



Type of engagement	Response for intervention
Individual/institutional scale engagements	<input type="checkbox"/> To support investment decisions and to monitor ESG issues <input type="checkbox"/> To encourage corporate actions for sustainability <input type="checkbox"/> Other: specify
Collaborative engagements	<input type="checkbox"/> To support investment decisions and to monitor ESG issues <input type="checkbox"/> To encourage corporate actions for sustainability <input type="checkbox"/> Other: specify
Service provider engagements	<input type="checkbox"/> To support investment decisions and to monitor ESG issues <input type="checkbox"/> To encourage corporate actions for sustainability <input type="checkbox"/> Other: specify

CLIMATE TRANSPARENCY REPORT 2020

KLP

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-D45CAB6F-AD41-4468-A8E4-A3886D7D045A/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	KLP
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2007
Region	Europe
Country	Norway
Disclosure of Voluntary Indicators	98% from 38 Voluntary indicators

KLP

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

SG 01.6 Additional information [Optional].

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

We are in an early fase developing a high-level road map how to approach climate risk, incorporate it into investment processes, risk control and strategies. Mapping climate risk by business area and asset class.

Objectives for the work on climate risk going forward:

1. Increase knowledge about climate risk within the company and with KLP's external stakeholders.
2. Develop specific scenarios and climate risk data to assess significant risk factors and opportunities.
3. Integrate climate risk into established investment and investment risk management processes in a more systematic way.
4. Influence companies that KLP invests in to develop good climate risk management processes.
5. Increase climate-friendly investments by NOK 6 billion per year.

No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

This is an on-going process, developing over time.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

- 6. Member of UNPFI TCFD working group to understand the climate change risks in the portfolios
- 7. Collaborative engagement with institutional investors in Norway, engaging with Norwegian companies reporting in line with TCFD
- 8. KLP worked with an environmental group on how to assess climate risk in industries: Report: <https://www.klp.no/om-klp/samfunnsansvar/milj-og-klima/klimarisiko>

- No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

Forum for Responsible Investments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6
CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Climate change related issues have been discussed in relation to key processes and strategies, such as group level strategy, investment strategy, and strategy for corporate responsibility. The board has been introduced to TCFD and KLP's plan for implementation.

Climate change related issues have also been discussed at board level of some of the subsidiaries of

KLP, for instance related to product development and ownership strategies.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
<input type="checkbox"/> Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar) <input type="checkbox"/> Request incorporation of TCFD into regular client reporting <input type="checkbox"/> Request that external managers complete PRI climate indicator reporting <input type="checkbox"/> Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide <input type="checkbox"/> Other <input checked="" type="checkbox"/> We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation	

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
<input type="checkbox"/> Yes, in order to assess future ESG factors <input type="checkbox"/> Yes, in order to assess future climate-related risks and opportunities <input checked="" type="checkbox"/> No, our organisation does not currently carry out scenario analysis and/or modelling	

SG 13.3	Additional information. [OPTIONAL]
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Each time an asset class is evaluated, ESG issues are taken into consideration.

Furthermore, KLP considers ESG issues in strategic asset allocation in relation to specific impact investments: 1) co-investments with Norfund in renewable energy in developing countries through KNI, and 2) investments in the Norwegian Microfinance Initiative (NMI). See <https://www.klp.no/om-klp/samfunnsansvar/ansvarlige-investeringer/investeringer-for-b-rekraftig-utvikling> (Norwegian) and <http://english.klp.no/about-klp/corporate-responsibility#http://english.klp.no/about-klp/corporate-responsibility/society-and-environment> (brief English summary).

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		28	000	000	000
Currency	NOK				
Assets in USD		3	045	227	453

Specify the framework or taxonomy used.

This figure is KLP's investments in renewable energy, green buildings, green bonds. In addition, KLP has invested in an eco-labelled equity fund (the Nordic Svanen label).

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

KLP is active in enhancing climate change related knowledge and competence in the market place.

- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

KLP also conduct climate change related alignment tests of parts of its portfolio, as provided by the 2-degree investment initiative.

- None of the above

SG 14 CC	Voluntary	Public	General
SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.		

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Information	tonnes CO2e/mNok revenue	A company's emission relative to revenue is allocated on the basis of portfolio weights (current value of investment relative to current portfolio value) for the entire portfolio. Methodology aligned with the TCFD annex D "supplemental guidance for the finance sector"
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Information	tonnes CO2e/mNok invested	Absolute carbon emission (scope 1 and 2) for the portfolio is calculated using an equity ownership approach for each company. The sum of emission in tCO2e. is divided by the market value of the portfolio. Methodology aligned with the TCFD annex D "supplemental guidance for the finance sector"
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Information	tonnes CO2e	Calculation of all emissions from operations, such as energy use and waste. All buildings where KLP itself is responsible for operations, as well as buildings where data on tenants' electricity use is available, are included in the calculations
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Information	tonnes CO2e/mNok revenue	Calculation of all emissions from operations, such as energy use and waste. All buildings where KLP itself is responsible for operations, as well as buildings where data on tenants' electricity use is available, are included in the calculations. Absolute emission (Scope 1 and 2) is calculated using an equity ownership approach for each company and divided on the company's revenue, where the revenue is also calculated using an equity ownership approach, for all companies in the portfolio. Methodology aligned with the TCFD annex D "supplemental guidance for the finance sector"
Exposure to carbon-related assets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Information	market value of carbon-related assets as a percentage of AUM	The percentage of of carbon-related assets (defined as fossil energy companies) in the portfolio relative to current portfolio value

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- ☉ Processes for climate-related risks are integrated into overall risk management

Please describe

KLP has initiated a broad organization wide process to develop and enhance its competence concerning climate risks, considering all key business areas as well as asset classes. The process identifies climate risk factors, and along the way, develop competence, and set direction for continuous improvement in this space. The aim that climate risk shall be fully integrated in the company risk management process. The next step in 2019 is to develop scenarios and integrate climate risk on our ORSA report. A full integration in KLP's risk management processes is challenging, considering the vast uncertainty and complexity in conducting valid climate risk assessment for a global and diversified investment portfolio.

Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
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Yes

Please describe

KLP has, in collaboration with other key institutional investors, already initiated a dialogue on climate risks and TCFD reporting, with the key companies on Oslo stock exchange that are relevant in the consideration of their climate risk exposure. These meetings was initiated in 2018 and will continue in 2019 and onwards. KLP also take an active role in the contribution of competence development considering practical approaches to climate risks towards the finance industry, companies, politicians and other companies, i.a. by arranging seminars and publishing reports.

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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%	0.04
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0.04

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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Area	<input checked="" type="checkbox"/> Energy efficiency / Clean technology
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Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area

0.22

- Hedge funds
- Inclusive finance
- Cash
- Other (1)

Brief description and measures of investment

Measures: investment value + production capacity

Description: These investments are in renewable energy projects, ie. new projects increasing the production capacity. Investments are made through fund structures and partnerships.

- Renewable energy
- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

Percentage of AUM (+/-5%) per asset class invested in the area

10

- Infrastructure
- Hedge funds
- Inclusive finance
- Cash
- Other (1)

Brief description and measures of investment

Measures: Market value of investments

Description: KLP is both investing and operating its own property portfolio. We report on the share of green buildings in our portfolio, see sustainability reporting at http://english.klp.no/polopoly_fs/1.39998.1521710121!/menu/standard/file/KLP_Annualreport_2017.pdf

- Sustainable forestry
- Sustainable agriculture
- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Inclusive finance

Percentage of AUM (+/-5%) per asset class invested in the area

0.08

- Cash
- Other (1)

Brief description and measures of investment

Measures: market value of investments

Description: Investments in the Nordic Microfinance Initiative (NMI).

- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

Financial sector in developing countries

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Inclusive finance

Percentage of AUM (+/-5%) per asset class invested in the area

0.08

- Cash
- Other (1)

Brief description and measures of investment

Measures: market value of investments

Description: Investments in banks in Africa, through the investment company Arise, in collaboration with Norfund.

No