



# Decision regarding changes in companies excluded for coal-based activities

December 2016

In line with KLP and the KLP funds' guidelines for responsible investment, it has been decided to exclude the following four companies:

1. Cleco Corporate Holdings LLC
2. Emera Inc., including bonds issued by Emera US Finance LP
3. Jastrzebska Spółka Weglowa SA
4. Teco Energy Inc., including bonds issued by Teco Finance

The companies are excluded because they derive more than 30 per cent of their revenues from coal-fired electricity generation and/or coal extraction. KLP and the KLP funds had no investments in the companies at the time of their exclusion. The companies have previously been identified as coal companies, but were not excluded because they were outside KLP's investment universe. However, they have now become part of one or more of KLP's reference indexes and have therefore been excluded from investment by KLP and the KLP funds with effect from 1 December 2016.

No companies previously excluded under the coal criterion have been re-included in this review.

## The excluded companies

### Cleco Corporate Holdings LLC

- **46.34 per cent** of its revenues derive from coal, with the entire amount coming from coal-fired electricity generation.
- **65.00 per cent** of its energy output derives from coal.<sup>1</sup>

Cleco Corporation is a vertically integrated US energy company. Energy production accounts for 71.29 per cent of its revenues, with 46.34 per cent deriving from coal. Coal accounts for 65 per cent of the electricity generation, while the remainder comes from gas.<sup>2</sup>

Cleco Corporate Holdings LLC is excluded because over 30 percent of the income is derived from coal-based activities.

### Emera Inc. and Emera US Finance LP

- **30.53 per cent** of its revenues derive from coal, with the entire amount coming from coal-fired electricity generation.
- **37.57 per cent** of its electricity output derives from coal.<sup>3</sup>

Emera Inc. has 11 subsidiaries and shareholdings in three other power utilities. The companies and investments produce and distribute energy in Canada, the USA and four Caribbean countries.<sup>4</sup> Coal accounts for 30.53 per cent of overall revenues, oil for 7.32 per cent and gas for 35.53 per cent. Wind

<sup>1</sup> Cleco Annual Report 2014, pages 9-10

<sup>2</sup> <https://www.cleco.com/about-us>

<sup>3</sup> Emera Inc. Annual Report 2014, pages 82, 88 and 104-105.

<sup>4</sup> <http://www.emera.com/en/home/affiliates/default.aspx>



power, hydropower, solar power and bioenergy account for the rest. Emera has acquired Teco Energy, which has also been excluded in December 2016.

Emera Inc. is excluded because over 30 percent of the income is derived from coal-based activities.

#### Jastrzebska Spółka Weglowa SA

- **33.97 per cent** of its revenues derive from thermal coal, with 28.78 per cent from coal mining and 5.19 per cent from coal-fired electricity generation.
- **100 per cent** of its electricity output derives from coal.<sup>5</sup>

Jastrzebska Spółka Weglowa SA is a Polish company that mines metallurgical and thermal coal. The company has substantial coal reserves and its strategy focuses on increasing its exploitable resources, while minimising the negative impact of its mining operations.

Jastrzebska Spółka Weglowa SA is excluded because over 30 percent of the income is derived from coal-based activities.

#### Teco Energy. Inc and Teco Finance

- **46.38 per cent** of its revenues derive from coal, with this entire amount coming from coal-based electricity generation.
- **62 per cent** of its electricity output derives from coal.<sup>6</sup>

Teco Energy is a vertically integrated energy company from Florida, USA. 62 per cent of its electricity output derives from coal, with gas accounting for the rest. In July 2016, Teco Energy was acquired by Emera, which has also been excluded at this time.

Teco Energy Inc. is excluded because over 30 percent of its revenues derive from coal-based activities.

#### New excluded companies

Company	Last available data	Revenue from coal extraction (%)	Revenue from coal-based power (%)	Grounds for exclusion
Cleco Corporate Holdings LLC	2014	0.00%	46.34%	Revenue from coal > 30%
Emera, Inc.	2014	0.00%	30.53%	Revenue from coal > 30%
Jastrzebska Spółka Weglowa SA	2014	28.78%	5.19%	Revenue from coal > 30%
TECO Energy, Inc.	2014	0.00%	46.38%	Revenue from coal > 30%

<sup>5</sup><http://www.jsw.pl/raportroczny-2014/en/operating-segments/operating-segments/coal-segment/>, <http://www.jsw.pl/raportroczny-2014/en/operating-segments/financial-results-by-operating-segments/>, Management board report on the activity of the Jastrzebska Spółka Weglowa SA capital group for the financial year ended 31 December 2014, pages 35-36

<sup>6</sup> Teco Energy Inc. annual report pages 6-7 and 10. (<http://d1lge852tjqow.cloudfront.net/CIK-0000350563/a1ef9278-a3bc-456b-a482-6ee031e06059.pdf>)