

*Translation Norwegian – English:*

**ARTICLES OF ASSOCIATION  
FOR  
KOMMUNAL LANDSPENSJONSKASSE GJENSIDIG FORSIKRINGSSELSKAP**

Adopted by the General Meeting - last amended on 11 May 2016



## **CHAPTER 1. GENERAL PROVISIONS**

### **Art. 1-1. Name and registered office**

The name of the Company is Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP).  
The registered office is in Oslo.

### **Art. 1-2. Object**

The object of the Company is to take care of the members' need for service pension schemes. The Company may, itself or by participating in other companies offer other pension and insurance products and may participate in or run any business that is naturally associated with insurance business and any other business that is permitted for insurance companies to take part in, including the administration and management of pension funds.

## **CHAPTER 2. MEMBERSHIP AND MEMBERS' LIABILITY, EQUITY CONTRIBUTION AND LEVERAGE**

### **Art. 2-1. Membership**

Members of KLP are parties that have pension schemes with the Company.



## **Art. 2-2. Members' liability**

- (1) Members of KLP have no third party liability. The members' liability for the Company's obligations can only be invoked by the Company.
- (2) Any deficit arising at KLP shall be covered by KLP members in relation to the premium reserve that has been calculated for their pension scheme. If such coverage cannot be provided by one or more of the members of the group (pension) scheme, the benefits of those members' pension schemes shall be reduced.

## **Art. 2-3. Equity contributions**

- (1) Members are obliged to pay equity contribution to the degree necessary to give KLP satisfactory financial strength. Members pay a one-off contribution on establishing their membership (transfer in of pension scheme) followed by annual contributions set by the Board of Directors. The Board can also decide to call up particular equity contributions.

Equity contributions are determined relative to the premium reserve and are calculated separately for each individual group (pension) scheme. Each member's share is to correspond with that member's share of the total premium reserve in the group scheme joined by the member.

Equity contributions to the Pension Scheme for Nurses are stipulated in accordance with Section 31 of the Act of 22 June 1962 no.12.

- (2) Equity contributions may be used to cover a loss or deficit on ordinary operations.
- (3) The Board of Directors can decide to give members returns on their paid-up equity contributions. When assessing whether returns should be granted and how large a part of the returns is to be granted, emphasis shall be placed i.a. on the Company's financial position, the need for equity capital and the solvency situation.

The returns distributed shall be divided between the members according to how large a proportion each member has of the premium reserve relative to the total premium reserve in the group scheme joined by that member.

- (4) Equity contributions may only be refunded in the event of a transfer of the customer relationship from KLP. It is the Board of Directors that will decide on a refund. The decision will be made following an assessment in which emphasis is placed on the Company's financial position, the need for equity capital, and the solvency situation. A refund would also require the prior consent of the Financial Supervisory Authority of Norway. If equity contributions are not refunded, this will be final.

A share of the Company's equity contribution may be refunded. That share cannot supersede the equivalent of the member's share of the total premium reserve in the group scheme to which the member belongs at the time the insurance risk is transferred to a new pension arrangement.

- (5) Failure to pay equity contributions constitutes a major default of the members' liabilities towards KLP. Failure to pay equity contributions entitles KLP to exclude defaulting members from membership of KLP. If KLP excludes a member from membership, that member is obliged to transfer its pension scheme to another pension facility as soon as this is practicable. The duty to pay equity contributions fallen due remains standing. KLP will offset any claims KLP might have on the member in question against any claim the member has for repayment of any equity contribution pursuant to Art. 2-3 (3).





- (6) Invoices for equity contributions form a special basis for the execution of forcible distraint, interest on delayed payment and out-of-court recovery costs, see the Enforcement Act, Section 7-2 (f).
- (7) Further provisions relating to equity contributions may be provided for the individual group (pension) scheme.

#### **Art. 2-4. Leverage**

The General Meeting may pass resolutions, or grant power of attorney to take up a subordinated loan. When granting power of attorney, a framework shall be given for the magnitude of the subordinated loan. Passing a resolution or granting power of attorney under this provision requires the same majority as amendment of the Articles of Association, see Section 4-6.

### **CHAPTER 3. THE COMPANY'S GOVERNING BODIES**

#### **Art. 3-1. Governing bodies**

The Company's governing bodies are the General Meeting, the Corporate Assembly, the Board of Directors, the Group CEO (General Manager) and the Election Committee elected by the Corporate Assembly.

#### **Art. 3-2. General Meeting**

The Company's highest authority is the general meeting. The Company's members elect delegates who are entitled to attend, speak and vote at General Meetings. See articles 3-3 to 3-5.

#### **Art. 3-3. Election of delegates to the General Meeting, election districts**

- (1) The Company is divided into election districts. Each county municipality and the municipalities in the county concerned make up their own election district, except for Oslo. The City (Municipality) of Oslo is part of the Akershus election district. The Regional Health Undertakings together with their subsidiaries each make up their own election district. The Company's other members (corporate members) make up one election district.
- (2) Each election district elects a number of delegates to the General Meeting, depending on the aggregate premium volume of the Company's group pension schemes (including the Pensjonsordningen for Sykepleiere – the Pension Scheme for Nurses) paid by the members of the election district. The calculation is based on the members' normal premium for the year preceding the year in which the election takes place, and corrected for insurance contracts entered into or terminated in the period up to the election date. The Corporate Assembly determines the further relationship between the pension premiums and the number of delegates elected by the election districts to attend the General Meeting. A minimum of four delegates is elected from each election district.
- (3) An election meeting shall be held in each election district by the end of March every other year to elect the election district's delegates to the General Meeting. The members of the election district at the date of the election meeting are entitled to be represented at the election meeting by a delegate with the right to attend, speak and vote at the meeting. At the election meetings for the municipalities and the county municipalities each member is given from 1 to 12 votes determined on the basis of the normal premium paid into the Company's group (pension) schemes (including the Pension Scheme for Nurses). The Corporate Assembly determines the further relationship between the pension premiums and the number of votes that may be cast. At the election meetings of the health undertakings and the election meeting



of corporate members, each member is given a weight of votes in keeping with the premium paid into the Company's group (pension) schemes (including the Pensions Scheme for Nurses), and determined as a proportion of the respective election district's total voting premium.

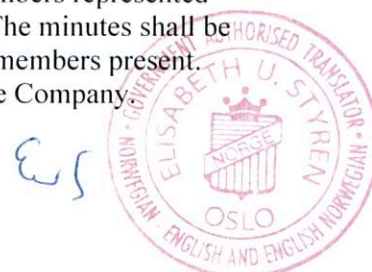
- (4) The Company shall notify the Chair of the Election Committee of the Corporate Assembly's decisions pursuant to the third sentence under (2) and the fourth sentence under (3) along with information about premiums paid within the election district, both the total figure and the amount paid by each member. The Company's notification shall accompany the notice convening the election meeting. If, after that, any changes are made that significantly affect the calculation of the number of delegates to be elected by the respective election districts, or the members' voting rights, the chair of the election committee shall be notified immediately.
- (5) Elections are decided by a majority vote.

#### **Art. 3-4. Election committee, election preparations**

- (1) Every election meeting shall elect an election committee for the election district consisting of three to five members, of whom one shall be elected chair of the election committee. The term is two years. The election committee shall itself propose members to serve on the election committee.
- (2) The election committee shall determine the date of the election meeting and notify all members of the meeting at no less than one month's notice.
- (3) The notice of meeting shall be accompanied by the election committee's list of proposed delegates to the General Meeting. The proposal shall include a number of deputy delegates up to but not exceeding the number of delegates. The proposal shall take due account of the geographical distribution, the proportion of large and small municipalities/undertakings, the gender distribution and the fact that both the political/governing and the administrative levels shall be represented.
- (4) At the election meeting, members present with voting rights may suggest other delegates or deputy delegates than those proposed by the election committee.

#### **Art. 3-5. Election meeting**

- (1) The chair of the election committee or in his/her absence the person nominated by the election committee shall preside over the election meeting. The person in charge of the meeting shall compile a list of the members present, showing who represents them, and the number of votes that may be cast by each member. A member may be represented by his/her own representative or by a proxy.
- (2) The candidates receiving the highest number of votes are elected delegates to the General Meeting. Those receiving the highest number of votes after the delegates, are elected deputy delegates in the order indicated by the number of votes received. The election meeting can decide that the deputies should not be elected in the order decided in the previous sentence but as personal deputy delegate to the individual elected delegate.
- (3) The chair of the meeting shall ensure that minutes of the election meeting are kept. The outcome of the election shall be recorded in the minutes. A list of the members represented and the number of votes they represent shall be attached to the minutes. The minutes shall be signed by the chair of the meeting and at least two representatives of the members present. The chair of the meeting shall ensure that the minutes are submitted to the Company.





- (4) Delegates are elected for a two-year term starting on 1 April and ending on 31 March two years later.

#### **Art. 3-6. General Meetings**

- (1) General Meetings are convened by the Board of Directors on the basis of written notice of meeting sent to those nominated as delegates to the General Meeting. The notice of meeting shall be sent at least 14 days before the date of the meeting.
- (2) The General Meeting is to be opened and presided over by the chair of the Corporate Assembly.
- (3) Each delegate to the General Meeting has one vote.
- (4) To be valid, a resolution of the General Meeting must receive the support of a majority of the votes cast, unless determined otherwise by the Articles of Association or legislation. In the event of a tied vote, the chair shall have the casting vote, even when he/she has no voting rights. Where an election results in a tied vote, a new election shall be held, to be followed by the drawing of lots, where required.
- (5) The Chair of the Board of Directors, the Group CEO and the Chair of the Corporate Assembly have the right and the duty to attend the General Meeting. In addition, the Election Committee and the auditor are entitled to be present, and are also obliged to be present at the Annual General Meeting (AGM). In the event of absence on valid grounds of a person who is obliged to attend a General Meeting, a deputy shall be appointed. The members of the Board of Directors, Board observers and Members of the Corporate Assembly are entitled to attend the General Meeting. Those who are entitled to be present, have the right to address the General Meeting.
- (6) The chair shall ensure that minutes of the General Meeting are kept. The resolutions of the General Meeting shall be recorded in the minutes, as well as the result of votes cast. A list of those present shall be included in or attached to the minutes.
- (7) The General Meeting shall pick two delegates to sign the minutes along with the chair.
- (8) The minutes of the General Meeting shall be available to the Company's members and shall be kept in safe custody.

#### **Art. 3-7. Annual General Meeting**

- (1) The Annual General Meeting shall be held each year by the end of June.
- (2) The following matters shall be dealt with and decided on:
1. Adoption of the Company's and the Group's annual report and accounts, including the application of profits or coverage of losses.
  2. Election of members and deputy members to the Corporate Assembly as elected at the General Meeting, cf. Art. 3-10 (2).
  3. Determination of the remuneration of the members of the Corporate Assembly.
  4. Election of the auditor and adoption of the auditor's fee.



5. Consideration of other matters that by law or under the Articles of Association pertain to the General Meeting.
- (3) Only matters included in the notice of meeting may be decided on at the meeting, unless the law provides otherwise. However, decisions may be made and resolutions passed in accordance with Section 5-14, second subsection, of the Public Companies Act (Norway).
- (4) Members of the Company are entitled to have matters that have been reported to the Company in writing early enough to be included in the notice of meeting considered by the General Meeting, cf. Section 5-11 of the Public Companies Act (Norway).

#### **Art. 3-8. Extraordinary General Meeting**

- (1) An extraordinary General Meeting shall be held when the Board of Directors, the Corporate Assembly or the chair of the Corporate Assembly consider it necessary, or when demanded in writing by the auditor or at least one twentieth of the delegates to the General Meeting, in order to consider a specific matter.
- (2) When it comes to extraordinary general meetings the Board of Directors may decide that the delegates to the General Meeting are to be able to vote in writing before the General Meeting. This includes using electronic communication, A notice of the meeting is sent to the delegates. Documents/attachments that concern matters to be discussed at the Extraordinary General Meeting may be made available to the delegates at the Company's website.
- (3) Otherwise the same rules apply as for an Annual General Meeting.

#### **Art. 3-9. Application of the Financial Institutions Act (Norway) at the General Meeting**

Unless otherwise provided in the present Articles of Association, Section 8-3 of the Financial Institutions Act (finansieringsvirksomhetsloven) will apply.

#### **Art. 3-10. Corporate Assembly**

Unless stated otherwise in the present Articles of Association, Section 8-15 of the Financial Institutions Act will apply with respect to Corporate Assemblies.

- (1) The Company shall have a Corporate Assembly consisting of 45 members with deputies.
- (2) Twenty-four members with twelve deputies, in succession, shall be elected by the General Meeting. These members shall be put together in a manner that makes the Corporate Assembly reflect the Company's interest groups, customer structure and function in society.
- (3) Six members with deputies shall be appointed by the employee organisations or by their amalgamated negotiating bodies with proportional internal representation relative to the number of members with pension rights in KLP.
- (4) Fifteen members with five deputies, in succession, shall be elected by and from among the employees of KLP and companies that make up a group along with KLP.
- (5) Members or deputies, Board observers and the Group CEO cannot be elected to the Corporate Assembly.
- (6) The Corporate Assembly shall elect its own chair and deputy chair.
- (7) The Corporate Assembly, its chair and deputy chair are to be elected for a two-year term.

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### **Art. 3-11. Meetings of the Corporate Assembly**

- (1) The Chair of the Corporate Assembly shall convene meetings of the Committee whenever necessary and at least twice a year. The Chair shall also convene meetings when this is demanded by at least one-sixth of the members or the Board of Directors. If a member is absent, a deputy member shall be called in.
- (2) Unless determined otherwise by the Corporate Assembly in individual cases, Board members, Board observers and the Group CEO are entitled to attend and address the meeting. The Chair of the Board and the Group CEO are obliged to be present unless this is obviously not necessary, or there are valid grounds for non-attendance. In the latter case, a deputy shall be appointed.
- (3) The Corporate Assembly forms a quorum when more than half of the members are present. However, the Corporate Assembly cannot pass resolutions unless all the members have been given the opportunity participate in dealing with the matter. To be valid, a resolution requires the support of the majority of the members who have participated in dealing with the matter. In the event of a tied vote, whatever the Chair [the person presiding over the meeting] has voted in favour of shall be decisive. Where an election results in a tied vote, a new election shall be held, to be followed by the drawing of lots, where required. Those who have voted in favour of a proposal that implies a change must nevertheless constitute more than one-third of all the members.

### **Art. 3-12. Functions of the Corporate Assembly**

The management of the Company by the Board of Directors and the Group CEO shall be supervised by the Corporate Assembly. Further, the Corporate Assembly shall:

1. Elect five Board members and up to the same number of deputy members, cf. Art. 3-14 (2), as well as the Board Chair and Deputy Chair, and shall determine the remuneration of the Board members.
2. Submit a statement to the General Meeting as to whether the Board's proposal for the annual report and accounts in accordance with Art. 3-7 (2), item 1, should be approved.
3. Submit a statement to the General Meeting as to whether the Board's proposal for the allocation of profits or coverage of losses should be approved.
4. Based on a Board proposal, decide on investments of a significant size in relation to the Company's resources and on efficiency initiatives or the restructuring of operations entailing major changes in or re-allocation of the workforce.
5. Determine the relationship between the voting premium volume in the election districts and the number of delegates to the General Meeting, cf. Art. 3-3 (2).
6. Determine the relationship between the premium volume and the number of votes on the election of delegates to the General Meeting, cf. Art. 3-3 (3).
7. Elect members and deputy members to the Election Committee, including the Committee Chair, and determine the fee for Committee members, see Art. 3-13.
8. Adopt instructions for the Election Committee.

### **Art. 3-13 Election Committee**

- (1) The various member groups in the Company should be represented on the Committee. There is a two-year term, and re-election is permitted twice. Members of the Board of Directors are ineligible.





- (2) The Election Committee may propose candidates for election to the following offices:
  1. Those members of the Corporate Assembly who are elected by the General Meeting, as well as the Chair and Deputy Chair of the Corporate Assembly.
  2. Those Board members elected by members of the Corporate Assembly who are elected by the General Meeting, as well as the Chair and Deputy Chair of the Board of Directors.
  3. Members of the Election Committee.
- (3) In all elections carried out by the Company's governing bodies every effort shall be made to achieve a reasonable gender distribution.

#### **Art. 3-14. Board composition**

- (1) The Board consists of eight members, with up to the same number of deputy members. In addition, two observers are appointed, see (8) below.
- (2) Five members with up to the same number of deputy members are elected by those members of the Corporate Assembly who are elected by the General Meeting. These Board members are to be put together in such a way that the Board united can safeguard the members' and the Company's interests as well as the Company's need for competency, capacity and diversity.
- (3) One member with a personal deputy member shall be appointed by the employee organisation or amalgamated negotiating body with the largest number of members with pension rights in KLP.
- (4) Two members with deputy members shall be elected by and from among KLP's employees.
- (5) Board members and deputy members are elected for a period of two years at a time, with half of them being elected each year.
- (6) The Corporate Assembly elects the Chair and the Deputy Chair.
- (7) In the absence of other provisions, those who carry out the election shall decide whether deputy members shall be personal deputies or deputies in succession.
- (8) The employee organisations or amalgamated negotiating bodies which are second or third in terms of the number of members with KLP pension insurance shall each appoint a Board observer, plus a deputy observer, where appropriate. The observers are entitled to speak and to submit proposals, but they have no voting rights.

#### **Art. 3-15. Board meetings**

- (1) The Board Chair shall ensure that relevant matters that come under the Board are considered. Board members and the Group CEO may demand that the Board consider certain matters.
- (2) The Board forms a quorum when more than half of its members are present. All the same, the Board may not make decisions unless all the members of the Board, as far as possible, have been given the opportunity to take part in the consideration of the matter.
- (3) , For the Board to make a decision, it is required that the majority of those board members taking part in the consideration of a matter have voted in favour of it. In the event of a tied vote, whatever the chair of the meeting has voted in favour of, shall be decisive. Those who have voted in favour of a proposal that implies a change must nevertheless always make up more than one-third of all the Board members.



- (4) Minutes must be kept of the Board's consideration of a matter. The minutes should state the time and the place, those present, the way the matter was considered, the Board's resolutions, and otherwise what follows from Section 6-29 of the Public Companies Act (Norway). The minutes will be signed by all the members who have participated in the Board's consideration of the matter. Absent Board members are to make themselves acquainted with decisions made in their absence.

#### **Art. 3-16. Board functions**

The Board shall manage the Company's affairs as required by law, the Articles of Association and resolutions of the General Meeting. It shall ensure that the interests of the Company and of the members are looked after in an appropriate manner.

Further, the Board shall:

1. Submit complete annual accounts, the annual report, the auditor's report and the Corporate Assembly's statement regarding the annual accounts to the Annual General Meeting.
2. Appoint the Group CEO.
3. Ensure that the Company's activities are properly organised. This includes ensuring that the requirements for organising the Company and establishing appropriate governance and control systems are met.
4. Draw up plans, budgets and guidelines for the Company's activities.
5. Keep itself updated on the financial position of the Company and ensure that its activities, accounts and asset management are subject to satisfactory controls.
6. Supervise the day-to-day management and the rest of the Company's activities.
7. Lay down instructions for the day-to-day management and ensure that the General Manager informs the Board of Directors on a regular basis of the Company's activities, position and profit performance.

#### **Art. 3-17. Outward representation of the Company**

- (1) The Board of Directors represents the company in its outward dealings.
- (2) The Company is committed by the joint signatures of the Chair or Deputy Chair of the Board and one Board member, or by the signature of the Group CEO alone.
- (3) The Board may confer power of procuration.

#### **Art. 3-18. Group Chief Executive Officer**

- (1) The Company shall have a Group CEO. The Group CEO is responsible for the day-to-day management of the Company's activities and shall comply with the guidelines and directives issued by the Board of Directors and shall otherwise safeguard the Company's interests.
- (2) The day-to-day management does not include matters which in relation to the Company are unusual or of great significance. Such matters may only be decided by the Group CEO with the authorisation of the Board in individual cases, or where awaiting a Board decision will be to the serious detriment of the Company. In such cases, the Board shall be notified about the matter as soon as possible.





- (4) The Group CEO has the right and the duty to attend and address meetings of the Board of Directors and of the Corporate Assembly. He may demand that his opinion be recorded in the minutes if he disagrees with resolutions adopted.

#### **CHAPTER 4. VARIOUS RULES**

##### **Art. 4-1. Allocation of profits and coverage of expenses**

- (1) Profits and expenses are shared between the Company and the customers in accordance with the provisions of the Insurance Institutions Act of 10 June 2005, Chapters 3 and 4.
- (2) The Company is entitled to up to 20 per cent of earnings on the premium reserve linked to accumulated rights in municipal pension schemes under the Insurance Institutions Act, Section 4-15 second subsection, see the Insurance Institutions Act Section 3-16. The calculation of profits is to be carried out in accordance with the Insurance Institutions Act Section 3-15 second and third subsections.

##### **Art 4-2. Application of the profit for the year**

The profit for the year can be attributed to the Company or allocated to the members.

##### **Art. 4-3. Group contributions**

KLP may provide its subsidiaries with Group contributions.

##### **Art. 4-4. The minimum amount insured and number of insureds**

If the insured amount falls below NOK 100 million, or the number of insureds falls below 10,000, the General Meeting shall be convened to pass a resolution in accordance with Section 12-8 of the Financial Institutions Act.

##### **Art. 4-5. Winding up**

In the event of a winding-up of the Company, this shall take place in accordance with the provisions of the Financial Institutions Act. The Company's equity at the date of winding-up shall be distributed in relation to the members' share of the insurance reserves in the individual pension schemes.

##### **Art. 4-6. Amendment to Articles of Association. Approval.**

Resolutions to amend the Articles of Association are adopted by the General Meeting on recommendations from the Board. To be valid, resolutions must receive the support of at least two-thirds of the votes cast. Certain amendments require the approval of the Financial Supervisory Authority of Norway.

*True translation certified:  
Elisabeth Undall Styren  
Government Authorised Translator  
Norwegian – English and English – Norwegian*



*Oslo (Norway), 2 September 2016*