potent climate gas, and any reduction in emissions will have a positive effect in the fight against global warming.

Energinet has therefore set ambitious sub-goals for reducing emissions on the road to the 2050 goal of climate neutrality. In 2025, we aim to have reduced Energinet's total methane emissions by 45%. In 2030, our goal is to have reduced emissions in the gas storage facilities (Gas Storage Denmark) by 70%, and in the gas transmission grid (Gastransmission) by 60%. The reduction target for gas transmission will be calculated taking into account the increase in total infrastructure resulting from bringing Baltic Pipe online at the end of 2022.

Initiatives on two fronts

There are various reasons for methane gas emissions from

Energinet's facilities, and we are primarily working on two fronts to reduce emissions up to 2025 and 2030: More intensive leak monitoring and a reduction in the number of blow-offs.

Leaks can occur from joints in our pipes and installations that are not properly sealed, and thorough monitoring is required in order to track down and fix these. We are considering using methane cameras specially developed to show methane at our two gas storage facilities, and we use 'gas sniffers' at our gas substations. Both are operated manually, and one of the keys to even more effective monitoring is to install sensors with live tracking where possible. This is a rapidly developing technology that we are keeping a close eye on.

We also have a number of controlled releases of methane, which help ensure the plants are operated safely, economically and with a high level of security of supply. These are associated with gas metering, safety blow-offs and blow-offs in connection with maintenance. We see great potential in reducing the number of blow-offs in connection with planned maintenance. When plant maintenance is done, the pipes are emptied of gas through a blow-off, to make it possible to work. An alternative is to use compressors, which make it possible to move the gas away from the section of the plant being maintained. This method would allow many of the existing blow-offs to be avoided, but safety blow-offs and blow-offs in

connection with acute maintenance will still be necessary.

International focus

Reducing methane emissions is receiving increasing European and global focus as a means to achieving the Paris Agreement goal of limiting the temperature increase to 1.5° C. Energinet is therefore joining the Oil and Gas Methane Partnership (OGMP) global voluntary organisation. OGMP places high demands on its members in terms of reporting and reduction targets, in order to ensure progress on methane reductions. For Energinet, there are benefits through knowledge sharing across countries and companies, and the possibility of greater influence on future requirements and initiatives from the EU, etc.

ENERGINET'S CLIMATE GOALS:

Work towards emissions from natural gas being carbon-neutral by 2050

SUB-GOALS FOR METHANE REDUCTION

Energinet overall: 45% in 2025 and 60% in 2030.

Gastransmission: 45% in 2025 and 60% in 2030 relative to increased infrastructure

Gas Storage Denmark: 45% in 2025 and 70% in 2030

CASE

DIVERSITY AND INCLUSION AT ENERGINET

The extensive and rapid change in the energy sector is placing high demands on our culture and way of working, and hence on the combined competencies, perspectives, experiences and forms of work that we have to be able to master.

We see it as vital that we are able to create a more diverse culture in which different perspectives can thrive and be brought into play. At the same time, we recognise the social responsibility we have as a large, state-owned company. We believe that through a strengthened effort for diversity, we can create greater value for our organisation, our employees and society in a broad sense.

Energinet therefore launched a special diversity initiative in 2021. The foundation for these efforts is a revised diversity policy and a new diversity strategy and related action plan. Our work with diversity is centred on four priorities. Competencies and skills, Gender diversity, Nationalities and Inclusive culture and management

Other focus areas may also be incorporated as part of the overall work, such as age, ethnicity and people with a disability, special needs or on the periphery of the labour market. However, it is the four priorities that currently have the highest awareness and investment focus in our strategy and work.

We have embarked on a diversity journey which will last for several years, and we have started with some specific actions that research has shown to be most important to diversity in a company – recruitment and inclusive management and culture.

Recruitment is clearly important, as this is where we have the opportunity to increase the diversity among our employees in connection with new appointments. We have therefore introduced a number of changes in our HR processes which can make a positive difference in relation to gender, nationality and a broader range of competencies and skills. Our principle is that we not only recruit in relation to a given task, but also to build the team – and see the big picture. We are also tuning the language in our job advertisement texts, so that we do not inadvertently exclude certain groups. In future, we will always strive to invite at least one candidate to interview from the under-represented gender, or a candidate with a different kind of competency.

But there can be no diversity without an inclusive management and culture. If we fail to exploit the different perspectives, we will not reap the benefits of a more varied employee composition. We have therefore launched a management development course aimed at strengthening our managers' ability to lead diverse teams and create a culture in which everyone has more room to be themselves. We will maintain and promote a culture in which everyone – both existing and new employees – can speak and be listened to. We are also working on an employee strand, which aims to involve the entire organisation in the cultural change necessary to create an even more curious, open and diverse culture.

While formulating the diversity policy and strategy, a number of 'Principles for greater diversity in Energinet' have also been formulated. These principles are an essential guide for managers and employees – and are being incorporated into the daily work and decision-making processes.

PRINCIPLES FOR GREATER DIVERSITY IN ENERGINET

RECRUITMENT:

We recruit not only in relation to a given task, but also to build the team – and see the big picture.

We always invite at least one candidate to interview from the under-represented gender, or a candidate with a different kind of competency.

TEAM COMPOSITION:

We put together diverse teams (management teams, steering committees, agile teams, etc.) with a focus on competencies/skills, gender and nationality, and strive for a gender ratio of at least 40/60.

APPOINTMENTS:

We focus on diversity (including competencies/skills, gender and nationalities) when we make appointments, and strive for a gender ratio of at least 40/60.

TALENT PROGRAMMES:

We focus on diversity (including competencies/skills, gender and nationalities) when we recommend and select employees for our talent programmes, and strive for a gender ratio of at least 40/60.

CASE

PRINCIPLES FOR SUSTAINABLE PROCUREMENT

Energinet makes purchases running into billions of Danish kroner each year. As the owner and developer of the electricity and gas infrastructure in Denmark, we purchase everything from high-voltage cables to road plates, coffee and cleaning agents for company operations. All these purchases contribute to the green transition and Energinet's core task: integrating renewable energy and ensuring high security of supply in a way that is affordable to society.

Public sector procurement has a climate impact of 12 million tonnes of CO₂ per year*, and these emissions must be significantly reduced if we are to achieve Denmark's 70 per cent reduction target in 2030. Energinet is responsible for a portion of public sector procurement, and is therefore responsible for working actively with sustainable procurement. Over the past few years we have mapped our remaining scope 3 (indirect) emissions, which include our many purchases and their emissions. In 2021, these emissions totalled 322,759 tonnes CO₂.

Mapping our indirect emissions and giving strategic priority to climate impact and responsible investments were the first steps in our work with more sustainable procurement in Energinet in 2020. The next step was taken in 2021 when we established Sustainable Procurement as an independent strand in Energinet's Sustainability Programme. The first activity here was to formulate Energinet's own Principles for Sustainable Procurement.

These principles have been formulated with broad participation across Energinet, to ensure consensus on the future direction of Energinet's sustainable procurement. Based on five principles, employees at Energinet must engage in dialogue with the market on sustainable solutions, incorporate circular considerations, set requirements for sustainability competition and create tools for

follow-up on sustainability in our procurement. The principles for sustainable procurement are important and necessary in order for Energinet to pursue a more strategic approach to sustainability in acquisitions and incorporate specific sustainability activities.

While the principles must guide the strategic approach to sustainable procurement at Energinet, other initiatives have been tested to create the right experience with procurement. Five calls for tenders have been selected for which extra focus on sustainability will be added, and work is being done to identify opportunities in the tender documents. We are also working to collect more data from our suppliers on their sustainability and carbon emissions, with the aim of reducing our footprint. A project is already underway in connection with new plant in Electricity Transmission. Energinet has achieved good results by challenging and engaging in dialogue with the market. For example, we have found components for a facility which could offer an alternative insulation material to replace SF₆ gas.

To ensure a holistic approach to sustainable procurement, Energinet is also working on a Code of Conduct (see page 31) and social clauses for contractors. Energinet is well underway gathering experience from all these new initiatives and getting them to work in practice, and thus moving a step closer to sustainable procurement.

ENERGINET PRACTICES SUSTAINABLE PROCUREMENT, AND WE MUST THEREFORE...

- have ongoing dialogue with the market on sustainable solutions
- incorporate circular considerations in tender documents (eg TCO or LCA)
- set sustainability requirements (e.g. certification or eco-labels). It is also always a requirement that suppliers comply with Energinet's Code of Conduct
- incorporate sustainability into the competition (eg re-use, recycling, transport, carbon footprint, etc.)
- incorporate tools for follow-up, documentation and data for the sustainable solution in our contracts

*Grønne indkøb for en grøn fremtid – strategi for grønne offentlige indkøb, Danish Ministry of Finance, 2020

KEY FIGURES AND RESULTS

CLIMATE ACCOUNTS FOR ENERGINET, CO₂ EQUIVALENTS (TONNES)

	2021	2020	2019
Direct emissions (scope 1)	22,848	24,878	13,627
1.1 Gas consumption in connection with transporting and storing natural gas	4,908	4,925	7,392
1.2 Leaks from the gas grid	6,245		
1.3 Blow-off and flaring of natural gas	1,748	2,225	2,004
1.4 SF ₆ gas emissions from the electricity transmission grid	9,365	17,416	3,534
1.5 Fuel for our own and leased vehicles	582	312	697
Indirect emissions from energy consumption (scope 2)	172,005	163,567	164,425
2.1 Energy consumption (electricity and district heating) in offices	500	428	538
2.2 Electricity consumption in connection with transporting and storing natural gas	4,689	4,252	6,808
2.3 Electricity consumption in connection with electricity transmission (excluding transmission losses)	1,768	1,242	1,785
2.4 Transmission losses in the electricity transmission grid	165,048	157,646	155,298
Indirect emissions from other consumption (scope 3)	698	1,473	1,338
3.1 Travel by air	496	573	1,658
3.2 Climate compensation for travel by air	-496	-573	-1,658
3.3 Travel by train, taxi and private vehicles	498	1,306	711
3.4 Helicopter transport and inspection of the electricity and gas grids	188	167	627
3.5 Hotel accommodation	12	23	-

KEY FIGURES



>> CLIMATE ACCOUNTS FOR ENERGINET, CO₂ EQUIVALENTS (TONNES)

	2021	2020	2019
Indirect emissions from other consumption (scope 3) – cost-based	322,759	251,278	584,462
Category 1: Purchased products and services			
Contractor services	6,864	6,133	8,603
Consultants	12,421	8,721	10,618
Indirect acquisitions	6,173	6,033	4,096
Networks, software and telephony	4,146	5,142	4,794
Other	2,854	3,390	6,041
Category 2: Construction activities			
AC cables	87,370	26,951	445,533
DC cables and converters	1,326	16,618	16,142
Contractor services	116,717	63,057	21,893
Consultants	11,885	11,134	8,248
Gas facilities	33,034	69,656	10,609
Other electrical equipment	34,686	34,686	18,720
Other	5,283	13,497	29,165
Total emissions	518,310	446,785	769,272

SOCIAL CONDITIONS

	2021		2020		2019	
	Goal	Actual	Goal	Actual	Goal	Actual
Health and safety						
Deaths	0	0	0	0	0	0
Total LTIF (incl. suppliers)	3.0	5.5	2.0	2.9	3.0	5.0
Internal LTIF		0.6	2.0	0.4	2.0	1.2
Employees, health and well-being						
Employee satisfaction (MTU)	76	77	Not measured in 2020	Not measured in 2020	76	75
Absence due to illness	2.5%	2.2%	2.0%	2.1%	2.0%	2.4%
Employee turnover	≤12.5%	14.2%	≤12.5%	10.6%	-	12.9%
Employee gender distribution						
Group – ratio of women/men	35%/65% in 2025	32.8%		32/68		32/68
Manager positions – ratio of women/men*	35%/65% in 2025	32.0%	32/68	25/75	32/68	28/72
New trainees	10	6	12	5	11 trainee points	3.9 trainee points
Supervisory board composition						
Number of taxable subsidiaries with at least one woman on the supervisory board	9/9	9/9	8/8	8/8	9/9	8/9

* definition changed in 2021

THE EU TAXONOMY REGULATION'S CALCULATION OF ELIGIBLE REVENUE, OPEX, CAPEX

ECONOMIC ACTIVITIES – REVENUE

	Absolute revenue DKKm	Share of revenue %
A. Eligible activities		
4.9 Transmission and distribution of electricity	5,793	82.7%
4.14. Transmission and distribution grids for renewable and low-carbon gases	88	1.3%
9.1. Engineering and similar technical consultancy aimed at adapting to climate change	0	0%
Revenue from eligible activities (A)	5,882	84%
B. Non-eligible activities		
Revenue from non-eligible activities (B)	1,121	16%
Total (A + B)	7,003	100%

ECONOMIC ACTIVITIES – OPEX

	Absolute expenditure DKKm	Share of revenue %
A. Eligible activities		
4.9 Transmission and distribution of electricity	3,464	74%
4.14. Transmission and distribution grids for renewable and low-carbon gases	24	1%
9.1. Engineering and similar technical consultancy aimed at adapting to climate change	0	0%
OPEX related to eligible activities (A)	3,488	75%
B. Non-eligible activities		
OPEX related to non-eligible activities (B)	1,145	25%
Total (A + B)	4,633	100%

ECONOMIC ACTIVITIES – CAPEX

	Absolute expenditure DKKm	Share of revenue %
A. Eligible activities		
4.9 Transmission and distribution of electricity	3,073	44.5%
4.14. Transmission and distribution grids for renewable and low-carbon gases	138	2%
9.1. Engineering and similar technical consultancy aimed at adapting to climate change	252	3.6%
CAPEX related to eligible activities (A)	3,463	50.1%
B. Non-eligible activities		
CAPEX related to non-eligible activities (B)	3,445	49.9%
Total (A + B)	6,908	100%

COMMENTS ON KEY FIGURES FOR 2021

CLIMATE ACCOUNTS FOR ENERGINET

DIRECT EMISSIONS: SCOPE 1

Gas consumption in connection with transporting and storing natural gas

The registered data is virtually unchanged from 2020 to 2021. The gas grid is generally being operated a little differently, and the Tyra field has been shut down. The data is therefore not directly comparable with the years before 2020.

Leaks from the gas grid

This is a new item in the financial statements. Extensive analysis has been done to investigate the amount of gas released from the gas grid during normal operation in the form of leaks. The analysis is based on a number of measurements, which were then used to estimate emissions from the places where no measurements have been taken. Over several years, measurements will be taken at more locations, to get a real picture of leaks from the gas grid. This item has also been calculated for 2019 and 2020. The increase in volume in 2021 from 2019 and 2020 is due to a larger number of reverse-flow plants for biogas, and the installation of more compressors in the gas grid.

Blow-off and flaring of natural gas

Carbon emissions from blow-off and flaring of gas dropped compared to 2020. This is primarily due to a smaller volume of blow-off gas at the two gas storage facilities, but also the fact that some gas which would normally have been blown off in the transmission grid has been flared instead.

SF₆ gas emissions from the electricity transmission grid

An extensive data clean-up was performed in 2020 to ensure that the data is as accurate as possible. As a result of this, the registered volume of gas emissions from normal operation has approximately doubled. This is not a real doubling of the emitted volume. There has been underreporting in previous years. There have only been three minor breakdowns, with a total of 131 kg of SF₆ gas released, which is why carbon emissions fell significantly compared to 2020.

Fuel for our own and leased vehicles

There has generally been more vehicle mileage than in previous years, primarily due to COVID-19. This is also reflected in far fewer train trips – see the item under Scope 3.

INDIRECT EMISSIONS FROM ENERGY CONSUMPTION: SCOPE 2

Energy consumption (electricity and district heating) in offices

Heat consumption increased after employees returned to their physical workplaces. However, the emission factor for heat consumption in Erritsø has fallen markedly, which is why total carbon emissions from heat consumption are down slightly. Carbon emissions from electricity consumption have risen slightly due to slightly higher actual consumption, as well as a higher emission factor for electricity consumption.

Electricity consumption in connection with transporting and storing natural gas

Electricity consumption at the two gas storage facilities dropped by just under 10%, but the impact statement for electricity has also increased, leading to an overall rise in carbon emissions. The drop in consumption is primarily due to changes in operating conditions throughout the gas grid.



>> CLIMATE ACCOUNTS FOR ENERGINET

Electricity consumption in connection with electricity transmission (excluding transmission losses)

Electricity consumption increased by 7% and the impact statement for electricity by approx. 30%, resulting in a total increase in carbon emissions.

Transmission losses

The transmission losses remained virtually unchanged from 2020 to 2021, but the emission factor for the lost electricity has increased, resulting in an overall increase in carbon emissions due to transmission losses.

INDIRECT EMISSIONS FROM OTHER CONSUMPTION: SCOPE 3

Travel by air

There has been relatively little travel activity in 2021 due to lockdowns and restrictions on international travel. Travel activity rose considerably in the September-November 2021 period, before falling again in December when the omicron COVID-19 variant spread throughout the world. This is therefore not normal travel activity, and the figure cannot be compared with previous years.

Climate compensation

Not relevant

Travel by train, taxi and private vehicles

There has generally been less travel activity than usual due to lockdowns. Less than half as many kilometres have been driven in private vehicles as in 2020. Travel activities by train and taxi increased by approx. 40%.

Helicopter transport and inspection of the electricity and gas grids

It has only been possible to obtain data from the largest of our two suppliers. Data for the other supplier of helicopter services has been estimated based on the costs.

Hotel accommodation

As with the item for air travel, there has also been considerably less activity due to COVID-19.

Indirect emissions from other consumption (scope 3) – cost-based

All items in this category are based on the economic costs of each category. The increased construction site activity is seen in the contractor services category. The calculated carbon emissions are attributed to the year in which the economic costs were incurred. For example, cable purchases cannot necessarily be seen at the same time as the project is being executed. This can be seen in the large amounts for AC cables in 2019, for projects which were not in the construction phase until 2020 and 2021. There is thus a temporal shift in the data.

SOCIAL CONDITIONS

HEALTH AND SAFETY

LTIF has increased significantly from 2020 to 2021. Energinet has expanded its activities considerably, but unfortunately the number of registered accidents with lost time has increased even more than the activity level. In 2020, 11 lost time occupational injuries were reported. In 2021, the corresponding figure was 32. Energinet has improved the quality of the data in this area, but a continuous effort is being made to improve the reporting process – for both the number of accidents and the number of hours.

Employee development

Please note that the definition of the figure was changed in 2021. Work on establishing processes and programmes for employee and talent development will continue in the coming years, so that these strategically support the transformation of Energinet.

Health and well-being

The employee satisfaction survey (MTU) is only conducted every two years, and yielded satisfactory results in 2021. The absence due to illness figure of 2.2% is lower than the figures for both the private and the public sector labour markets in Denmark (from Statistics Denmark).

Employee gender distribution

Please note that the definition of the figure was changed in 2021. The calculation method for men and women in management has been expanded to include extra layers of management, leading to a rise in the proportion of women

COMMENTS AND ASSESSMENT OF CONFORMITY WITH THE TAXONOMY REGULATION

TAXONOMY REGULATION

CONFORMITY

Energinet's reporting on the 'classification regulation' (hereinafter referred to as the taxonomy regulation) follows Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, which stipulates in Article 8(1) that large enterprises, pursuant to Directive 2013/34/EU on non-financial reporting, must publish information on how and to what extent their activities are linked to environmentally sustainable economic activities. The taxonomy regulation sets the framework for the EU classification system by defining the conditions economic activities must fulfil to qualify as environmentally sustainable, eg that the economic activity contributes significantly to achieving one or more of the six environmental goals set out in Article 9, in accordance with Articles 10-15.

Delegated legislative act – technical screening criteria

The taxonomy regulation states that the Commission is adopting a delegated act in pursuance of Article 23, to supplement Articles 10-15. The Commission's delegated act of 4 June 2021 (the 'Delegated Regulation') is based on the authority laid down in Article 10(3) and Article 11(3) of the taxonomy regulation, and specifies the technical screening criteria under which certain economic activities qualify as activities contributing materially to mitigating climate change (Article 10) and adapting to climate change (Article 11), and for determining whether the named economic activities have negative material impacts on any of the other relevant environmental goals. The Commission has not yet adopted a delegated act which contains the technical screening criteria for the other four environmental goals (Articles 12-15).

Reporting

The delegated act of 6 July 2021 (the 'Delegated Regulation') specifies the content and presentation of the information to be published by non-financial enterprises. Article 8(5) states that until twelve months after a delegated act for the other four environmental goals has been adopted, the KPIs solely cover the two environmental goals – mitigating climate change and adapting to climate change. Energinet is therefore only reporting on these environmental goals in 2021.

ACCOUNTING POLICIES RELATED TO THE TAXONOMY REGULATION

Pursuant to Article 10(1) of the Delegated Regulation of 6 July 2021, for the 2021 financial year, Energinet only published the share of the total revenue, CAPEX and OPEX linked to eligible and non-eligible activities.

Total revenue, CAPEX and OPEX are based on Group figures for Energinet.

ITEM/INDICATOR	PRACTICE
	<p>Taxonomy eligibility indicates the share of the Energinet Group's revenue, CAPEX and OPEX linked to economic activities covered by the taxonomy regulation. Taxonomy eligibility thus only indicates whether an activity is described in the taxonomy regulation's delegated legislative acts, and not whether such economic activities meet the requirements for qualifying as environmentally sustainable ('taxonomy alignment'). Energinet will publish taxonomy alignment from the 2022 financial year, pursuant to Article 10(1) of the Commission's Delegated Regulation of 6 July 2021.</p> <p>Annexes I and II to the Commission's Delegated Regulation of 4 June 2021 (hereinafter referred to as the 'Climate Delegated Act') describe the economic activities covered by the taxonomy regulation within the two environmental goals:</p> <ul style="list-style-type: none"> a. climate change mitigation and b. adaptation to climate change. <p>Based on the descriptions of the activities in the annexes to the 'Climate Delegated Act', Energinet has identified that the Group has the following eligible economic activities:</p> <ul style="list-style-type: none"> 4.9 Transmission and distribution of electricity (covered by both environmental goals a and b): Encompasses Energinet's activities related to the operation, maintenance and expansion of the Danish electricity transmission grid, including international connections. 4.14 Transmission and distribution grids for renewable and low-carbon gases (covered by both environmental goals a and b): Encompasses Energinet's activities related to the operation, maintenance and expansion of the Danish gas transmission grid linked to renewable and low-carbon gases. 9.1 Engineering and similar technical consultancy aimed at adapting to climate change (covered by environmental goal b): Encompasses Energinet's activities in areas such as seabed surveys in connection with planning offshore wind farms or energy islands. <p>Taxonomy eligibility is expressed by a KPI stating the proportion of the Group's total revenue, CAPEX and OPEX which can be considered taxonomy eligible. The calculation of taxonomy eligibility KPIs for revenue, CAPEX and OPEX is described below.</p>

TAXONOMY ELIGIBILITY

>> ACCOUNTING POLICIES RELATED TO THE TAXONOMY REGULATION

ITEM/INDICATOR	PRACTICE
GENERAL INFORMATION	<p>The gas transmitted through Energinet's gas infrastructure is a mixture of natural gas and biogas. Since natural gas is not currently covered by the taxonomy regulation, only the economic activities related to the transmission of biogas are deemed to be covered by the taxonomy. Since the gases are mixed in the transmission grid, and the whole transmission system can generally be used to transport RE gases and supports trade in certificates, a ratio based on the economic percentage of biogas added to the grid has been used to calculate the share of revenue, CAPEX and OPEX which is taxonomy eligible. The ratio is defined as the RES Entry share of the total entry capacity reservations. In 2021, this ratio is 15%.</p> <p>However, CAPEX related to Baltic Pipe is not deemed to be covered by the taxonomy regulation, as the purpose of Baltic Pipe is the transit of natural gas from Norwegian fields.</p>
KPI FOR REVENUE: NUMERATOR	<p>Taxonomy eligible revenue has been calculated as the share of Energinet's revenue that can be attributed to one of the above economic activities. The taxonomy eligible revenue comprises all regulatory income, including tariff income, international income, balancing etc. Regulatory adjustments recognised for accounting purposes as revenue are included in eligibility if the revenue to which they relate is deemed to be taxonomy eligible.</p>
KPI FOR REVENUE: DENOMINATOR	<p>Group revenue (including eliminations) as stated in Note 1.</p>
KPI FOR OPEX: NUMERATOR	<p>OPEX is defined as direct non-capitalised costs related to research and development, measures for the renovation of buildings, short-term lease contracts, maintenance and repair, and any other direct expenses related to the daily maintenance of property, plant and equipment, in line with section 1.1.3.1 of Annex 1 to the Commission's Delegated Regulation of 6 July 2021. It has been deemed that "the daily maintenance of property, plant and equipment" mentioned in the delegated regulation can be extended to include operating expenses related to property, plant and equipment. Taxonomy eligible OPEX has been calculated as the share of Energinet's OPEX (in accordance with the definition in the taxonomy regulation) attributable to any of the above activities.</p>



>> ACCOUNTING POLICIES RELATED TO THE TAXONOMY REGULATION

ITEM/INDICATOR	PRACTICE
KPI FOR OPEX: DENOMINATOR	<p>The Group's external and staff costs, as stated in the Group's income statement, have been used as a base. It was then assessed whether the cost types included in these two items can be deemed to be covered by the definition of OPEX (see above). In Energinet's case, it has primarily been expenses related to the operation and maintenance of Energinet's infrastructure facilities and to ancillary services and grid losses that have been deemed to be OPEX.</p>
KPI FOR CAPEX: NUMERATOR	<p>Eligible CAPEX has been calculated as the share of Energinet's investments that can be attributed to one of the above economic activities. For Energinet, eligible CAPEX primarily consists of investments in infrastructure facilities. Investments in IT development for administrative systems are deemed to not be taxonomy eligible and have therefore not been included.</p>
KPI FOR CAPEX: DENOMINATOR	<p>The Group's additions to intangible assets and property, plant and equipment, as stated in Notes 7 and 8.</p>

ACCOUNTING POLICIES CONCERNING KEY FIGURES FOR SOCIAL CONDITIONS AND CLIMATE ACCOUNTS

ITEM/INDICATOR	PRACTICE
LTIF	<p>LTIF (Lost Time Injury Frequency): Indicates how many occupational injuries leading to lost time have occurred in relation to the number of working hours, across Energinet and our suppliers. This is calculated at Energinet each month, as a 12-month running average per million working hours. The table specifies the average LTIF for the 12 months of the year</p>
EMPLOYEE DEVELOPMENT: INTERNAL DEVELOPMENT	<p>Internal career development is measured as the number of new people at executive level who have been developed internally (i.e. recruited from a lower level in the job structure), compared to how many new managers there are at executive level during the period.</p> <p>Measured for the specialist, project manager and manager strand in the job structure. Appointments also count towards the key figure.</p> <p>Calculation: $\frac{\text{Number of new people at executive level (internal)}}{\text{Number of new people at executive level}} * 100$</p>
EMPLOYEE TURNOVER	<p>Employee turnover is defined as the average number of joining and departing employees during the period, relative to the total number of employees at the end of the period.</p> <p>This figure uses net appointments and departures and the net head count (only permanent employment), to avoid fixed-term employment affecting the figure.</p> <p>The key figure has been adjusted for the length of the period, so it always shows the equivalent of an annual period.</p> <p>Calculation: $\frac{\text{Number of appointments} + \text{departures} / 2}{\text{Net head count}} * 100 / \frac{\text{months in period} * 12}$</p>
ABSENCE DUE TO ILLNESS	<p>Absence due to illness is defined as all reported absence due to illness (short-term, long-term and part-time) for the period, in relation to the employee's expected working hours during the period.</p> <p>Illness is absence registered in SAP for the following types of absence: 0100;01001;0102;0103;0104;0105;0106. Other absences due to a child's illness, leave or the like are not included in the figure.</p> <p>Calculation: $\frac{\text{Illness}}{\text{Expected working hours}} * 100$</p>



>> ACCOUNTING POLICIES CONCERNING KEY FIGURES FOR SOCIAL CONDITIONS AND CLIMATE ACCOUNTS

ITEM/INDICATOR	PRACTICE
EMPLOYEE GENDER DISTRIBUTION: MEN/WOMEN IN MANAGEMENT	<p>The number of women at the following levels in the job structure: Manager, Senior Manager, Director, Senior Director, Vice President, Senior Vice President, Executive Vice President, President, at the start of the period, compared to the total number of employees at the same levels in the job structure at the end of the period.</p> <p>Calculation: $\frac{\text{Number of women in manager positions}}{\text{Number of manager positions}} * 100$</p>
WHISTLEBLOWER	<p>In 2021, there has been one report made to Energinet's whistleblower scheme which falls under the scheme guidelines. The case has been investigated and handled in accordance with Energinet's guidelines.</p>
EMPLOYEE SATISFACTION	<p>An employee satisfaction survey (MTU) is conducted every two years, and was held in 2021 and 2019. Ennova, which conducts Energinet's survey, defines a result above 75 as high (scale 0-100)</p>
GAS CONSUMPTION IN CONNECTION WITH TRANSPORTING AND STORING NATURAL GAS	<p>Emissions have been calculated based on the volumes of natural gas used for processes in the two gas storage facilities, and the volume of gas consumed in the meter and regulator stations in Energinet's transmission grid. This has been converted using CO₂ factors for the combustion of natural gas, which can be found in the annual statement of gas quality and composition. This item also contains the quantities of gas released from the gas grid at metering equipment, and the amount of gas consumed in relation to the same equipment.</p>
LEAKS FROM THE GAS GRID	<p>Leak data is retrieved from the emission management system</p>
BLOW-OFF AND FLARING OF NATURAL GAS	<p>Monthly statements of blow-off volumes at Lille Torup and Stenlille and flaring at Stenlille are prepared. Figures for blow-off and flaring volumes in the rest of the transmission grid are obtained from the annual gas balance statement. The CO₂e attributable to blow-off volume is calculated using the gas composition and CO₂ equivalency factors for the various components of the natural gas. The flared volume of natural gas is converted to CO₂ using data for the combustion of natural gas.</p>
SF ₆ GAS EMISSIONS FROM THE ELECTRICITY TRANSMISSION GRID	<p>Electricity Transmission collects data for SF₆ gas from all their plants. The figures are split into the emissions due to normal leaks during operation, and the emissions caused by breakdowns. These are converted to CO₂e using the equivalence factor for SF₆ gas</p>



>> ACCOUNTING POLICIES CONCERNING KEY FIGURES FOR SOCIAL CONDITIONS AND CLIMATE ACCOUNTS

ITEM/INDICATOR	PRACTICE
FUEL FOR OUR OWN AND LEASED VEHICLES	Odometer (km) readings are reported for all vehicles from Vester Hassing, Tjele, Lille Torup and Egtved. Stenlille calculates fuel usage based on invoices, and Facility Service submits a statement showing all fuel purchased using company petrol cards. There is an overlap between this SAP extract and the kilometre data from the various locations. However, there are a few vehicles which have no linked card, primarily because they are used very infrequently. The fuel consumption from the SAP extract is used for the statement. The odometer readings are used to check the validity of the extract and to calculate consumption for vehicles which do not have an associated consumption in SAP. Average values for travel by car are used to convert to CO ₂
ENERGY CONSUMPTION (ELECTRICITY AND DISTRICT HEATING) IN OFFICES	Electricity consumption is based on extracts from DataHub for all CVR numbers. The impact statements have been prepared by Energinet and calculated per company. District heating consumption has been obtained from the two district heating utilities in Erritsø and Ballerup (Tvis and Vestforbrænding). The impact statements for district heating have been obtained from the websites of the two companies, where available. Otherwise, the latest available data is used
ELECTRICITY CONSUMPTION IN CONNECTION WITH TRANSPORTING AND STORING NATURAL GAS	Electricity consumption at the two gas storage facilities and in Gas TSO are based on extracts from DataHub, converted using the impact statements prepared by Energinet
ELECTRICITY CONSUMPTION IN CONNECTION WITH ELECTRICITY TRANSMISSION (EXCLUDING TRANSMISSION LOSSES)	Electricity consumption in Electricity Transmission is based on extracts from DataHub and an impact statement provided by Energinet
TRANSMISSION LOSSES IN THE ELECTRICITY TRANSMISSION GRID	Transmission losses are calculated via the system balance and an impact statement provided by Energinet
TRAVEL BY AIR	The data has been supplied by our business travel agent (Egencia), based on all the travel purchased through them
TRAVEL BY TRAIN, TAXI AND PRIVATE VEHICLES	<p>Travel by train and taxi is based on SAP extracts, which calculate the money spent on rail and taxi transportation. Converted to CO₂ using emission factors from DSB for train travel. The emissions from taxi travel are based on the most common trip, how much it normally costs and the distance in kilometres. Converted from kilometres to CO₂ based on the standard emission factor for a passenger vehicle</p> <p>Travel in private cars has been calculated in Danish kroner, but is based on the Danish Government's tariffs, and can be converted into kilometres. It can then be converted to CO₂ using standard emission factors</p>



>> ACCOUNTING POLICIES CONCERNING KEY FIGURES FOR SOCIAL CONDITIONS AND CLIMATE ACCOUNTS

ITEM/INDICATOR	PRACTICE
HELICOPTER TRANSPORT AND INSPECTION OF THE ELECTRICITY AND GAS GRIDS	CO ₂ figures are reported by the two suppliers we use for helicopter transport. CO ₂ figures from the largest of our two suppliers have been reported. The other supplier's data has been estimated based on economic data and an assumption of uniform emissions compared to the supplier which reported emissions.
HOTEL ACCOMMODATION	The data has been supplied by our business travel agent (Egencia), based on all the hotel accommodation purchased through them
CALCULATED SCOPE 3 EMISSIONS	Emissions from scope 3 were calculated based on economic data (spend data) divided by product category. This economic data has then been converted into carbon emissions based on a number of standard emission factors for various goods and services. This type of calculation is subject to considerable uncertainty. Energinet has chosen not to calculate goods transport, as this is deemed to be included in the various purchases made.



ENERGINET

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