



KLP's responsible investment policy

21 August 2025

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Approved¹ by: The Board of KLP

Content Responsible: Vice President Sustainability

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¹ Disclaimer: This is an unofficial translation of the Norwegian version of the policy and is provided for information purposes only. In the event of any discrepancy or difference between the English and Norwegian version of the policy, the Norwegian version shall prevail.

1. Purpose

The purpose of this policy is to describe KLP's approach as a responsible investor and owner. The goal is to deliver competitive returns over time and contribute to sustainable development in line with the UN's Sustainable Development Goals.

2. Principles for Capital Management

To support this goal, KLP has established the following general principles for its capital management strategy:

- Long-term investment perspective
- Broadly diversified portfolios
- High degree of efficient markets and focus on cost-effective management
- Risk management adapted to the company's regulatory framework and financial obligations
- Responsible and sustainable investments

It is important for KLP to be a responsible investor and owner

Focus on responsibility and sustainability in our investment activities supports KLP's overarching goals by (i) seeking to promote long-term value creation in our investments and the companies we invest in, and (ii) reducing sustainability risks in the global capital markets.

Given KLP's long-term investment perspective, investments and the underlying activities of companies' business must be based on responsible and sustainable value creation. Furthermore, KLP's returns and risks depend on effective and well-functioning markets. It is in KLP's interest to reduce sustainability risks in the capital markets and to ensure that the institutions and social structures behind stable markets promote sustainable development.

In addition to ensuring financial returns of investments, KLP also has a responsibility for the direct and indirect impact on society that our business may have.

3. Ownership Principles

KLP exercises its ownership in line with its core values **open, clear, responsible, and engaged**:

We are **open** about our behaviour and way of being

We are **clear** as an owner and act in a predictable manner.

We are **responsible** and aware of our corporate responsibility.

We are **engaged** in the companies we invest in and in the development of institutions and social structures that set the framework for our investments.

4. Anchoring

KLP is committed to the UN *Global Compact* and *The Principles for Responsible Investments (PRI)*.

KLP's work is anchored in internationally recognised goals and norms, including:

- International conventions and principles on which the UN Global Compact is based:
 - The UN Universal Declaration of Human Rights
 - ILO's core conventions
 - The Rio Declaration on Environment and Development
 - The UN Convention against Corruption
 - The UN Guiding Principles on Business and Human Rights
- Global climate and nature goals negotiated under the UN Framework Convention on Climate Change and the Convention on Biological Diversity
- OECD Guidelines for Multinational Enterprises
- OECD Principles of Corporate Governance and other relevant norms for corporate governance, including the Norwegian Code of Practice for Corporate Governance (NUES)

5. Scope

This policy sets the framework for KLP's capital management strategy and apply to all investments. The policy is operationalised for each asset class in an appropriate manner.

6. Roles and Responsibilities

KLP's board of directors is responsible for overarching directions for KLP's investments and therefore approves this policy. The management is responsible for an appropriate organisational structure to operationalize and manage the policy.

7. Tools

KLP employs four tools in its work as responsible investor and owner:

7.1 Integration

KLP integrates sustainability factors and sustainability risks into its investment analyses and decision-making processes.

7.2 Active Ownership

KLP is an active owner that, in line with ownership principles, uses its ownership to influence companies, industries, and markets towards sustainable value creation. We are open and clear about our ownership expectations related to sustainable value creation, which are anchored in the international norms mentioned above. Our priorities and strategy for active ownership are based on an assessment of how and in which areas it can have the greatest effect.

Relevant tools for active ownership include:

- a) Dialogue with the company's board and management
- b) Voting and submitting shareholder proposals at general meetings
- c) Participate in corporate bodies
- d) Promoting industry and market standards

For points a), b), and d), KLP works both bilaterally and in collaboration with other investors.

7.3 Exclusion

KLP excludes companies associated with severe and/or systematic violations of generally accepted norms for business conduct from KLP's investment universe. Exclusion criteria are in general anchored in the norms mentioned above. Exclusion decisions are based on thorough assessments anchored in this policy.

Behaviour-based exclusion criteria

KLP excludes companies from its investment universe where there is an unacceptable risk that the company contributes to or is responsible for:

- a) Severe or systematic violations of human rights, such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour, and other severe or systematic violations of labour rights;
- b) Severe violations of individuals' rights in war or conflict situations;
- c) Sale of weapons to states in armed conflicts that use the weapons in ways that constitute severe and systematic violations of international humanitarian law, or states covered by the sovereign bond exemption scheme mentioned in the mandate for the management of the Norwegian Government Pension Fund Global;
- d) Severe environmental damage;
- e) Actions or omissions that at an aggregate company level lead to unacceptable levels of greenhouse gas emissions;
- f) Gross corruption;
- g) Other particularly severe violations of fundamental ethical norms;
- h) Other particularly severe violations of business ethics principles.

Product-based exclusion criteria

KLP does not invest in companies that:

- Develop or produce weapons or key components for weapons that, under normal use, violate fundamental humanitarian principles, including biological weapons, chemical weapons, nuclear weapons, non-detectable fragments, incendiary weapons, blinding laser weapons, anti-personnel mines, and cluster munitions.
- Have coal or oil sands-based operations (oil sands extraction, coal extraction for energy purposes (thermal coal), or coal-based power production) that account for 5 percent or more of revenues, a coal power capacity of over 10,000 megawatts, or extraction of over 20 million tonnes of thermal coal per year. In the assessment, emphasis on forward-looking considerations should be taken into account, including the construction of new capacity and plans to reduce the coal-based share or increase the share of renewable energy sources.
- Produce tobacco or cannabis for recreational purposes.
- Derive more than 5 percent of earnings from alcohol production.
- Derive more than 5 percent of earnings from gambling activities or pornography.

Due diligence-based exclusions

KLP conducts due diligence assessments in its investments. KLP may decide on due diligence-based exclusions of companies if there is an unacceptable risk of contributing to violations of KLP's exclusion criteria based on a combination of country, industry, and company risk.

Exclusions made by the Norwegian Government Pension Fund Global

KLP generally follows exclusions decided by the Norwegian Government Pension Fund Global.

Sovereign bonds

KLP does not invest in bonds issued by states where the state or government officials are subject to economic sanctions by the UN or Norway.

KLP does not invest in bonds issued by the lowest-ranked states on the World Bank's Worldwide Governance Indicators.

Excluding a sovereign bond from the investment universe does not normally imply the exclusion of other forms of investments in the same state.

Sanctions

KLP complies with sanctions and freeze provisions implemented in Norwegian law and monitors investments against relevant sanctions lists, including sanctions lists from the UN and the EU. However, KLP may choose to comply with additional sanction regulations in order to fulfil its obligations to customers and limit the risk of loss.

7.4 Investments in Sustainable Development

KLP has specific goals and investment mandates related to financing solutions that contribute to a more sustainable society. Priority investment areas are:

- Climate and nature solutions
- Commercialisation of research and development
- Development investments – a dedicated portfolio where the purpose, in addition to financial returns, is to contribute to the UN's Sustainable Development Goals. The portfolio may have a somewhat higher risk than what is normally assumed for KLP's investments.

8. External Capital Management

KLP primarily manages capital internally but also uses external managers. In these cases, (i) KLP assesses external managers' work with integrating sustainability risks and factors in the selection process. KLP (ii) incorporates this policy into mandates and management agreements, and (iii) follows up on external managers' compliance with this policy during the investment period.

External managers should, as far as possible, comply with KLP's exclusion criteria and in general follow KLP's exclusion list.

9. Reporting

Transparency is a central principle in the operationalisation of this policy.

KLP publicly discloses which companies are excluded and the assessments underlying these decisions. KLP also demonstrates transparency about ownership activities and publicly discloses its voting decisions.

KLP reports externally in line with applicable legal requirements and best practices for sustainability reporting in the financial industry.

10. Reference to Other Relevant Documents

- Group Strategy
- Capital Management Strategy, including Climate Strategy
- KLP's Expectations as an investor and owner
- KLP's and KLP Funds' Voting Guidelines
- Code of conduct for Employees in KLP
- Guidelines for Compliance with Anti-Money Laundering and Sanctions Regulations in the KLP Group

11. Maintenance

This policy is adopted by the board and revised as needed.

Date last reviewed: 21 August 2025 (no changes).