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Principles for
Responsible Banking

Reporting and Self-Assessment Template

Principles for Responsible Banking



Reviewed version (V2) from September 2022



Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

KLP Banken AS is wholly owned by Kommunal Landspensjonskasse mutual insurance company (KLP). KLP Banken AS has two subsidiaries, KLP Kommunekreditt AS and KLP Boligkreditt AS. The operations of KLP Banken are divided into two nationwide business areas: the retail market and the public-sector market. Both business areas operate in Norway. KLP Banken AS is a digital bank without a physical branch network.

KLP Banken offers simple and competitive banking products and services combined with good digital solutions to set up and manage them. In this way, the Bank also aims to reinforce the perception that businesses which have chosen KLP as a pension provider are attractive employers. Employees in these companies, together with pensioners, make up almost 70 per cent of the bank's retail customer base.

The bank's presence in the market for loans to public sector enterprises contributes to competition and provides the target group of municipalities, county authorities and businesses with public guarantees with access to favorable long-term financing. The Bank also provides guidance to customers within financing and municipal finance.

KLP Banken aims to be a major lender and financial partner for KLP's owners and strengthen the KLP Group's membership investments by offering banking products and services at competitive terms.

On behalf of KLP and on its own account, KLP Banken manages a lending portfolio totaling NOK 122 billion as of 31.12.2023. Total loans from KLP and KLP Kommunekreditt AS to public-sector borrowers and enterprises amounted to NOK 96 billion at the end of 2023 while loans to the retail market was NOK 26,6 billion. Currently the portfolio consists of 21,7 % loans to retail sector and 78,3 % loans to public sector.

Retail market:

Our customers are mainly members of KLP's pension scheme and their spouses/cohabitants. They are offered better terms than non-members. This way, we contribute to companies and municipalities that have chosen KLP as a pension provider, are considered attractive employers. KLP Banken has a total of almost 53

[KLP Banken Annual report 2023](#)

[KLP Annual report 2023](#)

000 active retail customers.

To our retail customers, we offer deposit accounts, mortgages, debit, and credit cards. We offer three types of savings accounts and a current account.

We offer mortgages throughout Norway, as our members live across the country. All members within the same segment receive the same conditions for loans and savings, regardless of where they live.

Public-sector market:

The bank's presence in the market for public sector lending is operated through KLP Kommunekreditt AS. This contributes to competition in the lending market in Norway for municipal and county authorities, and companies with access to favorable long-term financing with public guarantees.

The largest proportion of loans goes to the municipalities. Nearly 90% of KLP's owner municipalities have loans from KLP or KLP Banken. We do not differentiate municipalities based on neither size nor geographical location. Through lending to the municipalities, we finance public welfare such as education, healthcare, and infrastructure.

Another important group of customers are public related companies. These are companies which take care of specific public tasks, such as waste management, fire departments, ports, and water supply, and can receive a public guarantee from either the municipality or the county municipality. All types of companies, associations, organizations, and sport clubs who has received a public guarantee can apply for a loan in KLP Banken.

To our public-sector customers, we offer loans and deposit accounts. In addition to these products, we provide guiding and advice on financial issues. We aim to be the best partner for our customers.

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Transparency act
- None of the above

KLP aims to be a partner for municipal and health sectors in Norway, supporting sustainable transformation. We provide secure pension savings and value-added services while contributing to achieving the goals of the Paris Agreement and the United Nations Sustainable Development Goals (SDGs). We aim to be among the leaders in sustainability within in our industry. The concept of sustainability encompasses both social responsibility and environmental sustainability.

In 2023, a new sustainability strategy was formed, which states that KLP will be the municipality- and health-Norway's partner for a sustainable transition. The strategy work and process were based on the elements of the EU's new directive on sustainability reporting, CSRD, and a double materiality analysis has been carried out to identify the sustainability topics on which KLP has or may have a material impact and which constitutes or may constitute a material financial risk.

KLP works continuously to integrate sustainability throughout its business, not only as a pension manager, but also as a purchaser, employer, and company. Sustainability is integrated into KLP's corporate governance and a central part of its corporate strategy. All business areas and subsidiaries are responsible for implementing the strategy and developing measures and goals for sustainability in their own operations.

As a part of KLP, the KLP Banken contributes to the group's ambitious goals. For many years, KLP and KLP Banken have been contributing to sustainable development of the society through loan financing of projects throughout Norway, such as roads, schools, kindergartens, swimming pools, sports facilities, care homes, cultural centers and many other socially beneficial projects. Loans to Norwegian municipalities are used for purposes that help reduce national greenhouse gas emissions and benefit society. As a signatory of the UN Principles for Responsible Banking (PRB), the bank has a framework to work with corporate responsibility and to contribute to achieving the Paris Climate Agreement.

Since the bank became a signatory of PRB in 2019, we have aligned our business strategy with the PRB. Through the strategy process in 2021 the Board determined that the bank should work for all 17 SDGs. Corporate responsibility is a focal area of the bank's strategy. The bank shall be ambitious in its work with corporate responsibility and contribute to the Group's high ambitions and goals. The bank will use our resources in areas where we have greatest opportunity to impact our customers, clients, and stakeholders.

For more information about KLP's sustainability report, see: [KLP Annual report 2023](#)

[Retningslinje for KLP som ansvarlig investor](#)

Principle 2: Impact and Target Setting

Principles for
Responsible Banking



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

KLP Banken updated our impact analysis in 2022, based on the "Portfolio Impact Analysis Tool for Banks" developed by UNEP FI.

[KLP Banken impact analysis](#)

Products considered in the impact analysis are:

- Retail sector: mortgage loans, credit cards and deposits.
- Public sector: loans

We have not included deposits for the public market, as the volume is considered low and not as material as our lending to this sector. It is on the lending side we influence the most and have the greatest opportunity to have a positive impact.

KLP Banken manages loans both for parent company KLP and on its own balance sheet. In this analysis, we have chosen to also include the loans that the bank manages for KLP. This is because we believe it gives the best reflection of our impact.

The updated version in 2022 did not lead to any changes in our impact areas. Please see our report on our impact analysis that was published in 2020 for more information. We have not updated the impact analysis since 2022. The reason for this is that we do not expect the distribution to have changed much, so the significant impact areas will still be the same.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

KLP Banken's loan portfolio consists of loans to Norwegian municipalities and county authorities, as well as to companies with a public sector guarantee. The loan portfolio per 31.12.2023 was NOK 90,2 billion (83,4 billion per 30.09.2021 as used in the impact analysis).

Links and references
[KLP Banken impact analysis](#)

KLP Banken also offers standard banking products to private customers in Norway. The loan portfolio per 31.12.2023 was 26,6 billion (24,4 billion per 30.09.2021 as used in the impact analysis). In addition to mortgage loans and credit cards, we have included deposits to retail customers in our impact analysis.

RETAIL SECTOR

For the retail sector we have indicated the total number of customers per product (home loans, credit cards and deposits) in our analysis.

PUBLIC SECTOR

For the public sector we have indicated by sector/industry according to the ISIC-system.

36 Water collection, treatment and supply	17 %
38 Waste collection, treatment and disposal activities; materials recovery	1 %
41 Construction of buildings	2 %
42 Civil engineering	8 %
49 Land transport and transport via pipelines	7 %
68 Real estate activities	9 %
82 Office administrative, office support and other business support activities	1 %
84 Public administration and defence; compulsory social security	8 %
85 Education	23 %
86 Human health activities	10 %
87 Residential care activities	1 %
91 Libraries, archives, museums and other cultural activities	2 %
93 Sports activities and amusement and recreation activities	8 %
94 Activities of membership organizations	1 %

Within the public market, we had some challenges identifying the sectors according to the ISIC-list. Lending to municipalities and county municipalities are often larger loans which finances various investments. The purposes of the loans are not always specified.

In order to give us the best possible overview of the sectors in the public market, we chose to use KOSTRA's statistics database, as this shows what the municipalities, municipal enterprises and intermunicipal companies have financed through loans. The database distributes investments on different categories, and we ended up distributing the banks lending according to the ISIC-categories above.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

The bank uses the UN Sustainable Development Goals as a framework for how we work with corporate social responsibility and has worked with identifying our impacts on the goals.

We also focus on the areas that we perceive Norway has challenges and where we believe we can contribute. These areas have been selected based on research done by others, on input from important stakeholders such as our owners and customers.

These are two major challenges related to sustainable development in the country we operate in (Norway):

Links and references

[Globale indikatorer for bærekraftsmålene – SSB](#)

<https://www.klp.no/media/samfunnsansvar/Retningslinje%20for%20KLP%20som%20a>

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<p>Climate</p> <p><i>Climate change is among the greatest challenges the world is facing. KLP supports the goals of the Paris Agreement and aims to contribute to achieve these global goals. As a company, KLP has a responsibility to minimize our impact on the climate, environment, and nature – directly through its own activities, and indirectly through our customers, partners, suppliers, and investments.</i></p> <p><i>KLP Banken’s greatest impact on climate comes through our lending to both public and retail sector. This is a great challenge for both our retail and public sector customers, and we believe that we can help them and push them in this transition.</i></p> <p>Water and sewerage:</p> <p><i>This is an important and large lending area to the municipalities, which are responsible for the water and sewerage infrastructure in Norway. We would argue that Norway's score at “low need” in the impact analysis is too good. The supply of water in Norway is not the challenge, but the water and sewerage systems are in several municipalities in poor condition, and they are often very old. From a climate perspective where we see problems that may arise from stormwater etc., the costs associated with water -and sewerage are unlikely to be reduced in the years to come.</i></p> <p><i>Water distribution and wastewater transport is a great challenge for Norway in the coming years. The investment need in the water sector is estimated to approximately 330 billion NOK (28 billion EUR) for the period 2021-2040, due to:</i></p> <ul style="list-style-type: none"> • <i>Increasing quality demands for drinking water, wastewater, and sludge government requirements related to security and preparedness.</i> • <i>Climate change adaptation</i> • <i>An increasing population and urbanization</i> • <i>Need of higher renewal rate for the water mains and sewerage</i> <p><i>Estimated investment needs are mainly related to necessary upgrades of the grid. The grid is continuously expanded, and at the same time there is a great need to replace old lines. This is a great challenge for our public sector customers, and we want to be a partner in this transition.</i></p>	<p><u>nsvarlig%20investor.p df</u></p> <p><u>Investeringsbehovet / Norsk Vanns finansieringsweb (va- finansiering.no)</u></p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.</p>	
<p>Impact areas Retail market</p> <ul style="list-style-type: none"> - <i>Positive impact: employment, inclusive healthy economies, justice, economic convergence, and housing.</i> - <i>Negative impact: inclusive healthy economies, resource efficiency/ security and climate.</i> <p>Impact areas Public-sector market</p> <ul style="list-style-type: none"> - <i>Positive impact: inclusive healthy economies, employment, health and sanitation, education, availability of water and mobility.</i> 	<p><u>KLP Banken Impact Analysis</u></p>

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<ul style="list-style-type: none"> - <i>Negative impact: climate, culture and heritage, biodiversity and ecosystems, resources efficiency/ security and waste.</i> <p>Priority of significant impact area</p> <p><i>We have chosen two significant impact areas that we want to prioritize to pursue with our target setting in the future. The impact areas were chosen based on the analysis, the challenges in Norway, and where we believe to have an impact.</i></p> <ul style="list-style-type: none"> - Climate: <i>KLP Banken has negative impact on climate both in the public sector and in the retail sector. Climate is one of the world's biggest problems, and one of Norway's challenges. Through our lending to municipalities, we finance sectors like water and sewerage, waste, construction, infrastructure, and transport, and all of these are linked to impact of climate. We believe that we can set targets to reduce our negative impact.</i> - Water availability: <i>KLP Banken has a positive impact on water through our lending to public sector, as we finance water and sewerage companies. Norway has major investment needs within this sector in the years to come.</i> <p><i>For more information, please see our Impact Analysis</i></p>	
<p>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u> Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic, and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
<p><i>KLP Banken has chosen to prioritize our lending portfolio when prioritizing our efforts and target setting.</i></p> <p><i>Retail sector:</i></p> <p><i>The bank has in the annual risk analysis conducted a climate risk analysis with focus on physical climate risk in the mortgage portfolio. This analysis is input to the bank's calculation of capital requirements in the internal capital adequacy assessment process (ICAAP).</i></p> <p><i>Public sector:</i></p> <p><i>When working with the impact analysis, we were motivated to find a way to categorize our lending to the municipalities as described in 2.1.b. This gave us important insight into our portfolio and the impact analysis shows where the bank has a potential to make an impact. This has been a basis for our priorities and targets.</i></p>	<p><i>Links and references</i></p> <p>KLP Banken impact analysis</p>

When setting our targets for the coming years, we have also mapped the status of the relevant targets today (year 2023) and relevant indicators as described in 2.2.b. We hope to gain more insight to performance measurements through our KPIs.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate and availability of water

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

The impact analysis was updated in 2022, using data from 30.09.2021. The reason why we haven't used newer numbers is the very time-consuming exercise of calculating our lending to municipalities according to KOSTRA numbers.

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional, or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks.

You can build upon the context items under 2.1.

The bank has set different targets which addresses our two areas of most significant impact. The targets are both aligned with the Sustainable Development Goals (especially the goal 13 – climate action and goal 6 – clean water and sewerage, are relevant).

Links and references

Our targets that address climate is also a contribution to the goals of the Paris Agreement.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Climate:

Report on the indicators in the Annex:

Links and references

<i>Indicat or code</i>	<i>Response</i>
<i>A.1.1</i>	<i>Climate strategy: climate is included in our sustainable strategy.</i>
<i>A.2.1</i>	<i>Client engagement process: yes, we are engaging both retail and public sector. Please see targets, KPIs and action plan</i>
<i>A.3.1</i>	<i>Financial volume green assets: we offer green loans to the public and retail sector. For more information about green loans, please see response in principle 3.2. In KLPs sustainability report we also present our Green Asset Ratio.</i>
<i>A.4.1</i>	<i>Reduction of GHG-emissions: see response in principle 2.3</i>
<i>A.1.2</i>	<i>Paris alignment target: we have set a target to reduce emissions from lending (home mortgages) to net zero by 2050. Baseline is year 2021.</i>
<i>A.2.2</i>	<i>Absolute financed emissions: total GHGs-emissions for the retail mortgage portfolio is 8.388 ton CO₂e in 2023 (Please see KLPs sustainability report 2023)</i>
<i>A.3.2</i>	<i>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: not directly exposed to traditional carbon intensive companies, but we have exposure through the projects the municipalities are</i>

	<i>financing (for example construction of buildings and land transport). Please see the estimated composition in principle 2.1.b.</i>	
A.4.2	<i>Portfolio alignment: not yet calculated</i>	
A.1.3	<i>Policy and process for client relationships; yes, some are established but this will be a continuously work in progress going forward to ensure we are engaging our customers in the best way.</i>	
A.2.3	<i>Sector specific emission intensity: retail mortgage lending had a emission intensity of 9,1 kg CO2e/m2 in 2023.</i>	
A.1.4	<i>Portfolio analysis: yes, we have analyzed financed emissions for the retail mortgage</i>	
A.2.4	<i>Proportion of financed emission: not calculated</i>	
A.1.5	<i>Business opportunities and financial products: Yes, we are offering green loans to both retail sector and public sector to support our clients. We have also developed a framework for transition financing for ports.</i>	

The baseline of the climate target (lending home mortgages) is 2021.

Water availability:

- *Products: Providing products and financing to the sector (baseline: yearly, starting end of 2023)*
- *Client engagement: we are engaging our public sector customers, please see KPIs and action plans (baseline: yearly, starting end of 2023)*

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

As a PRB signatory, KLP Banken has been working on developing targets that will reduce our negative impact and increase positive impacts.

Targets need to prioritize our efforts where we have the most significant impact. Setting bold ambitious targets sends a signal to employees, clients, and other stakeholders that we are committed to delivering on our sustainability ambition.

The Bank's targets address the following areas:

CLIMATE

Own operations

For KLP's own operations, we have a goal of halving emissions by 2030, compared to 2010. This goal applies to scope 1 and 2, as well as scope 3 category 1 to 14. This goal is supported by other environmental goals related to the operation in KLP, which will be revised for 2024:

- Effort goal for sustainable procurement
- Reduce air travel by 45 percent compared to 2019
- Reduce waste generation, and increase the source separation rate to 60 percent in KLP's offices

Public sector

Target:

- Be a driving force for sustainable transition in the municipalities and contribute to that the municipalities reach their climate goals.

KPI's for 2024:

- At least 25% of our public sector customers to have a green loan in KLP (SDG13 and more)
- At least 12 meetings with ports where the GSP framework is on the agenda
- At least 25.000 page views for the "KLP climate and environmental guide"* (SDG13, SDG 12)
- At least 600 unique users of the "KLP climate and environmental guide"* (SDG13 and more)
- At least 60 green offers sent to public sector customers (SDG13 and more)
- Establish model for financed emissions public sector (version 1.0)
- Assess the 20 weakest municipalities in the ESG model (and consider separate meetings with these) (SDG13 and more)

Retail Sector

Target:

- Being a driving force for sustainable transition for the bank's retail customers

Links and references

[Slik driver vi bærekraftig - KLP.no](#)

* [KLPs Klima- og miljøveileder - Bank og lån - Virksomhet - KLP.no](#)

https://www.klp.no/en/corporate-responsibility-and-responsible-investments/klps-roadmap-to-net-zero/KLP_Klimamål-rapport_2021_eng.pdf

[Green Loan KLP](#)

[bedreVANN2022.pdf](#)

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

KPI's for 2024:

- At least 25.000 page views for sustainability-related issues (SDG13, SDG 12)
- Asses a possible new sustainable product in 2024 (1 business case) (SDG13 and more)

Long term target:

- Reducing emissions from lending (home mortgages) to net zero by 2050 (SDG13)
- This includes reducing the emission intensity of our mortgage portfolio by at least 33% between 2021* and 2030 (SDG13)

AVAILABILITY OF WATER

Public sector

Target:

- Increase our positive impact on water and sewerage through our lending and customer dialogue.

KPI's for 2024:

- Increase volume of green loans to water and sewerage by 400 millions (SDG6)
- Increase the number of green loans for water and wastewater by 6 (SDG6)
- 100% of customers meetings where the indicator "renewal rate of the pipe network" is on the agenda (water and sewerage companies) (SDG6)
- Highlight a minimum of 7 good practice-cases related to water in the owner municipality meetings (SDG6)

We have made several changes to our targets for 2024 based on our experiences in 2023. Some KPIs are no longer necessary, as they are integrated in our routines and way of working (for instance: sustainability on the agenda in our customer meetings, which is always on the agenda).

The targets will be followed up by the business areas and the PRB-team, and the team will report status to the management team.

Climate target

KLP Banken has set targets for client engagement, financial targets, portfolio composition and impact targets.

As of today, we do not have sufficient data to analyze financed emissions relating to loans to the public sector. One reason for this is that we have limited access to investment-specific information, and the municipalities themselves do not currently report emissions related to investments to any great extent. In 2023, we carried out a pre-project together with several other players to look at how to map financed emissions in the public sector. This work will continue in 2024.

<p>Availability of water target – public sector</p> <p><i>KLP Banken has set targets for client engagement, portfolio composition and financial targets. We have not yet access to data to set an impact target, so we want to monitor and contribute to the following target as set by Norsk Vann, which is: 0,68% annual renewal rate of Norwegian municipal pipe network. One important action point for us going forward is trying to improve our data, and impact reporting on our green lending to this sector. This is a very complex area, and we will be very dependent on finding partners and collaborate with customers and other stakeholders going forward.</i></p>	
<p>d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Some action points:</i></p> <p><i>Retail sector:</i></p> <ul style="list-style-type: none"> - <i>Increase customer awareness of the benefits of an energy performance certificate</i> - <i>Evaluate how we can inspire customers to make energy efficient measures (for instance; Increase customer awareness about the possible benefits of energy efficiency measures (impact on ongoing costs related to energy and the long term property value) and evaluate relevant products to support this)</i> <p><i>Public sector:</i></p> <ul style="list-style-type: none"> - <i>Working and collaborating with organizations associated with water and other relevant parties</i> - <i>Gaining more insights of what we are financing (green loans to water)</i> - <i>Discussing relevant water-indicators with our customers</i> - <i>Sharing good practice to inspire our customers</i> - <i>Further develop the climate and environment guide</i> <p><i>KLP Banken has considered whether our targets have any negative impacts, and we do not believe that they are significant. We acknowledge that our targets related to improving water and sewerage systems, improving energy label in houses and other investments in green projects could lead to the use of resources and perhaps waste, but due to data quality it is hard for us to quantify what this means. This is something we will try to consider in our future product design.</i></p>	<p><i>Links and references</i></p>

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>Climate</i>	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Summary of previous year (2023):

Links and references

[Guidelines for calculating financed emissions- Finance Norway](#)

[KLP Banken Annual report 2023](#)

Target	Action/KPI	Target 2023	Result 2023	Business area	UN SDG
CLIMATE	<i>Target public sector: Be a driving force for sustainable transition in the municipalities and contribute to that the municipalities reach their climate goals. Target retail sector: Being a driving force for sustainable transition</i>				
Develop products and services that contribute to positive social development	At least 10% of our public sector customers(municipalities) to have a green loan in KLP	10 %	8 %	Public market	Climate (SDG13), Responsible consumption and production (SDG 12)
Push companies and business sectors towards more sustainable operations	Sustainability / social responsibility as a subject in at least 70% of customer meetings in 2022 (Public market)	75 %	100 %	Public market	Climate (SDG13) Sustainable cities and communities (SDG 11), Responsible consumption and production (SDG 12)
Push companies and business sectors towards more sustainable operations	Sustainability integrated in 100% of the individual credit cases for public affiliated companies	100 %	100 %	Public market	Climate (SDG13)
Develop products and services that contribute to positive social development	At least 450 unique users of the "KLP climate and environmental guide	45	48	Public market	SDG 13,12,11, 6
Integrate corporate responsibility into all our business	Assess alignment of 100% of the green loan portfolio to the EU taxonomy	100 %	100 %	Both retail and public market	
Push companies and business sectors towards more sustainable operations	Inform customers about measures / tips to make the home more energy / environmentally friendly in online banking, mobile banking, klp.no	12	12	Retail market	Climate (SDG13)
Integrate corporate responsibility into all our business	Reducing emissions from lending (home mortgages) to net zero by 2050, measures as Emission intensity each year ((kg CO2/m2)	8,15	9,10	Retail market	Climate (SDG13)
WATER	<i>Target public sector: Increase our positive impact on water and sewage through our lending and customer dialogue.</i>				
Integrate corporate responsibility into all our business	At least 25% of customers meetings where water and sewage is on the agenda (SDG6)	35 %	85 %	public market	Water (SDG 6)
Increase investments that promote sustainable development and support our financial objectives	Increase volume of green loans to water and sewage by 10%	10 %	46 %	public market	Water (SDG 6), Climate (SDG 13)
Integrate corporate responsibility into all our business	Establish indicators so that we can measure the effect of our influence in the long term.	2 indicators	2 indicators	public market	Water (SDG 6)

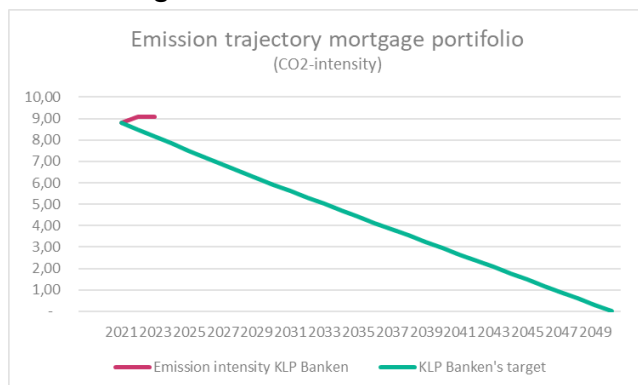
[KLP Annual report 2023](#)

As the table shows, the Bank has succeeded in achieving many of its targets in 2023. To reach our targets related to climate we are engaging our retail and public sector customers and offering products to incentivize them to be more energy efficient. To reach our targets related to water we are also engaging our customers and offering products to incentivize our customers to make more sustainable investments.

We have made several changes to our targets for 2024 based on our experiences in 2023. Some KPIs are no longer necessary, as they are integrated in our routines and way of working (for instance: sustainability on the agenda in our customer meetings, which is always on the agenda). And we are also adding a few KPIs this year. We believe it is important to try different angles, find new action points and evaluate at the end of year. Please see 2.2.c for updated targets.

We are also working on improving our own operations (reducing flights, priority targets for sustainable procurement and reducing waste). Targets related to our own operations can be found in KLPs sustainability report for 2023.

Climate target – retail sector



KLP Banken has set a goal of reducing emissions from lending (home mortgages) to net zero by 2050, and in 2023 we have worked to set more intermediate target, set our baseline, and improve the calculation of financed emissions. This work is based on Finance Norway's guide for calculating financed emissions and the recommendations from PCAF.

The bank is not reaching its target in 2023, and this is to a large extent because of a change in methodology (now based on Finance Norway's guide). Previously, we have used the latest available market value when calculating the intensity, but for the calculation in 2022 and 2023, we have used the original value of the loan. This increased the emissions intensity.

Going forward we need to continuously work with our action plan, and implement good measures that can support our overall target. We also need to improve our data quality and access.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

KLP Banken has established practices to encourage sustainability in our relationship with our customers.

PUBLIC MARKET

Within the public market, the bank has a close and often long-term relationship with our customers. Most customers are also owners of KLP. This facilitates dialogue with the public customers concerning sustainability, corporate responsibility, and climate issues. The bank tries to be a driving force and encourage the municipalities to make sustainable choices within public administration. Important areas for us to discuss and support our customers transition is especially in the building sector. We encourage customers to consider renovating existing buildings instead of building new ones.

To enable common awareness on PRB and sustainability, we have developed standard slide decks relating to the bank's commitment to PRB, including advice on sustainability best-practice. We use these slides in our meetings with our public customers.

We have developed targets to incentivize employees on sustainable practices and information to clients. Sustainability is an important topic in the meetings with our public customers. Our goal is to contribute to municipalities and their associated businesses being able to make good and sustainable choices when it comes to municipal finances and investments.

Links and references

In 2022, KLP Banken implemented a new framework for integrating sustainability into the credit processes for public-sector lending. For municipalities and county authorities, we have established a model for an annual sustainability assessment, in which customers are assessed in the areas of environment, social responsibility and corporate governance. For publicly affiliated companies, sustainability will be integrated into the individual credit case. Through this we want to raise awareness and encourage our clients to improve their own impact.

KLP Banken also wants to convey knowledge from the municipalities, through sharing of information, successful projects, and customer stories.

RETAIL MARKET

In the retail market we communicate with our customers through digital channels, as we are an online bank. Our communication team regularly posts articles and tips on our website concerning sustainable consumer behavior and general saving tips. We will continue to work towards becoming more relevant and customer-oriented in our communication with customers, especially when it comes to sustainability and finance. Within our customer base, there is a large group of employees in municipal and healthcare sectors in Norway with relatively low to moderate income levels. We recognize that the need for sustainable financial tips must be further tailored to this group. As we strive to be more relevant for our customers in this matter, we have set a new goal to reach 25,000 unique page views for sustainability issues in 2024.

Norwegians spend a lot of time and resources on home and renovation. We encourage our customers to be more conscious of their environmental impact and prioritize sustainable and energy-smart solutions when renovating their homes. This is linked up to our “green mortgage” product which rewards green renovation and eco-friendly homes with discounted interest rates. Furthermore, we encourage our customers to adopt a long-term perspective when considering their personal finances and to remain mindful of their individual CO2 footprint. Practical tips include creating a sustainable budget, minimizing unnecessary consumption, and bolstering savings to effectively navigate global inflation. Additionally, we are stressing the fact that having readily accessible funds for anticipated expenses aligns with a more sustainable, enduring lifestyle.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

KLP Banken wants to help customers make sustainable choices. That is why the Bank offers 'green mortgages' to members of KLP who have energy-friendly homes, or who choose to take steps to make their homes more energy-effective. At the end of 2023, green loans amounted to NOK 1.6 billion, equivalent to 6 per cent of the Bank's total lending portfolio in the retail market.

Links and references
[Green loans \(norwegian\)](#)

KLP Banken also aims to be a driver and sparring partner to help municipalities to make sustainable choices in public administration. The Bank offers green loans to municipalities, county authorities and enterprises associated with local government for projects that have a clear positive environmental and climate impact. 13 new green loans were granted in 2023. Among other purposes, these loans are used to finance improvements to water and wastewater facilities to increase capacity and improve the quality of the water. The loans also help prepare communities for more surface water because of climate change. The Bank has also financed the construction of a new nursing home in Ringsaker municipality, which is an energy effective building. The municipalities must report and document the effects these investments have on the climate to earn a lower, green interest rate on the loans. At the end of 2023, green loans amounted to NOK 3,73 billion, corresponding to 4,1 per cent of the Bank's total public sector lending portfolio.

[Green mortgages \(norwegian\)](#)

[Climate and environment guide \(norwegian\)](#)

KLP Banken has also developed a climate and environment guide which has been well received by the municipalities. The guide provides details of various financing and support schemes, making it easier and more transparent for municipalities and local government enterprises to make climate- and environmentally friendly investments. In 2023 there was an increase of 115 percent in the number of visits compared to 2022.

The bank will work on further developing products and services to the advantage of customers, owners and the environment.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

KLP Banken's stakeholders are very much the same as KLPs (please see reference to the stakeholder overview).

KLP Banken's main stakeholders are our customers (retail sector and public sector) and our owners (the municipalities).

Customers in the Public Sector can be divided into two customer groups - customers and customers who are also owners. The bank's advisers have daily contact with customers, and in 2023, 190 customer meetings were held. Through our meetings we gain important insights to what issues that are important to our customers and what challenges they are facing.

In addition to customer meetings, we aim to take part in seminars, expert panels and events that are relevant for both us and the customers. In 2023 we have contributed to different conferences with topics such as "Scope 3 emissions in municipalities", "transition financing for ports" and "local sustainable transition".

For the bank, it is crucial to consult and cooperate with relevant stakeholders, such as interest organizations. This contributes with valuable insight and competence that we use in our sustainability work. We also value dialogue and exchange of experiences with other banks. Keeping an open dialogue with our customers and other stakeholders will be essential in the bank's strive to meet its targets going forward.

Cooperation is also key when trying to solve complex issues. In 2023, we carried out a pre-project together with several other players to look at how to map financed emissions in the public sector. This work will continue in 2024.

KLP Banken aims to be a driver in the transition to a more sustainable society, and has been the pilot owner of the project "transition financing for ports". With this pilot, KLP Banken and the partners in the project proposes a framework with specific criterias to be achieved in order to qualify for transition financing for ports. The framework was launched in spring 2023. We are working with several ports to get them to adopt the framework.

Links and references

[Interessentdialog - oversikt \(klp.no\)](https://www.klp.no/interessentdialog-oversikt)

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The bank has established a PRB team which has been responsible to provide implementation of the Principles of Responsible Banking in the bank. By the end of 2023 the PRB team consider the Principles as fully implemented, and the organization is working on the Principles every day in everything we do. The PRB team is represented by both business areas of the bank, retail market and public-sector market in addition to representatives from back office. The PRB team reports to the management team and board on a regular basis. The mandate for the PRB team is approved by the management team of the bank.

The bank has also established a committee for sustainable financing. The committee is appointed to ensure follow-up and further development of the framework for sustainable financing in KLP and KLP Banken.

The bank has no remuneration practices links to targets, neither related to sustainability or other financial targets. Several targets are being monitored through the balanced scorecard.

Sustainability is integrated into KLP's corporate governance and a central part of its corporate strategy. All business areas and subsidiaries are responsible for implementing the strategy and develop measures and goals for sustainability in their own operations. The figure in KLP's annual report describes how governance and control for sustainability is set up in KLP.

Links and references

[KLP Annual report 2023](#)

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

We believe that through increased internal competence, we are in a better position to influence our customers. To enable common awareness inside KLP Banken on PRB we have developed standard slide decks relating to the bank's commitment to PRB. We use these slides internally in training of employees.

The bank has conducted two competence classes during 2023 with sustainability topics for all employees in the bank, to increase the competence among the employees. We have also prioritized to increase competence for relevant employees working closely with our customers (some topics have been sustainability in public procurement, green infrastructure, insight into the water sector in Norway etc).

The bank supports master courses within sustainability for multiple employees to increase competence within this area in the bank, to be able to meet the future challenges that the bank and its customers will face. These employees are working specifically with sustainability in different parts of the bank and are contributing to implement the principles for responsible banking. In 2023 four employees in the bank finished master programs within sustainability topics.

Corporate responsibility and sustainability are regularly a topic in both management meetings, board meetings and meetings for employees.

In 2024 we will continue to create a more structured mapping and plan for training and competence building within sustainability in the bank. We will also implement regular training of material sustainability aspects for relevant employees who is in contact with customers.

Links and references

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

The KLP Group, including KLP Banken AS, shall contribute to sustainable investments and responsible business operations. KLP has committed itself to the UN Global Compact, and we also have several guidelines we work by in our investment and banking business, i.e. Ethical guidelines for

[*Policy for KLP as an responsible investor \(Norwegian\)*](#)

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

employees, anti-money laundering guidelines and Guidelines for KLP as a responsible investor.

The job descriptions for all employees in the bank, including the management team, are updated to ensure commitment to the Principles.

The bank's risk analysis 2023 describes and assesses ESG-risk for each type of risk to which the bank is exposed. An analysis of climate risk in the mortgage portfolio is also conducted. This analysis shows how much of the mortgage portfolio that is exposed to the risk of flooding, sea level rise and landslide. This analysis is input to the bank's calculation of capital requirements in the internal capital adequacy assessment process (ICAAP).

The bank has implemented the Principles into the relevant policies, guidelines and procedures of the bank.

[Policy for ethics \(Norwegian\)](#)

[How are KLP reducing its impact on environment \(Norwegian\)](#)

[Principles responsible supplier behaviour \(Norwegian\)](#)

[Policy for gender equality and diversity \(Norwegian\)](#)

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

KLP Banken AS has engaged BDO AS to conduct a limited assurance engagement on the bank's self-assessment reporting on its implementation of UN Environment Programme Financial Initiative's Principle for Responsible Banking as presented in KLP Banken's PRB Reporting and Self-assessment-template per March 2024.

Based on the UNEP FI guidelines, the review included the following areas presented in KLP Banken's Reporting and Self-Assessment template:

- o 2.1 Impact analysis*
- o 2.2 Target setting*
- o 2.3 Target Implementation and Monitoring*
- o 5.1 Governance Structure for Implementation of the Principles*

The assurance is published as an attachment to this document (please see page 27-30)

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: Eco-lighthouse (Miljøfyrtårn)

KLP also reports according to GRI on behalf of the group.

KLPs annual report 2023:
[Financial information - KLP - English](#)

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Important next steps for the bank:

- continuously work with our action plan and implement good measures that can support our overall targets.*
- Improve our data quality and access (especially in the mortgage portfolio, and within the water-area)*

Links and references

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

- | | |
|---|--|
| <ul style="list-style-type: none"> - <i>Establish a model to map financed emissions in the public sector</i> - <i>Working and collaborating with trade organization and other relevant stakeholders</i> | |
|---|--|

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

To KLP Banken AS

Independent Limited Assurance Report

KLP Banken AS (“KLP Banken”) has engaged BDO AS (“BDO”) to conduct a limited assurance engagement on the bank’s self-assessment reporting on its implementation of UN Environment Programme Financial Initiative’s Principle for Responsible Banking (“UNEP FI PRB”) as presented in KLP Banken’s PRB Reporting and Self-assessment-template (the template).

Management’s Responsibilities

Management of KLP Banken is responsible for the preparation and presentation of the self-assessment reporting on its implementation of the UN Environment Programme Financial Initiative’s Principle for Responsible Banking (“UNEP FI PRB”). Management is also responsible for establishing such internal control management determine is necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We are independent of KLP Banken as required by laws and regulations and the International Ethics Standards Board for Accountants’ Code of International Ethics for Professional Accountants (including International Independence Standards – IESBA Code, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibilities and procedures

Our responsibility is to express a limited assurance conclusion on the information in the self-assessment reporting. We performed our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance about whether the self-assessment reporting is free from material misstatements. Our limited assurance engagement was also based on the guidelines and

checklist provided in “Guidance for assurance providers – Providing Limited Assurance for Reporting” version 2, updated October 2022, issued by UNEP FI (“the UNEP FI guidelines”).

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the risks of material misstatements of the self-assessment reporting whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the self-assessment reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced to very low.

The UNEP FI guidelines stipulate that the auditor should consider whether the bank’s description of processes and actions and their outcomes sufficiently reflects actions taken by the bank, rather than evaluating the applied approach itself.

Based on the UNEP FI guidelines, our review included the following areas (the Selected information) presented in KLP Banken’s Reporting and Self-Assessment template:

- 2.1 Impact analysis
- 2.2 Target setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

We have considered materials that KLP Banken has shared with us, and information provided to us by KLP Banken’s representatives in interviews and conversations. More specific, the work performed included but were not limited to the following:

- KLP Banken talked through their template, strategies, reports, and other internal documents.
- BDO conducted semi structured interviews with representatives from KLP Banken. The aim of the interviews was to gain insight into management’s commitment to sustainability and the PRB to better understand how the principles are adopted in the organization. The representatives included:
 - Head of Sustainability at KLP Banken
 - Head of Risk and Compliance
- Assessment of the processes and working methods used to gather the information relating to points 2.1, 2.2, 2.3, and 5.1 in the template. The assessment also involved consideration of KLP Banken’s relevant internal documentation.
- BDO compared disclosures relating to the above-mentioned points in the template with information obtained in interviews and the documentation provided.



Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information presented in KLP Banken's Reporting and Self-Assessment template is not fairly stated and has not been prepared, in all material respects, in accordance with the UNEP FI PRB's "reporting and self-assessment template".

BDO AS

Lene Kvello

State Authorized Public Accountant

(signed electronically)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Lene Kvello

Partner

På vegne av: BDO AS

Serienummer: 9578-5994-4-558022

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