



Decision on changes in KLP list for companies regarding coal-based activities

1 December 2017

The following companies are excluded from investment by KLP and the KLP Funds at the latest on 1 December 2017:

- Arch Coal
- Albioma

The exclusion of the following company from investment by KLP and the KLP Funds is rescinded with effect from 1 December 2017:

- AGL Energy Ltd

Decision to exclude companies for revenues from coal-based activities

Albioma, 48.22 per cent of income from coal-fired electricity generation.¹ Albioma is a French energy generation company with operations in France, Mauritius, Brazil, Spain, and Italy. The company utilizes coal, biomass, solar, and biomass/coal co-generation in its generating activities. The company considers itself a 'frontline player in energy transition in the overseas departments and regions'³ and has announced plans to derive 80% of energy from renewables by 2023. Nevertheless, Albioma's coal-based revenues currently exceed KLP's threshold of 30 percent.

Arch Coal, 100 per cent of income from coal.² Arch coal is a diversified coal company. It is the second largest producer of thermal coal in the United States³ and produces metallurgical coal as well.

Decision to rescind exclusion of AGL Energy based on revenues from coal-based activities

KLP began excluding coal companies from KLP and the KLP funds' investments in 2014. KLP's aim is to underline that the continued use of coal as an energy source is incompatible with achieving the 2-degree global warming target. It is therefore promising to see companies amending their strategies and reducing their exposure to coal.

¹ Albioma, *Registration Document* (2016). URL: http://www.albioma.com/wp-content/uploads/2017/06/albioma_ddr_20161231_eng.pdf (p. 8, 130, 161, 163).

² Arch Coal, *Form 10-K* (2016). URL: <http://services.corporate-ir.net/SEC/Document.Service?id=P3VybD1hSFIwY0RvdkwyRndhUzUwWlc1cmQybDZZWEprTG1OdmJTO WtiM2R1Ykc5aFpDNXdhSEEvWVdOMGFXOXVQVkJFUmlacGNHRm5aVDB4TVRReU1EZ3dNeVp6ZFd KemFXUTlOvGM9JnR5cGU9MiZmbj1BcmNoQ29hbEluY18xMEtfMjAxNzAyMjQucGRm> (p. 14-15).

³ Arch Coal, *Investor Presentation* (November 2017). URL: <http://phx.corporate-ir.net/External.File?item=UGFvZW50SUQ9NjU0NTg4fENoaWxkSUQ9MzZkZmYxYXFR5cGU9MQ==&t=1>



AGL Energy Ltd, 18 percent of revenue from coal-fired electricity generation. AGL Energy Ltd. is an integrated Australian energy company.⁴ KLP excluded the company in December 2015. AGL Energy's percentage of revenues from coal has since declined, accounting for 12% in FY2015 and 18% in FY2016, according to KLP's data provider.⁵ AGL Energy has made it clear it intends to wind down its coal generation activities, and has clear plans to retire its three remaining coal power assets.⁶ Additionally, AGL Energy continues to invest in renewable projects, to transition generation assets to lower emission alternatives.⁷ Despite the uptick in revenues from coal in FY2016, the exclusion of AGL Energy Ltd is rescinded based on current revenues from coal-fired electricity generation.

Decision

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⁴ AGL Energy, *Our Company*. URL: <https://www.agl.com.au/about-agl/who-we-are/our-company> (last visited 9 November 2017).

⁵ Data on file with KLP.

⁶ AGL Energy, *2017 Annual Report and Press Release*. URL: <https://www.agl.com.au/-/media/AGL/About-AGL/Documents/Media-Center/ASX-and-Media-Releases/2017/170825-AGL-207-Annual-Report-ASX.pdf?la=en> (p. 17).

⁷ AGL Energy, *2017 Annual Report*, http://agl2017.reportonline.com.au/sites/agl2017.reportonline.com.au/files/full_financial_annual_report.pdf (p. 4).