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Principles for
Responsible Banking

Responsible Banking Progress Statement for PRB Signatories



Summary template

KLP Banken 2025

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Refer to KLP Banken's PRB report from 2023. There are no significant changes in 2024.</p> <p>The bank has, together with KLP, conducted a double materiality analysis according to CSRD in 2024. Based on the analysis, five material areas are decided for the bank: climate, water and sewerage, nature, corruption and bribery and own workforce. Both climate and water are significant impact areas from the bank's PRB impact analysis from 2022. So, we will continue to work with these areas, in addition to the three other impact areas from the double materiality analysis from 2024.</p>	<p>The bank has an impact analysis from 2020, updated in 2022, which still is valid. In 2024 the bank has conducted a double materiality analysis according to CSRD. The bank has identified five key areas from this analysis, and two of them are the same key areas from the impact analysis in 2020/2022. See supplement templates for more information.</p> <p>The targets within the two impact areas, climate and water and sewerage, from 2024 is overall achieved.</p>	<p>Retail market Refer to KLP Banken's PRB report from 2023. There are no significant changes to the products and services we offer to our customers.</p> <p>Public market Refers to KLP Banken's PRB report from 2023. The only relevant changes are new criteria for green loans which will set claims for use of nature for construction new buildings. The new criteria will be presented in 2025.</p>
<p>Links & references Annual Report 2024 KLP Group and KLP PRB-Reporting-and-Self-Assessment-Template - KLP Banken 2024 endelig versjon inkl attest.pdf</p>	<p>Links & references KLP Banken impact analysis</p>	<p>Links & references KLP Banken's annual report 2024</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>KLP Banken has in 2024 carried out a stakeholder analysis to identify our internal and external stakeholders. See supplement template for more information.</p> <p>During 2024 we have entered a collaboration with the Norwegian Tax Administration, called “Tett på”, which aims to help the customers who are going to build or renovate houses or holiday homes to choose law-abiding tradespeople. This is an important measure to prevent work-related crime and to support the bank’s impact area Business conduct and to prevent financial crime.</p> <p>Public Market</p> <p>In addition to the description from KLP Banken’s PRB report from 2023, we have started a low-cost service for municipalities to reduce energy consumption from buildings.</p>	<p>KLP Banken has an established PRB team to ensure implementation and development according to the principles. See the report from 2024.</p> <p>In 2024 the bank has established a sustainability working group within retail market to ensure development and ensure goal achievements.</p> <p>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.</p> <p>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.</p> <p>In 2024 KLP Banken contributed to develop a course on sustainable finance together with three other banks and the Norwegian university of Science and Technology (NTNU). The course consists of four different modules, and the first two modules started in November 2024. So far, 11 employees from the bank have been or shall be participating in the course in 2024/2025.</p>	<p>KLP Banken is in 2024 a part of the parent company, KLP’s sustainability report in accordance with CSRD. EY has reviewed the sustainability report. The bank has not had a limited assurance of the PRB-report for 2024.</p>
<p>Links & references</p> <p>Tettpå – cooperation against work-related crime - The Norwegian Tax Administration</p> <p>ENØK Veiledning for kommuner - Energy reduction for buildings</p>	<p>Links & references</p> <p>About the course at NTNU; https://www.ntnu.no/videre/barekraft-for-finansnaringen</p>	<p>Links & references</p> <p>See the independent auditor’s report in KLP’s annual report; Annual Report 2024 KLP Group and KLP</p>



Supplements templates

Principle 2: Impact & Target Setting

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.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

[KLP Banken impact analysis](#)
[Annual Report 2024 KLP Group and KLP](#)

KLP Banken has an impact analysis from 2020, updated in 2022, which still is valid. 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. The two impact areas from the impact analysis are **climate and water and sewerage**. These two areas are also two major challenges related to sustainable development in Norway, where the bank operates. The impact areas were chosen based on the impact analysis, the challenges in Norway, and where we believe to have an impact.

In 2024 the bank has conducted a double materiality analysis according to the Corporate Sustainability Reporting Directive, CSRD. The double materiality analysis identified five material areas for KLP Banken. Two of the areas, are the same as in the impact analysis, climate and water and sewerage.

Climate - Climate change is one of the biggest challenges of this century, which will have implications for the environment, for the individual, for the municipalities and for the economy. Norway and the world are facing a significant transition to achieve the climate goals, and the financial industry can play a key role in this context.

Climate is the area where we have the most impacts, risks and opportunities, and also where we have the highest scores. We have the greatest impact through the projects we finance. On the positive side, we contribute positively to climate change through our green loans. At the same time, we also have significant greenhouse gas emissions through what we finance.

On the risk side, we have climate risk associated with lending (especially the retail market) in the long term. At the same time, we have an opportunity to contribute positively through green lending and helping customers make sustainable choices (partner for the municipalities in the transition).

Financial crime is a significant threat to both banks and the society. It is therefore natural that this emerged as a significant area for KLP Banken. In our assessment, we have seen this both as a risk, which could affect the bank financially through losses related to fines for money laundering, or that our

customers are exposed to fraud that the bank must cover. On the other side we see it as an opportunity related to the work the bank is doing to prevent and combat financial crime through a number of measures.

Water - This is an important and large lending area for municipalities, which are responsible for the water and wastewater infrastructure in Norway. Water distribution and wastewater transport are a major challenge for Norway in the coming years. The investment need in the water sector is estimated at approximately NOK 330 billion for the period 2021-2040. Estimated investment needs are mainly related to necessary network upgrades. KLP Banken has an impact on water through financing purposes related to this. We believe that we can have a positive impact through offering services and products that enable customers to make sustainable choices when making investments in water. We can be a partner in this transition.

No major risks have been identified related to this area. On the opportunity side, we have the opportunity to contribute to reducing water leaks and to renewing the pipeline network. This is positive for society and our owners. KLP Banken can also take a position in this market and take future market shares.

Nature and climate are closely linked, and the challenges in these areas can reinforce each other. The world is facing a serious natural crisis caused by the overuse of nature. To stop the crisis, a transition to a nature-positive economy is needed. This means that we reduce our negative impact on nature, but also that we contribute to strengthening and rebuilding ecosystems.

KLP Banken has an impact on nature through the financing of projects that destroy nature (infrastructure, buildings, houses and cabins). It is also considered that there is a risk associated with this area. If we finance projects that contribute to serious destruction of nature, this could lead to increased reputational risk for the bank.

This area is followed up by the Corporate responsibility department in KLP, regarding action plans, targets, KPIs etc.

Own workforce is considered as a material area in the KLP Group. KLP relies on a competent, motivated and committed workforce to deliver quality and efficiency in all business activities. In order for KLP to be an attractive employer and attract the best candidates, it is important to develop employees and managers, learn from each other and take responsibility for our own development according to KLP's business goals and ambitions.

KLP is responsible for ensuring a safe and inclusive working environment, both physically and psychosocially, for its own employees, temporary employees and contract employees. In order to avoid negative impacts such as sick leave and a poor psychosocial working environment, KLP has a strong focus on being a responsible employer and safeguarding fundamental human rights, privacy, health, environment and safety for our employees.

KLP ensures safe working conditions through reasonable pay and working conditions, good development throughout the entire employment relationship, equality and equal treatment in an inclusive working environment.

This area is followed up by the HR department for all business areas in the KLP Group, regarding action plans, targets, KPIs etc.

The table below describes each area with focus on positive and negative impacts, and risks and opportunities (IROs).

Areas	Impacts	Risks and opportunities
Climate change		
Climate change mitigation	<p>Negative: KLP Banken has financed emission from lending</p> <p>Positive: KLP Banken can contribute positively through green lending, and by contributing to increased climate expertise among municipalities.</p>	<p>Risk: Climate risk related to lending. Reduced value of the bank's collateral within retail market, and significant climate risk for each municipality.</p> <p>Opportunities: The bank is offering green loans to retail and public customers</p>
Biodiversity and ecosystems		
Direct Influencing factors for loss of biodiversity	<p>Negative: KLP Banken contributes to loss of biodiversity through lending.</p> <p>Positive: KLP Banken has a role as an influencer and information provider</p>	<p>Risk: Nature loss is part of systematic market risk, and KLP Banken may suffer reputational damage related to financing the degradation of nature.</p>
Water and marine resources		
Water leakage	<p>Positive: KLP Banken has a positive impact through green loans, and through a role as an influencer and information provider.</p>	<p>Opportunity: Contribute to less water leaks and reduce water consumption.</p>
Own workforce		
Working conditions	<p>Negative: Long-term sick leave makes it difficult to return to work.</p> <p>Positive: Offer flexible working hours to employees.</p>	<p>Opportunity: Flexible working hours can increase satisfaction and reduce stress among employees.</p>
Equal treatment and equal opportunities for all	<p>Negative: Lack of gender balance in senior professional and management positions.</p>	<p>Risk: Challenging to recruit women to some positions and fields of study, because fewer women are educated within certain areas, and many organizations compete for those with education and experience.</p>
Business conduct		
Corruption and bribery	<p>Negative: KLP Bank can be used as a means of money laundering by criminals.</p> <p>Positive: Contribute to fight corruption and bribery.</p>	<p>Risk: Financial loss due to fraud. Reputational risk, fines from the authorities.</p> <p>Opportunity: Contribute to reduce the bank's and the customers' losses by combating corruption and bribery.</p>
<p>Targets, Target Implementation, and Action Plans/Transition plans</p> <p>Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.</p> <p>Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector (2024).</p>		
Links & references		

Target	Action/KPI	Target 2024	Result 2024	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	Share of municipalities and county authorities (incl. Municipal and intermunicipal enterprises) with green loans	25 %	26 %	Public market	Climate (SDG13), Responsible consumption and production (SDG 12)
Push companies and business sectors towards more sustainable operations	Number of meetings with ports where the Green Shipping Programme (GSP) is presented	12	14	Public market	Climate (SDG13) Sustainable cities and communities (SDG 11)
Push companies and business sectors towards more sustainable operations	Publish successful stories with customers within sustainability	4	3	Public market	Climate (SDG13)
Develop products and services that contribute to positive social development	Number of page views of the “KLP climate and environmental guide”	3000	1763	Public market	SDG 13,12,11, 6
Develop products and services that contribute to positive social development	Number of unique users of the “KLP climate and environmental guide”	600	1543	Public market	SDG 13,12,11, 6
Develop products and services that contribute to positive social development	Number of green loan offers sent to municipalities and companies	60	69	Public market	Climate (SDG13) Sustainable cities and communities (SDG 11)
Push companies and business sectors towards more sustainable operations	Develop a model 1.0 for financed emissions for public sector	1	1	Public market	Climate (SDG13)
Push companies and business sectors towards more sustainable operations	Evaluate the weakest municipalities in the ESG model (and consider meetings with them)	20 %	Not started in 2023	Public market	Climate (SDG13) Sustainable cities and communities (SDG 11)
	Number of unique page views of articles related to sustainability	25 000	71 852	Retail market	Climate (SDG13)
Integrate corporate responsibility into all our business	Develop a business case for a new product with ESG profile	1	1	Retail market	Varios SDGs
WATER	<i>Target public sector: Increase our positive impact on water and sewage through our lending and customer dialogue.</i>				
Increase investments that promote sustainable development and support our financial objectives	Increase number of green loans to water and sewage	6	7	Public market	Water (SDG 6), Climate (SDG 13)

Public market

Most of the goals for the public market was met for 2024. The deviation regarding “KLP climate and environmental guide” is mostly caused by changes in counting page views. The goals for 2025 are updated with new method for counting.

The action “Evaluate the weakest municipalities in the ESG model” was not met in 2024. We have considered both the rating model as not good enough to rate the municipalities and found better ways to push the municipalities in the right way. Our focus has been to offer better solutions to these municipalities, such as green loans and energy reduction for buildings.

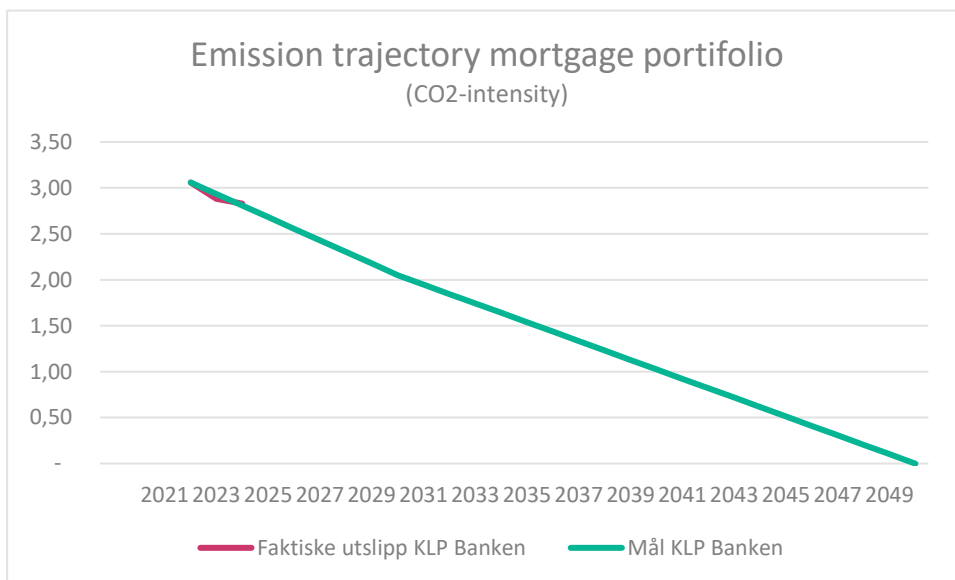
Retail market

Our communication team posted 25 articles and tips on our website concerning sustainable consumer behavior and general saving tips, and we reached 71.800 unique page views for sustainability issues in 2024. Our initial goal for 2024 was 25.000 unique page views, and that was

clearly not ambitious enough. For 2025 we have adjusted target to 100.000 unique page views. We will continue to evaluate new sustainability products according to our customer's needs, and we will promote green mortgages with greater focus on support from Enova to make homes more energy efficient.

KLP Banken has set a goal of reducing emissions from lending (home mortgages) to net zero by 2050, and by 33 % from 2021 to 2030. In 2024 we have once again changed our methodology to calculate financed emission. The bank has in 2024 gained access to data from Eiendomsverdi AS on estimated energy labels and energy use for our mortgage portfolio. Access to data means we can measure energy consumption more accurately and then calculate financed emissions. As we can see in the figure below our financed emissions in 2024 are approximately on the trajectory.

KLP Banken will continue to collect and improve data, and to influence and inform our customers to implement necessary energy efficiency measures to reduce their energy consumption. We will also continue to work with partners like Enova and the Tax Authorities in Norway to jointly achieve our common sustainability goals.



Targets 2025

Based on the material areas from the bank's double materiality analysis, we have set new targets for 2025. As mentioned earlier in the report, our impact areas climate and water are continued from previous years, and in addition we have three more areas. Target setting within nature and own workforce is handled and followed up by the Group.

This is the first year we have made specific targets and KPIs within the area corruption and bribery. We will use 2025 to gain experience to be able to set more specific KPIs for the next year.

The table below shows the targets within the material areas for the bank for the coming year.

Target	Action/KPI	Target 2025	Business area
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>		
<i>Develop products and services that contribute to positive social development</i>	<i>Share of municipalities and county authorities (incl. Municipal and intermunicipal enterprises) with green loans</i>	<i>30 %</i>	<i>Public market</i>
<i>Push companies and business sectors towards more sustainable operations</i>	<i>Number of green loan offers where sent to municipalities and enterprises</i>	<i>40</i>	<i>Public market</i>
<i>Develop products and services that contribute to positive social development</i>	<i>Number of unique page views of the "KLP climate and environmental guide"</i>	<i>800</i>	<i>Public market</i>
<i>Develop products and services that contribute to positive social development</i>	<i>Number of municipalities that have implemented ENOK Guidance for municipalities</i>	<i>6</i>	<i>Public market</i>
<i>Push companies and business sectors towards more sustainable operations</i>	<i>KPI financed ordinary emissions</i>		<i>Public market</i>
<i>Integrate corporate responsibility into all our business</i>	<i>Increase internal competence in sustainability, through the project "Tettpå", the course Sustainability in the Financial sector (NTNU) etc.</i>		<i>Retail market</i>
<i>Push companies and business sectors towards more sustainable operations</i>	<i>Increased volume of green loans in the bank</i>	<i>+300 MNOK</i>	<i>Retail market</i>
<i>Push companies and business sectors towards more sustainable operations</i>	<i>Number of unique page views aimed at informing customers about sustainability, e.g. webinars, articles, videos etc.</i>	<i>100 000</i>	<i>Retail market</i>
	<i>Financed emissions from the mortgage portfolio, according to the trajectory</i>		<i>Retail market</i>
WATER	<i>Target public sector: Increase our positive impact on water and sewage through our lending and customer dialogue.</i>		
<i>Increase investments that promote sustainable development and support our financial objectives</i>	<i>Increase number of green loans to water and sewage</i>	<i>6</i>	<i>Public market</i>
CORRUPTION AND BRIBERY	<i>Target public sector: Increase our positive impact on water and sewage through our lending and customer dialogue.</i>		
<i>Conduct customized training for employees in the bank</i>	<i>Share of employees that have conducted the training</i>		<i>Both public and retail market</i>
<i>Carry out risk assessment for money laundering and terrorist financing</i>	<i>Participation in collaborative initiatives within the financial industry and with authorities within AML</i>		<i>Both public and retail market</i>
<i>Carry out risk assessment for money laundering and terrorist financing</i>	<i>Participation in conferences on the topic of financial crime</i>		<i>Both public and retail market</i>
<i>Preventive measures, information to customers</i>	<i>Number of mailings, with financial crime information, to customers, by e-mail, SMS, OCS</i>		<i>Both public and retail market</i>
<i>Preventive measures, information to customers</i>	<i>Number of clicks on the bank's information page about financial crime on klp.no</i>		<i>Both public and retail market</i>

Principle 3: Clients & 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.

Client and Customer engagement

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 activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

Response

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 your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

The bank offers "green mortgages" to members of KLP who have energy-friendly homes, or to customers who choose to implement energy measures to make their homes more energy-effective. At the end of 2024, green loans amounted to 1,7 billion NOK, equivalent to 7 percent of the Bank's total lending portfolio to the retail market.

The bank also offers green loans to municipalities, county authorities and enterprises associated with local government for projects that have a clear positive environmental and climate impact. 22 new green loans were granted to the public sector in 2024. At the end of 2024, green loans amounted to NOK 4 642 428 742 billion, corresponding to 4,9 percent of the Bank's total public sector lending portfolio.

Through our new collaboration with the Norwegian Tax Administration "Tett på", our goal is to raise customer awareness when choosing craftsmen for renovations. In this way, we help customers select reputable professionals while also contributing to the fight against labor market crime, which unfortunately remains prevalent in the construction industry.

Principle 4: Stakeholders

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

Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has 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 the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Links & references

Refers to KLPs stakeholder analysis, which is described in the sustainability report from 2024 ([Annual Report 2024 KLP Group and KLP](#)).

KLP Banken has in 2024 carried out a stakeholder analysis to identify our internal and external stakeholders, in order to conduct the double materiality analysis. Our customers and owners, along with the bank's own employees, are our most important stakeholders. One strength of the mutual ownership model is that the customers and owners are the same. So, the needs of our owners and customers are always at the heart of our strategy and priorities. There are also other stakeholders we strive to have a good relationship with.

The bank talked to three municipalities and one county municipality, two representatives from our owner KLP, a couple of members from the board and two existing investors, DNB and KLP. Overall, the stakeholders have also considered the bank's most material areas as important and where the bank can have a major impact. The stakeholders views have been valuable input to the bank's double materiality analysis and in the work with target setting.