



Report on share of renewable energy production 2022

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Report on share of green energy production

SEV has refinanced its existing debt in 2022, and also secured new financing which will be used mainly for investments in the coming years in renewable, or green, energy sources.

ratio in the agreement is not complied with, SEV will pay increased interest rates for the years the green energy production ratio is below the KPI's in the loan agreements.

SEV has committed to the lenders to attain a minimum ratio of green energy production over the years 2022 - 2030. If the green energy production

The loan agreements between SEV and the lenders specifies the following green energy production ratio for the period 2022 - 2030:



The share of green energy production over a financial year means the share of green energy production in relation to the total energy production in the financial year, shown as a percentage.

The chart shows the green energy production ratios which SEV has agreed to produce over the years 2022 - 2030. The green energy production ratio increases progressively from 44% to 73% over the period 2022 - 2030.

As illustrated in the chart, the target in the loan agreements of minimum 44% green energy production for 2022 has been met with 52% green energy production.

CALCULATION OF GREEN ENERGY PRODUCTION RATIO

“Green Electricity Production Ratio” means, in respect of a relevant Financial Year, the ratio of the green electricity production to the total electricity production for that Financial Year expressed as a percentage (as calculated pursuant to the formula below):

$$\text{Green electricity production ratio (in \%)} = \left(\frac{P_{\text{wind}} + P_{\text{hydro}} + P_{\text{tidal, solar, pumped storage}}}{P_{\text{total}}} \right) \times 100$$

where

“P wind” means production in GWh during the financial year utilising wind power;

“P hydro” means production in GWh during the financial year utilising hydro power;

“P tidal, solar, pumped storage” means production in GWh during the financial year utilising tidal power, solar power, and pumped storage power; and

“P total” means total production in GWh during the financial year, including production utilising thermal power.

Independent assurance report

TO THE STAKEHOLDERS OF SEV

SEV has engaged us to provide limited assurance on the data and information provided by the Company for the produced share of renewable energy compared to total energy supply for the period 1 January - 31 December 2022.

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing came to our attention that causes us not to believe, that the data and information about produced share of renewable energy compared to total energy supply in the period 1 January - 31 December 2022 is free of material misstatements and prepared in accordance with the company's realized measurements on renewable energy. This conclusion is to be read in the context of what is stated in the remainder of our report.

WHAT WE ARE ASSURING

We have been engaged to provide a limited assurance conclusion on the performance data of produced share of renewable energy compared to total energy supply for the period 1 January - 31 December 2022.

Category	Selected KPI's	Scope of Coverage
Environmental	Total green energy production	Produced share of renewable energy compared to total energy supply

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and ethical requirements applicable in Faroe Islands. Januar applies international Standards on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was

carried out by an independent team with experience in sustainability reporting an assurance.

UNDERSTANDING REPORTING AND MEASUREMENT METHODOLOGIES

Data and information need to be read and understood together with the accounting principles which management are solely responsible for selecting and applying.

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

Our responsibility is to express a limited assurance conclusion in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks, consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Given the circumstances of the engagement, in performing the procedures listed above we

- Interview with relevant employees to gain an understanding of the company's data on renewable energy.
- Review data for the calculation of share of renewable energy compared to total energy supply.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance

obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

MANAGEMENT'S RESPONSIBILITIES

The Management is responsible for the selection, preparation and presentation of the data supporting the produced share of renewable energy compared to total energy supply in the period 1 January - 31 December 2022. This responsibility includes calculation and presentation of the data, material issues, implementation and maintenance of internal control relevant to the preparation of the numbers which is free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

We are responsible for: Planning and performing the engagement to obtain limited assurance about whether data and information in the presentation of produced share of renewable energy compared to total energy supply are free from material misstatement, in all material respects, in accordance with the preparation principles.

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained.
- Reporting our conclusion to the stakeholders of SEV.

Tórshavn, 31 March 2023

P/F JANUAR

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