



Decision to exclude coal companies

December 2016

KLP and the KLP-funds exclude additional 5 coal companies:

- The Chugoku Electric Power Company
- Great Plains Energy Inc.
- Tenaga Nasional Bhd.
- Empire District Electric Company
- Guangdong Electric Power Development

On the 21st of December the Government Pension Fund Global (GPF) excluded 15 companies.¹ Ten of the 15 companies were already excluded by KLP and the KLP-funds.² In accordance with the guidelines for responsible investment, KLP and the KLP-funds will generally exclude companies excluded from the GPF. KLP has reviewed Norges Banks exclusions and finds no reason to deviate from this decision. It is therefore decided to exclude the remaining 5 companies listed above.

The excluded companies

At the outset, it is important to note that Norges Banks grounds for decision does not include the quantitative data on which its exclusions decision rely.³ Norges Bank describes the coal criterion generally, without specifying which companies were excluded for the limit on 30 percent of revenues versus 30 percent of activities, nor the figures for companies' revenues and/or power production. As a result, the information KLP presents about the companies' revenues and/or power produced are those that could be obtained from Trucost.

The Chugoku Electric Power Co., Inc.

- 33,05% of revenues from coal⁴
- 36,55% of power produced from coal⁵

The Chugoku Electric Power Co., Inc. is vertically integrated power company in Japan. The revenues from power production are as follows coal (33,05%), gas (13,82%), petroleum (6,01%), and hydropower (4,97%) and other sources (0,01%).

¹ <https://www.nbim.no/en/transparency/news-list/2016/additional-coal-exclusions-from-the-government-pension-fund-global/>

² http://english.klp.no/polopoly_fs/1.35190.1481279099!/menu/standard/file/KLP-LISTEN_01%2012%202016_ENGLISH.pdf

³ <https://www.nbim.no/contentassets/08b0787eae8a4016bd06bfeba0067e32/grounds-for-decision---2nd-tranche-of-coal-exclusions.pdf>

⁴ <http://www.energia.co.jp/e/ir/report/pdf/ar16/ar16.pdf>, page 5 and 52, Annual Report 2016

⁵ <http://www.energia.co.jp/e/ir/report/pdf/ir-fact16.pdf>, page 15 in company presentation: "Fact Book 2016", April 2016



Great Plains Energy

- 62,83% of revenues from coal⁶
- 80,0% of power produced from coal⁷

Great Plains Energy Inc. is a holding company from USA. Through its subsidiaries it produces and sells energy. Total revenue from power production is 78,49%, distributed over coal (62,83%), nuclear (13,46%), wind (1,53%) and gas (0,67%).

Tenaga Nasional Bhd.

- 48,65% revenues from coal⁸
- 50,80% of power produced from coal⁹

Tenaga Nasional Berhad (TNB) is a vertically integrated power company. The company is the largest electricity utility in Malaysia¹⁰. Revenues from power production are as follows coal (48,65%), gas (43,28%), hydropower (3,35%) and other sources (0,38%).

Empire District Electric Company

- 46,01% of power produced from coal¹¹
- 50,20 of power produced from coal

Empire District Electric Company is an American power company, which operates in Missouri, Kansas, Oklahoma and Arkansas. Total revenues from power production are as follows coal (46,01%), gas (24,38%) and hydropower (0,82%).

Guangdong Electric Power Development

- 85,83% revenues from coal¹²
- 85,83% of power produced from coal

⁶ http://www.greatplainsenergy.com/investor/suppfin/15_4QSuppFin.pdf, Supplemental Investor information 2015 4Q, page 6

⁷ <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NjE0NjlyfENoaWxkSUQ9MzI4ODYwfFR5cGU9MQ==&t=1>, page 2 and 108, Annual Report 2015

⁸ https://www.tnb.com.my/assets/annual_report/TNB_Annual_Report_2016.pdf, page 42, 178-179, Annual Report 2016

⁹ https://www.tnb.com.my/assets/accolades/TNB_Handbook_JPMorgan.pdf, Page 3 and 32, TNB Handbook for FY 2015

¹⁰ <https://www.tnb.com.my/about-tnb/corporate-profile/>

¹¹ http://www.annualreports.co.uk/HostedData/AnnualReports/PDF/NYSE_EDE_2015.pdf, page 9, 30 and 60, Annual Report 2015 (10-k)

¹² http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2016/2016-4/2016-04-30/2441404.PDF, page 13 – 14 and 28, Annual Report 2015



Guangdong Electric Power Development is a subsidiary of Guangdong Yudean Group. The company's revenue is 100% from power production, distributed over coal (85,83%) and other sources (14,17%).

The companies excluded by Norges Bank on the 21st of December

Exclusions	Country	Excluded
Alliant Energy Corp	USA	Yes
Chugoku Electric Power Co Inc/The	Japan	Yes (New!)
DMCI Holdings Inc	Philippines	Yes
Electric Power Development Co Ltd	Japan	Yes
Electricity Generating PCL	Thailand	Yes
Emera Inc	Canada	Yes
Empire District Electric Co	USA	Yes (New!)
Great Plains Energy Inc	USA	Yes (New!)
Guangdong Electric Power Development Co Ltd	China	Yes (New!)
Hokuriku Electric Power Co	Japan	Yes
Inner Mongolia Yitai Coal Co Ltd	China	Yes
Jastrzebska Spolka Weglowa SA	Poland	Yes
NRG Energy Inc	USA	Yes
Tenaga Nasional Bhd	Malaysia	Yes (New!)
Westar Energy Inc	USA	Yes

Norges Bank changes the way to operationalize the coal criteria in this round of exclusions. In this round all subsidiaries of the excluded coal companies that issue bonds are excluded, unless these subsidiaries issue green bonds or are deemed to have significant renewable energy activity. This change in operationalization has also been applied for previously excluded companies under the coal criteria.¹³

Decision

KLP excludes The Chugoku Electric Power Company, Great Plains Energy Inc., Tenaga Nasional Bhd., Empire District Electric Company and Guangdong Electric Power Development from KLP and the KLP-funds investments as of December 2016.

Company	Last available data	Revenue from coal-based power (%)	Electricity output derived from coal
Chugoku Electric Power Co Inc/The	2016	33.05%	36.55%
Empire District Electric Co	2015	46.01%	50.20%
Great Plains Energy Inc	2015	62.83%	80.00%
Guangdong Electric Power Development Co Ltd	2015	85.83%	85.83%
Tenaga Nasional Bhd	2016	48.65%	50.80%

¹³ <https://www.nbim.no/contentassets/08b0787eae8a4016bd06bfeba0067e32/grounds-for-decision---2nd-tranche-of-coal-exclusions.pdf>, page 5, Grounds for decision – product based coal exclusions, Norges Bank 21st of December 2016