

KLP AND SOCIETY

REPORT 2006

ABOUT THE REPORT

KLP is a member of Global Compact, a UN-initiated network mobilising business and organisations for a sustainable world. The aim of this report is to reflect how KLP has fulfilled its commitments in regard to its internal guidelines and Global Compact in 2006.

KLP reports in accordance with the triple bottom line concept, which involves a balance between economic, environmental and social considerations. The report is structured according to this concept and the reporting aims to give an account of KLP's economic, social and environmental impact.

It provides an introductory overview of the overall structures and strategies involved in the Company's work on corporate social responsibility before presenting targets and results along the triple bottom line. In addition there are articles showing how the Company has put its work on corporate social responsibility into practice during the year. The report covers the 2006 accounting year and it is inspired by the global reporting standard Global Reporting Initiative (GRI).

KLP's Corporate Social Responsibility Report is a tool for sound and long-term decision-making. The report is not a goal in itself but it works as a dynamic tool aimed to move KLP one step further.

For further information about the GRI reporting standard, see www.globalreporting.org

Current information about our work in the corporate social responsibility area is presented at www.klp.no/csr

ABOUT KLP

Kommunal Landspensjonskasse (KLP) is one of Norway's largest life insurance companies. The company supplies services and products to municipalities, health enterprises and companies associated with the public sector. The largest product area is public sector occupational pensions but the Group also offers corporate defined benefit pensions and defined contribution pensions. In addition KLP offers group life and non-life insurance, loans, fund and asset management. The company has offices in Oslo and Bergen. KLP Property Investment AS also has offices in Trondheim and Copenhagen. In 2006 a new company was formed - KLP Pension Insurance AS - which directs its activities at the business market.

The Group also comprises the subsidiaries KLP Non-Life Insurance AS, KLP Property Investment AS, KLP Mutual Fund Company AS, KLP Asset Management ASA and KLP Life Insurance Consultancy AS. The number of employees increased by almost 10 per cent to 555 individuals at the end of 2006.

Vision and values

KLP's vision: "The best partner for days to come" is the guiding strand for the Company's dialogue with its customers.

The dialogue between the Company and its customers should be characterised by KLP's values: open, clear, responsible, and committed.

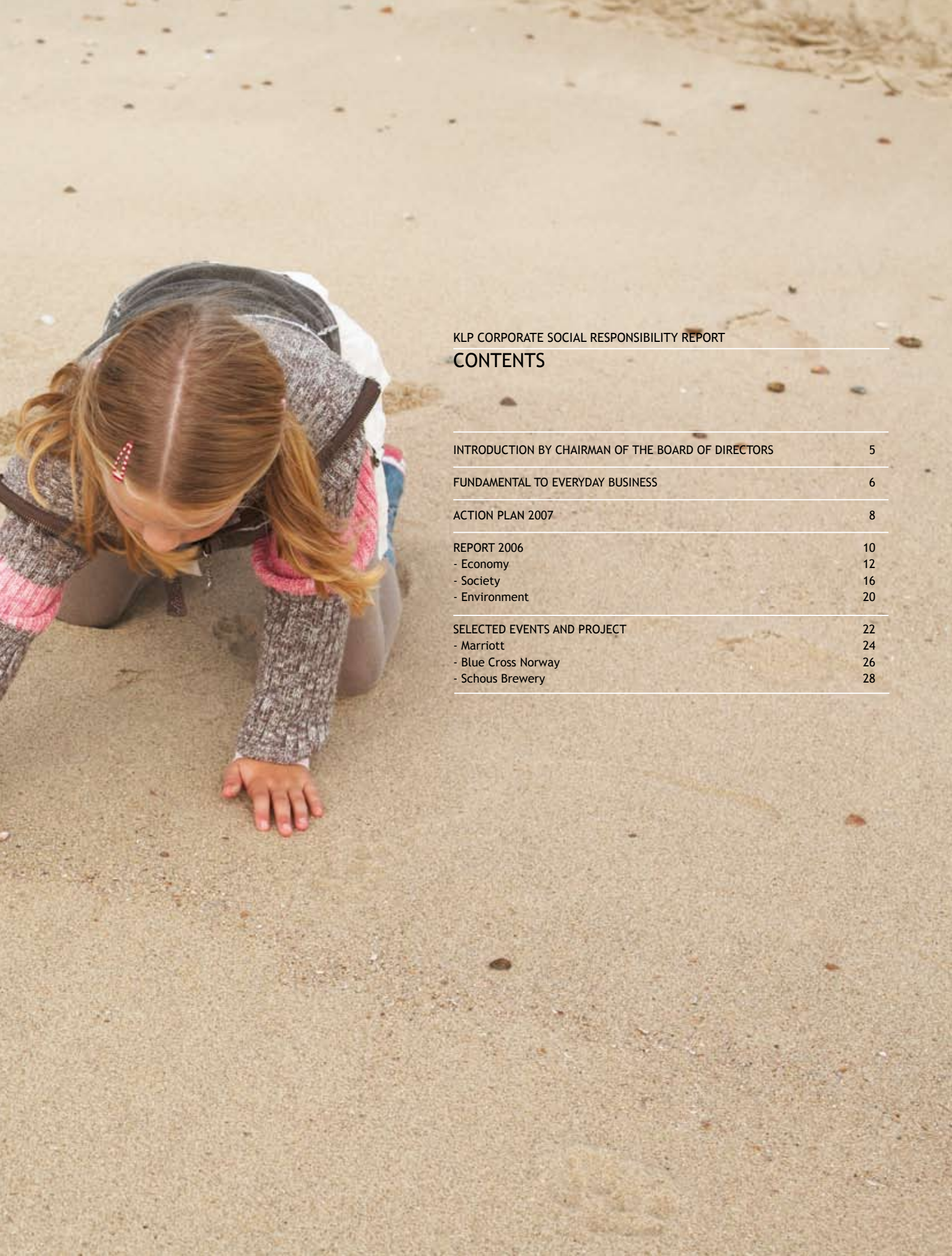
Customer structure 2006

At the end of 2006, 337 municipalities and county municipalities had their staff pension schemes with KLP. The same applies to 31 of a total of 32 state health enterprises, as well as about 2300 companies in the public sector. In addition, hospital doctors have their own pension scheme with KLP. KLP also runs the statutory pension scheme for nurses.

Total assets 2006

KLP's total assets amounted to NOK 176.2 billion at the end of the year. This represents a growth of 12.5 per cent over the year.





KLP CORPORATE SOCIAL RESPONSIBILITY REPORT

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INTRODUCTION BY CHAIRMAN OF THE BOARD OF DIRECTORS

SOCIALLY RESPONSIBLE BEHAVIOUR

KLP has a customer relationship with the majority of Norway's municipalities, county municipalities, health enterprises and more than 2000 businesses associated with the public sector. One in eight Norwegians today has pension entitlements with us. Our customers should be able to rely on KLP managing pension assets and insurance schemes cost-effectively and profitably. At the same time the Board of Directors of KLP has decided that the pension funds KLP manages should be subject to ethical guidelines.

Managing pension assets well is a key aspect of our business and we have continued our commitment in relation to the UN initiative, Global Compact. In the same way as we lay down requirements for the businesses in which we invest money, it is also important that we impose clear requirements on ourselves. During 2006 a comprehensive strategy for corporate social responsibility (CSR) was developed for the whole KLP Group. The strategy is described in more detail on Page 7 of this report. The principal purpose is to ensure that in our daily business we behave in a way that accords with the principles we have laid down and with society's expectations.

KLP decided, as the first Norwegian insurance and financial institution, that ethical rules should apply to all types of financial investments. Our socially responsible investment strategy has been in operation since 2001. At KLP we know that "money talks" - when we make ethical choices in our investment decisions, this affects the behaviour of the companies. In 2007 we can celebrate the fifth birthday of the "KLP list". This is a list showing which companies have been excluded from our investment portfolios and why they are excluded. Publication of the list is a part of

demonstrating openness about our decisions which in turn strengthens our influence.

It is important to note that in 2006 we have "brought in from the cold" companies that have been excluded from KLP's investments for a while. With total assets of over 170 billion NOK, it creates a degree of attention when KLP takes the step of excluding a multinational company from its investment universe. We find it works. For example the Marriott hotel chain, following substantial investor pressure including from KLP, established a policy to combat child prostitution at its hotels.

Transparency and openness is an important value in KLP. But we should also be open about where we stand ourselves. This is the second time we have published a corporate social responsibility report. Our aim is to approach the international standard for sustainability reporting, "Global Reporting Initiative" (GRI). We have succeeded in taking one step on the way, but we have some way to go before we can present a comprehensive GRI report. There are still many areas where we do not manage to meet our own expectations. However we believe it is important to communicate where we stand today - even if we are not perfect.

We wish you well in reading KLP's Corporate Social Responsibility Report for 2006 and hope those of you wishing to know more about KLP and our work in making the world a slightly better place will find it useful.

Siri Austeng
Chairman of the Board of Directors

FUNDAMENTAL TO EVERYDAY BUSINESS

The substantial size of the KLP Group and more than 170 billion NOK in investment capital give KLP a major responsibility and opportunity to influence the development of society. Being a responsible investor involves KLP using a set of tools to influence companies in a positive way. KLP has adopted a policy that involves the company acting in a socially responsible manner.

It is in our everyday business that KLP must demonstrate responsibility and prove its ability to think holistically and long term. As one of the largest suppliers to the municipal sector, KLP has a special responsibility to demonstrate care and commitment.

KLP has adopted principles for exercising its ownership role in the 2000 or so companies in which KLP has invested. KLP is to meet its obligations in respect of Global Compact, which is based on 10 fundamental principles for good corporate citizenship. KLP's policy for corporate governance basically is to support initiatives that make companies aware of their responsibilities in relation to human rights, labour rights, the environment, and anticorruption measures. During 2007 we shall continue to work on how best we can use our co-determination rights and ownership position to influence companies. We believe that looking at the business from a long-term and holistic perspective will secure added value in these companies over time, and will therefore be the best strategy for the owners.

During 2006 senior management has worked on developing

Global Compact's 10 principles

HUMAN RIGHTS

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: The UN Global Compact



a comprehensive corporate social responsibility strategy for the Group. Several stakeholder groups have been involved in the work on formulating the strategy. The overarching objectives of the company's work on corporate social responsibility have been developed and finalised.

KLP is to contribute to sustainable social development through acting in a socially responsible way

- Socially responsible behaviour means that all parts of KLP's activity are to reflect a high standard in human rights, working environment, the environment, and business ethics
- Social development means development at a local, national and global level
- Concrete targets and measures are to be closely linked to KLP's activity and to be developed through a close dialogue with our stakeholders

ACTION PLAN 2007


KLP is on the move - during the year the Company has carried out important activities aimed at making a positive contribution to society and to society's stakeholders. The majority of activities will be continued into 2007 aiming for implementation in the course of the year. In the table below we have chosen to present the main points from the action plan that is an extension of the company's strategy for corporate social responsibility. Individual activities are further described in the report part.

	Targets 2007	Status at the end of 2006
Policy and guidelines	Corporate social responsibility is to be integrated into KLP's management systems and to be measured in the same way as other strategic principles.	The work has begun. The next milestone is in March 2007.
	Develop a comprehensive procurement policy for the Group incorporating clear requirements and standards for procurement processes associated with employee conditions, health and security, the environment and business ethics.	The work has not begun.
FINANCE		
Socially responsible investment	KLP Asset Management is to implement a Board-approved SRI policy by establishing and integrating ESG factors (Environmental, Social and Governance) in company analyses.	The work has begun.
	Initiate voting at Annual General Meetings in selected markets.	No formal voting initiated.
	KLP Asset Management is to sign the UN's Principles for Responsible Investments.	The work has begun.
	Continued participation in the Carbon Disclosure Project. This is a collaboration between institutional investors to challenge the world's largest companies on their climate strategies.	KLP Asset Management was one of 225 institutional investors who sent a challenge to 2180 international companies in regard to their climate strategies.
	Take a view on whether KLP Asset Management should be the main sponsor for the Carbon Disclosure Project in Norway.	The decision has not been taken.
Ethics	Complete the revision of the Company's ethical guidelines. This covers updating, realisation and extension of existing guidelines associated with good business ethics and ethical behaviour rules.	The revision of the Company's ethical guidelines has begun. The first revised version goes to the Board in January 2007.
	Launch revised ethical guidelines for employees and establish knowledge, understanding and commitment around ethical dilemmas.	The work has not begun.

Targets 2007		Status at the end of 2006
SOCIETY		
Customers	KLP is to provide its customers with socially useful competency in areas such as damage prevention, consultancy in health, environment and safety projects, as well as making the Company's pension expertise available to existing and new stakeholder groups.	Projects have been carried out on damage prevention, health, environment and safety, and a new service has been launched that improves the accessibility of information on the members' pension accumulation.
	Strengthen KLP's "Better Safe than Sorry" concept, i.e. our work on damage prevention, with increased focus on personal injury, health, the environment and safety as well as risk management with a climate perspective.	The "Better Safe than Sorry" work has been continued with concrete activities.
Sponsorship agreements and support	KLP is further to develop sponsorship agreements and charitable support based on an evaluation of the social utility potential.	KLP has provided certain organisations with financial support. An overall assessment has not been carried out.
	Further develop and profile collaboration with Blue Cross Norway for KLP's employees and the company's other stakeholders.	KLP has provided financial and practical support to the Company's main sponsored organisation, Blue Cross Norway.
Employees	Realise the targets in the equal opportunities plan and develop specific measures to achieve these targets.	The plan for equal opportunities targets has been adopted.
	The boards of directors in the KLP Group are to comprise a minimum of 40 per cent of each gender.	The composition of boards of directors is in accordance with the target in five of the seven companies.
THE ENVIRONMENT		
KLP and the external environment	Implement an environmental policy with a starting point in KLP's environmental impact. Establishment of the Company's environmental targets.	A draft environmental policy for KLP Non-Life Insurance is being prepared.
	Increase awareness about our own CO2 emissions. Possible off-setting measures for our own CO2 emissions are to be the subject of discussions aimed at arriving at suitable measures.	For the first time KLP has carried out an analysis of how its employees' travel activity has contributed to CO2 emissions.
	Reduce energy consumption in Company-managed properties.	KLP has reduced its energy consumption in Trondheim. In Oslo energy consumption has not been reduced.
	Increase the proportion of district heating in Company-managed properties.	The target has not been achieved.
	Increase the proportion of source-sorted waste in shopping centres in Oslo.	KLP has made progress: the proportion of source-sorted waste has increased.
In-house environmental improvements	Start using an energy monitoring system for better monitoring and control of in-house energy consumption and waste management.	KLP Property Investment has developed an energy monitoring system that will be put into operation in January 2007.

REPORT FOR 2006





In keeping with the idea of reporting on the “triple bottom line” KLP has chosen to report results for 2006 in the areas *economy, society* and the *environment*.

In what follows, KLP aims to give the reader an insight into prioritisation and measures taken during 2006 in regard to external stakeholders and into how the company is run internally.

The purpose is to contribute to increased transparency about the Company’s strategy and target achievement, as well as to allow dialogue with the world around us.



ECONOMY

At any one time KLP will hold investments in more than 1700 companies globally. KLP wants to influence these companies towards a long-term and sustainable way of thinking.

Perhaps at KLP our greatest influence on the world around us results from how our total assets of more than 176 billion NOK are invested. If KLP invests in companies that violate human rights, environmental conventions, labour rights, that use child labour or produce illegal weapons, KLP will be contributing indirectly to this type of activity. This does not correspond to KLP's fundamental values and the Company therefore has clear guidelines for its investments. At the same time increased attention is also paid to guidelines for corporate governance and measures to counter corruption.

SOCIALLY RESPONSIBLE INVESTMENTS - KLP LETS THE MONEY TALK

KLP started 2006 with a revised strategy for socially responsible investments. The following tools are now available for asset management:

- a) Filtering of the portfolio through the principles of Global Compact
- b) Active ownership
- c) Investments in socially responsible businesses

Filtering of the portfolio is basically continuing as before. The exclusion criteria are first and foremost linked to gross or systematic violations of international norms, formulated through the Global Compact principles, UN treaties and the OECD regulations. In addition tobacco producers

and producers of weapons that first and foremost impact on civilians are excluded. Such weapons are for example nuclear weapons and cluster bombs. During 2006 four new companies were excluded from the portfolios, whilst 10 companies readmitted having met the requirements for re-inclusion.

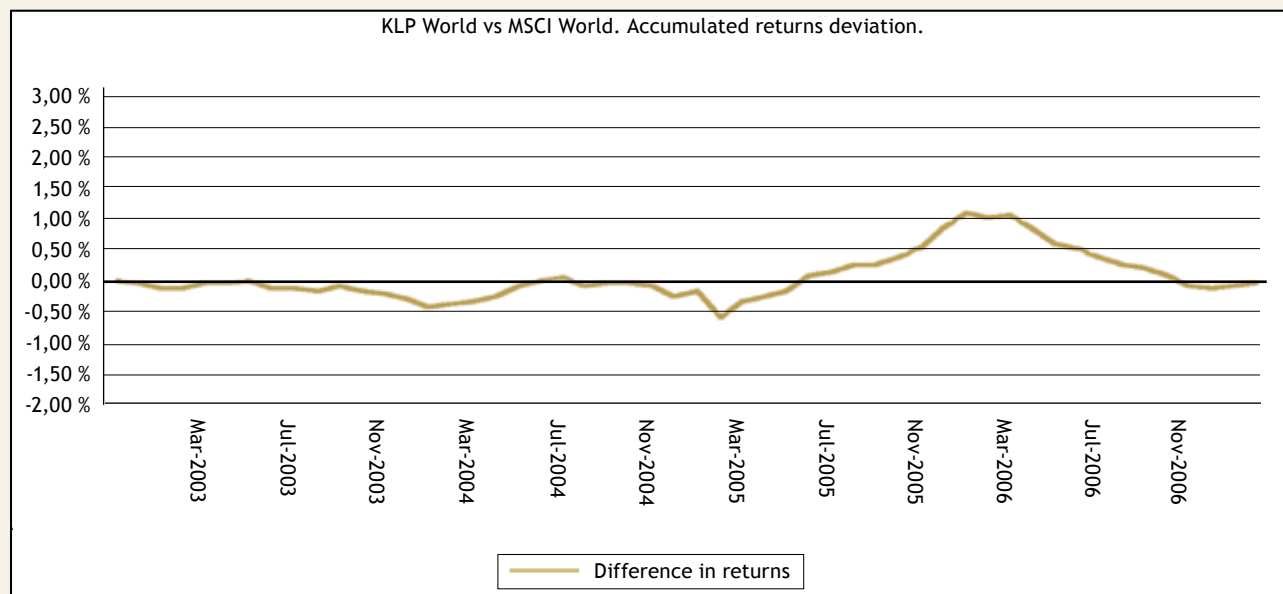
The aim is not to exclude as many as possible - on the contrary. At any one time KLP will hold investments in more than 1700 companies globally. KLP wants to influence these companies towards a long-term and sustainable way of thinking. Active ownership means to use formal and informal channels to influence companies. During 2006 KLP, in cooperation with other investors, has been working on setting up a system for being able to vote at annual general meetings, including those of foreign companies. However the target of being able to vote during 2006 was not achieved.

The last tool is linked to direct investments in socially responsible businesses. In this area the strategy has not yet been implemented. A first step is to collect more information on companies' corporate social responsibility profiles and how these may affect their long-term wealth creation.

It is a supreme goal that accumulated yields, after exclusions, should over time be neutral in relation to the MSCI World benchmark. At the end of 2006, the KLP index was at -0.12 per cent since start-up in November 2002.

ECONOMY

Accumulated returns deviation due to the ethical filtering



KLP Kapitalforvaltning is participating in the Carbon Disclosure Project (CDP). This project started back in 2002 by challenging the world's largest companies in regard to their climate strategies. The challenge was signed by 35

institutional investors. In 2006, 225 institutional investors, including KLP, supported the challenge, which was sent to 2180 companies.

KLP's list of companies excluded at the end of 2006

NORM-BASED EXCLUSION	Reason for exclusion		
BHP BILLITON	Labour rights	PETROCHINA**	Environment
BRIDGESTONE CORP.	Child labour	SHIN CORP PCL**	Labour rights
CHEVRON (prev. CHEVRONTEXACO)	Human rights	WEAPON MANUFACTURERS	Reason for exclusion
DUKE ENERGY	Environment	ALLIANT TECHSYSTEMS INC.	Cluster bombs
EXXON MOBIL	Corruption	EADS CO	Cluster bombs
FREEMPORT MCMORAN	Environment	GENERAL DYNAMICS CORPORATION	Cluster bombs
HALLIBURTON	Corruption	LOCKHEED MARTIN CORP.	Cluster bombs
L3 COMMUNICATIONS*	Human rights	RAYTHEON CO	Cluster bombs
MARATHON OIL	Corruption	POONGSAN CORP**	Cluster bombs
SINGAPORE TECHNOLOGIES	Landmines	UNITED TECHNOLOGIES	Nuclear weapons
THALES*	Corruption	BOEING	Nuclear weapons
TOYOTA MOTORS	Labour rights	HONEYWELL INT.	Nuclear weapons
WAL-MART	Labour rights	NORTHROP	Nuclear weapons
YAHOO!	Human rights	BAE SYSTEMS	Nuclear weapons
ANVIL MINING**	Human rights	FINMECCANICA	Nuclear weapons
AWB**	Corruption	SAFRAN	Nuclear weapons
HESS (Prev. Amarada Hess)**	Corruption		

ECONOMY

TOBACCO MANUFACTURERS	Reason for exclusion
ALTADIS SA	Tobacco
ALTRIA GROUP INC	Tobacco
BRIT AMER TOBACCO	Tobacco
GALLAHER GROUP	Tobacco
IMPERIAL TOBACCO	Tobacco
JAPAN TOBACCO INC	Tobacco
SWEDISH MATCH	Tobacco
RICHEMONT	Tobacco

* Also excluded because of arms production

** Excluded, but not included in the KLP index

Re-included companies

During 2006 10 companies, which had for various reasons being excluded, were re-included in KLP's investment portfolio. Partly because of pressure from investors these companies have corrected blameworthy matters and demonstrated positive developments. These companies are: Marriott, Occidental Petroleum, Repsol, Sasol, Kerr McGee, Pioneer Natural Resources, BASF, Du Pont, Encana and Hyundai Motors Co.

INTERNAL ECONOMIC RESPONSIBILITY

KLP is not just responsible for how the Company invests and manages customers' capital, but also has a responsibility for how the Company is run internally, and for how our own employees act on behalf of the company. Therefore during last year KLP was working on corporate governance principles and ethical guidelines.

Corporate governance

The Board of Directors has been considering corporate governance principles. It has been resolved that KLP is to comply with the Norwegian Code of Practice for Corporate Governance - inasmuch as these are relevant for a mutual company.

Revision of our ethical guidelines

Major attention to ethical issues in the public sector has resulted in KLP, as one of the largest suppliers to the sector, carrying out a revision of its ethical guidelines. The work was commenced in 2006 and will be presented to the Board of Directors during the first half of 2007. The aim of the guidelines is to increase awareness of ethical matters, which in turn should help our employees to act in a considered and proper way in particular situations. Customers and collaborators should be confident that KLP is not contributing to creating situations that are perceived as difficult or where conflicts of interest arise.

KLP had no known instances of corruption during the past year.



SOCIETY

In 2006 KLP collaborated with 125 customers all of whom have a common goal to create an improved working environment and a healthier working life.

KLP impacts on its surrounding communities, not just in a purely business-related sense. KLP wants to have an open and conscious relationship with its stakeholders and has therefore identified prioritised stakeholder groups: customers, employee and employer organisations, public authorities and employees. In addition to the services KLP provides, KLP wishes to be a positive contributor in relation to these groups. During 2006 KLP had various activities directed at stakeholders with the main emphasis on contributions to the development of municipal services, transfer of health, environment and safety competency, collaboration with Blue Cross Norway and measures aimed at KLP employees.

CUSTOMERS

It is important for KLP to make its expertise available to the Company's customers. KLP has therefore stimulated and supported projects that are carried out under the aegis of the Company's customers. The aim is to contribute with expertise within areas that are considered relevant and useful. Selected activities are described in the sections below.

Contributions to the development of municipal services

KLP Non-Life Insurance has participated in several projects in collaboration with its customers. The aim is to contribute to a general raising of competency that should result in good and efficient insurance solutions. KLP Non-Life Insurance has run courses in relevant areas and provided financial support to customer-run initiatives. KLP Non-Life Insurance has distributed the "Better Safe than Sorry" magazine with information on prevention of personal injury and damage to property. The financial support for projects carried out during 2006 amounted to about 2.5 million NOK.

Transfer of health, environment and safety competency

KLP has continued support to employers in municipalities, health enterprises and businesses in connection with the implementation of a range of health, security and environment activities directed at staff. In 2006 KLP collaborated with 125 customers all of whom have a common goal to create an improved working environment and a safer working life.

The objective has been to contribute with advice and expertise that can prevent people being forced out of working life and to contribute to retention of more employees in work. By putting the spotlight on the costs associated with sickness absence, invalidity and premature retirement it has been possible to highlight the benefit of an inclusive working life both for the individual employee, the company and society.

KLP awards a working environment prize every year, which helps to raise the profile of good preventive projects and measures. As from 2006 the prize has been divided in three and is awarded to a health enterprise, a municipality and a company that have created good working environments and increased security for their staff. The winners receive a prize in the amount of NOK 100,000.

Improved overview of personal pension accumulation

More than 500,000 people have pension entitlements with KLP. As part of the strengthening of the Company's offerings to members entitled to public sector occupational pensions from KLP, the new Internet service "Min Side Pensjon" (My Pension Page) was launched. The service was developed during autumn 2006 as a response to feedback

SOCIETY

from individual members who can now monitor their pension entitlements on the Internet

The service provides an overview of:

- Pension accumulation
- Calculation of future pension
- Relevant information on pensions

Employers, i.e. the policyholders, will also find "Min Side Pensjon" useful. Here they can at any time find correct information on pension entitlements on an individual and general basis. Furthermore the service will raise the profile of the company's pension benefits for its employees.

INDUSTRY POLICY

KLP collaborates closely with occupational stakeholder organisations, with competency organisations in several professional fields and with different official bodies associated with the Company's activities. Within its core activities KLP contributes to the development of regulatory frameworks and knowledge. During 2006 the Company participated in various working groups associated with the Banking Law Commission - for example in non-life insurance, life insurance, financial legislation generally, as well as insurance broking (NOU 2007:01 on broker commissions).

KLP representatives are on expert groups providing comment on the new National Insurance Model, both regarding retirement pension and the disability issue. In this work KLP places emphasis on developing good regulatory frameworks and arrangements for society, customers and the industry.

The Company's Industry Policy Section has published separate analyses within the pensions area. These are also used by the authorities and the social partners as a factual basis.

SPONSORSHIP AGREEMENTS AND SUPPORT

KLP has continued its support to Blue Cross Norway and the organisation's nationwide work on alcohol and drug abuse prevention. In addition individual support has been granted to selected organisations.

Blue Cross Norway - preventive work aimed at tomorrow's employees

KLP has continued its support to Blue Cross Norway because it is one of several contributions to the prevention of alcohol and drug abuse, mental problems and general sickness absence in society. Through its advisory health, environment and safety work, KLP has adopted an active attitude towards preventive work that can stop people being excluded from working life. This area is touched by the problems of drug abuse and KLP considers it an asset to have access to Blue Cross Norway's expertise in the area.

Since 2004 KLP has been the main sponsor for the project "Aware parents - a good start" (previously "Children in the Danger Zone"). The project is an alcohol and drug prevention programme aimed at helping to build a safer environment for children and youngsters to grow up in. KLP sees the importance of children and youngsters establishing sound attitudes to alcohol and other intoxicants at an early stage. These are attitudes that provide a good foundation when tomorrow's employees start their working life. With KLP's financial support it has been possible for Blue Cross Norway to increase its permanent staff associated with the project from one to two people.

In summer 2006 a new holiday opportunity was established: "On holiday with Dad", with the help of support from KLP. The idea is to be a positive impulse for children and adults living in homes where the use of alcohol and other intoxicants is a strain.

Christmas presents with meaning

Instead of giving a traditional Christmas present to business contacts KLP decided to give a corresponding sum to the nationwide children's unit of Rikshospitalet-Radiumhospitalet (the Norwegian National Hospital/Radium Hospital group). In concrete terms KLP's financial support went to the procurement of laptop PCs and DVD players, play-and-learn games and toys. The hope is to brighten up everyday life for children undergoing treatment - often far from everything they know and love. KLP's employees have chosen to pass on their Christmas present from KLP to Save the Children.

SOCIETY

EMPLOYEES

During 2006 systematic work has been carried out on measures to bring KLP towards meeting its vision to be the best partner for days to come. In reality this means the development of management competency and management tools. All managers have been through the VEKST management programme based on behavioural values where the key aim is to develop common management practices in the Group. In addition a new tool has been developed and implemented for monitoring and developing employees - PLUS - as well as a new way of measuring values - the value capital index - which measures compliance with the values of the organisation. These parameters form part of KLP's balanced scorecard management together with a human capital index that measures the level of commitment in the organisation.

Employees and managers should carry out two development interviews a year. A development plan is to be prepared for the employee and once there is an approved development plan there is mutual responsibility for implementation of the plan. In addition courses and seminars are arranged for employees and managers.

Facts about KLP's organisation

Number of staff as at 31.12.2006

	Permanent employees	Temporary	Total
KLP Property Investment	72	2	74
KLP Mutual Fund Company	3	0	3
KLP Non-Life Insurance	76	1	77
KLP Asset Management	70	3	73
KLP Pension Insurance	5	0	5
KLP Life Insurance Consultancy	1	0	1
Parent company	328	11	39
Total	555	17	572

- There are as many women as men employed in the KLP Group (284/282 respectively)
- At the management level the distribution is 69 % men and 31 % women.
- Average age: Women: 41 and men: 42
- The workforce in the Group is stable with a turnover of 6.3 per cent for 2006 (2005: 5.5 per cent)
- There were almost as many men as women who left (17 and 16 respectively)

In the first instance all employees are covered by the collective wage agreement between the Finance Sector Union of Norway (Finansforbundet) and the Norwegian Employers' Association for the Financial Services Sector. (Finansnæringens Arbeidsgiverforening). At KLP about 50% of employees belong to the Finance Sector Union of Norway.

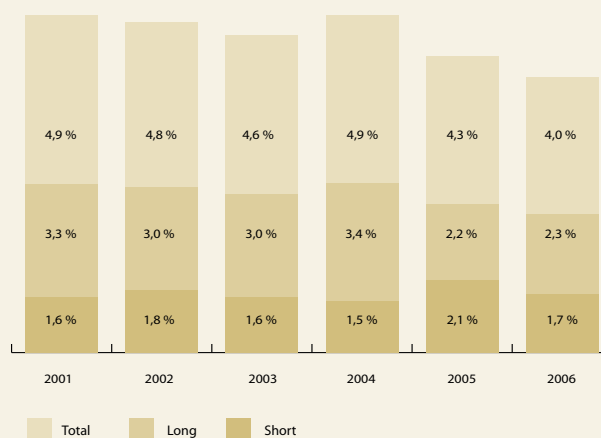
The staff participate in health, environment and safety work through the safety delegate scheme. Local and central Cooperative Committees have health, environment and safety work on the agenda. The Cooperative Committees, centrally and at a company level, comprise management, elected representatives and the safety delegate. The Cooperative Committees hold four meetings a year.

Equal opportunities

KLP is committed to equality and equal opportunities. This is monitored through an equal opportunities policy with targets in several areas.

KLP has made good progress in regard to "equal pay for equal work". It has proved difficult to achieve the same progress in representation of the genders amongst managers. The composition of boards of directors in the Group and in the subsidiaries is in accordance with the target, with the exceptions of KLP Mutual Fund Company and KLP Property Investment.

Sickness absence:



During 2006 sickness absence showed a reduction of 7% compared with sickness absence in 2005. KLP has registered a reduction in total sickness absence of 18.3 per cent after the introduction in 2001 of the Agreement on an Inclusive Working Life.

ENVIRONMENT

The development of an energy monitoring system is an important step in strengthening KLP's commitment to energy management and environmentally correct waste handling.

KLP AND THE ENVIRONMENT

KLP is an office-based business. However this does not mean that the Company does not affect the external environment. KLP affects the environment indirectly through its investments in other companies. The section on ethical investments covers this aspect. KLP also affects the environment directly through its property operations and through transport, waste and energy and materials consumption in its own office premises.

Increased awareness of our own CO2 emissions

For the first time KLP has carried out an analysis of how the Company's travel activity contributes to CO2 emissions. During 2006 Company employees made a total of 3551 flights. In total KLP's employees flew more than

2,000,000 kms. The CO2 emission to the atmosphere on these trips is estimated at 282 tonnes.

Consumption trends in Company-managed properties

KLP Property Investment is one of the country's largest property companies with about 1.1 million square metres leased for purposes such as education, offices, hotels, shopping centres and housing. KLP invests in, develops and manages property in the Oslo region, in Trondheim, Stavanger and Copenhagen.

Overview of results and targets

To increase awareness of environmental and social responsibility and to illustrate the challenges, KLP Property Investment has set specific targets:

Parameter	Selection	Measurem. unit	Result 2005	Result 2006	Target 2010
Electricity consumption Oslo	Consumption in Company-managed properties	kwh/m ² gfa	97	104	90
Electricity consumption Trondheim	Total consumption in Company-managed properties	kwh/m ² gfa	267	235	210
Proportion district heating	All Company-managed properties	% of m2 gfa	48 %	45 %	52%
Source-sorting	Shopping centres in Oslo	% sorted	40 %	41.3 %	50%

Comment on the results: Changes in the property portfolio affect the supply figures considerably. In the longer term the reporting must show improvements under comparable conditions.



IN-HOUSE ENVIRONMENTAL IMPROVEMENTS

KLP is going to make obligatory requirements on its own environmental performance throughout its organisation. The environmental impact primarily comprises the use of transport, energy and office equipment as well as the waste that is generated.

Work on improving the environment should be seen in the context of the Company's health, environment and safety work. Procedures for environmental work are to be incorporated into our internal controls for health, environment and safety. Measures carried out in the course of the year are described in the sections below.

Improved monitoring of energy consumption and waste handling

KLP Property Investment has developed an energy monitoring system for improved management of their energy consumption. From 1 January 2007 consumption data on electricity, district heating and water consumption can be recorded. In addition results are recorded for waste deliveries broken down between different collection points. The development of an energy monitoring system is an important step in strengthening KLP's commitment to energy management and environmentally friendly waste handling.

KLP's properties mainly use district heating or electricity for heating. Where possible we are converting from oil-based heating boilers to district heating.

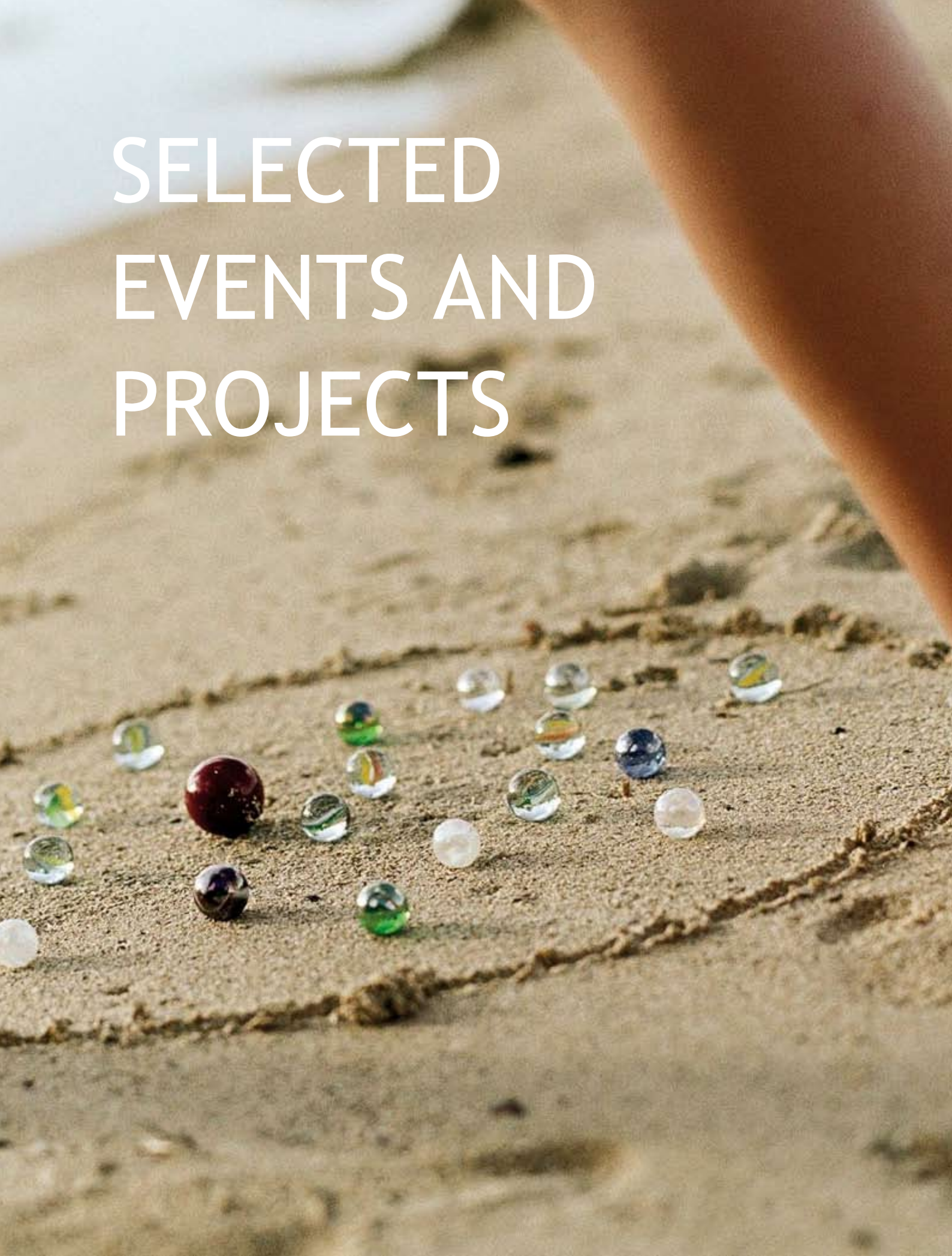
Waste recycling

In its own operations KLP has had an active approach to the recycling of paper and other recyclable products for a long time. Currently paper, cardboard, glass, plastic and electrical waste is recycled. For recycling paper, the total target set for 2006 was achieved. For other products, measurement methods are not well enough developed to establish concrete targets.

Return and sorting of waste

The company has a collection system and return scheme for toner cartridges and fluorescent tubes. Office and consumable material is treated as special waste and obsolete electrical material is sorted and destroyed in the approved way. Furniture to be disposed of is given away to employees, institutions or voluntary associations. Used PC equipment and printers with re-use value are made operable and given away to schools. This is done in cooperation with the Norwegian Ministry of Education and Research.

SELECTED EVENTS AND PROJECTS

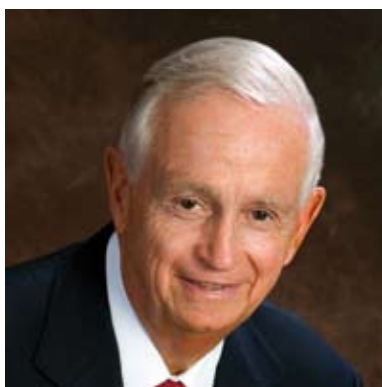




To show how during 2006 KLP worked with the triple bottom line economy, society and environment, we are presenting here three articles on initiatives that, each in their own way, have made a positive contribution to the society of which we are part. We find we can make a "difference".

MARRIOTT SHOWS RESPECT FOR KLP'S VALUES

KLP decided to take the Marriott International hotel chain back into its investment portfolio after the company had been excluded in 2002. It shows that long-term pressure from investors creates positive results.



J.W. "Bill" Marriott Jr., Chairman of the Board of Directors and Managing Director.

TEXT: Signy Svendsen

PHOTOGRAPH: Marriott International

KLP excludes companies that can be linked to violations of human rights, labour rights, international environmental conventions and arms conventions, as well as corruption. In addition tobacco manufacturers are excluded as well as manufacturers of weapons considered to be in violation of fundamental humanitarian principles in normal use.

Listened to advice

In the case of the Marriott hotel chain, it was reports of years of sexual exploitation of children at one of its hotels in Costa Rica that was the trigger for KLP deciding to exclude the company from its investment portfolio in 2002. One of the chain's employees was found guilty of these matters in Costa Rica's Supreme Court in 2002.

"Violation of the UN Convention on the Rights of the Child is grounds for exclusion from KLP's investment lists," says Cornelia Moseid, KLP's ethics and social responsibility adviser.

"For a long time there was no response to our enquiries from the chain. But before the annual general meeting in 2006 a group of Nordic investors prepared a resolution raising the issue. This was sufficiently uncomfortable for Marriott's management that it encouraged action. At about the same time KLP was offered ownership of the sites of Marriott hotels in Sweden. We responded that this was out of the question as long as the matter had not been resolved. Just afterwards we were contacted by Marriott's management who wanted information on what would be necessary to be allowed to rejoin good society," relates Moseid.

Turned

The management of Marriott have now taken serious steps to overcome and prevent child prostitution at the chain's hotels. From having turned a deaf ear to the whole question, Marriott has come round and now wishes to be one of the best hotel chains in combating child prostitution.

In response to an e-mail to Marriott's management about how the company found the pressure against it, the Chairman of the Board of Directors and Managing Director of Marriott International, J.W. "Bill" Marriott, Jr., answered as follows: "We respect value-driven organizations and the informed decisions they make to adhere to their principles. After all, that's how we have operated our business since it began 80 years ago. I believe that staying true to Marriott's core values, which includes being an engaged, socially responsible company, has been a key reason why people want to work for us, stay with us, and partner and invest with us".

He believes the company's presence has had positive effects on the local community and believes that the human rights issue has been key in the company:

"Marriott has a long history of providing a better way of life in communities where we operate, and because of it, we have been able to help address critical community needs and strengthen our "spirit to serve" culture. We have 'given voice' to human rights issues, like the exploitation of children, at several

forums in 2006 including the World Travel and Tourism Conference, the Foreign Policy Association and the United Nations World Tourism Organization. We amended our Human Rights Policy this year and strengthened our involvement with poverty alleviation and youth employability programs that help provide a positive solution for these issues."

Positive changes

Following the reactions from the

Nordic market Marriott has prepared a human rights policy. This was adopted by the Board of Directors in 2006 and particularly addresses exploitation of children. The company has established a training programme for employees that includes procedures for how employees are to report events that conflict with the company's policy. "Even though it takes time, this case shows that long-term investor pressure works," stresses Cornelia Moseid.



PHOTOGRAPH: SCANPIX

ON HOLIDAY WITH DAD - AND KLP

Not every child is lucky enough to be going on holiday with his or her parents. And if a holiday materializes, memories of it are not always good. "On holiday with Dad" is one of the holiday schemes for children around the country run by Blue Cross Norway.



Vidar Solsvik, Marketing director
Blue Cross Norway

TEXT: Signy Svendsen
PHOTOGRAPH: Jan Lillehamre

Blue Cross Norway holidays are for families who live with alcohol and drug problems. About a hundred children a year can enjoy a week together with other children with similar problems and know that they are in a safe environment. The adults have people to talk with and are provided with the opportunity of further help.

"Ever since the 1960s we have arranged holidays for mothers and children. Then it was the father that drank and the mother and children needed to get away and enjoy life and each other for a while. We have now widened the scheme. Both because in some families it is the mother that drinks, and the father and children need to get away together - or because the father has or has had alcohol or drug problems,"

explains Vidar Solsvik, Blue Cross Norway Marketing Director.

"We are incredibly pleased with the support KLP has come up with in this particular project. It means that we can expand the scheme and ensure future operation," he adds.

New opportunities

KLP has gone in as a collaborator - the first partner Blue Cross Norway has had.

"It started with a collaboration agreement that covered Blue Cross Norway's prevention work; we developed a positive dialogue and KLP wanted to become involved in our holiday scheme. The challenge for us now is to think through KLP's participation in our projects and come up with proposals about how we can work together," says Solsvik.

Influencing parents

The common denominator in the projects Blue Cross Norway runs is

the problem of drugs and alcohol. According to Solsvik, alcohol is a subject surrounded by taboos - it is too close to home for the majority of people.

"We can always talk about drugs because it's sort of 'nothing to do with me'. Most of us have a relationship with alcohol, and find it difficult when for example we point out that parents under the influence of alcohol can create insecurity in the children.

By supporting our work KLP has demonstrated that the company is taking social responsibility in practice," believes Solsvik.

"We hope that even closer collaboration can contribute to more exchange of experience and mutual understanding of the important work we are doing," he emphasises.



”Our work
can help to
reduce public
expenditure

Vidar Solsvik,
Blue Cross Norway
Marketing Director

GOOD AESTHETICS ARE ALSO GOOD ENVIRONMENTAL WO

When the ventilation plant in the more than 130-year-old Schous Brewery building is to be replaced the focus is on efficiency, saving electricity, and aesthetics.

TEXT: Signy Svendsen

PHOTOGRAPH: Jan Lillehamre

The venerable Schous Brewery lies on the banks of the Aker River and



Jostein Bratten, Operations Director at KLP Property Investment

can relate a great deal about Oslo's history. The building itself has been the subject of changing times. It was built as a brewery in 1873 and was an important employer that contributed to the development of this part of the capital city.

Industry and housing

When the brewery stopped operations in 1981, Bedriftsøkonomisk Institutt (BI - now the Norwegian School of Management) was among those moving in. Today BI has moved to new premises in the previous industrial area of Nydalen, and KLP, which owns the 55,000 square metres Schous site, is getting ready for new tenants and homes. One of these will be the City of Oslo with "Kulturbryggeriet" (The Culture brewery).

"There will be big changes here. Old buildings in poor condition are to be demolished and the old ones will be refurbished," says Jostein Bratten, Operations Director at KLP Property Investment.

Central cooling plant

Dramatic changes to the ventilation system will also come with renova-

tion. The old coolers would have to be phased out in any case because of new environmental requirements, but KLP is taking this opportunity to get ahead of the requirements.

"In general terms we are going to get rid of the local cooling machines that were located in each of the 17 buildings in the area and gather everything in one central cooling plant. This means that the unsightly piping on the outside of the buildings, the dry coolers out on the façades and on the roofs, can be removed. Now everything will go underground and in the walls," explains Bratten.

According to Bratten this will provide for more attractive façades and less noise - something that is necessary in view of the fact that there are going to be 147 homes on the site.

Efficiency

A central cooling plant means a major investment. But Bratten believes that the results will rapidly show in reduced electricity costs.

"Today's pumps are much more efficient," says the Operations Director.

ORK

”A central cooling plant contributes to comfort and improves the environment

Jostein Bratten,
Operations Director
at KLP Investment

For Operating Technician Egil Breiby a central cooling plant will mean a simpler working day. He believes this will lead to energy efficiency through better management than was possible with the plant from 1990.

“I will now be able to sit in the office and control the cooling to all the buildings from a central operating control point,” says Breiby. From the control room in Stensbergsgata in Oslo, KLP Eiendom can monitor all the properties they own. “Of course we still go out physically to our plant, but with the control room we can see where faults have arisen and correct them much more quickly,” Bratten assures us. Another benefit Breiby and Bratten see in introducing a central cooling plant at the Schous site is the opportunity to release site areas.

“We are pleased that with the new solution we can offer our tenants more assured cooling supplies and thus increased comfort at the same time as we’re making a contribution to improving the environment,” says Jostein Bratten.



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