

Together we generate values for the future:

Sustainability report 2008






Table of contents

- 4 Foreword by our CEO
- 6 Values and foundations
- 10 Municipal high-risk sport
- 12 Practicing what they preach
- 14 Leaping off the KLP list
- 16 Competition for the Blue Cross
- 18 **Report 2008**
- 20 Customers
- 24 The environment
- 27 Society
- 32 The workplace
- 36 Plan of Action 2009
- 38 GRI table
- 39 Organisation and management

How?

Our customers have entrusted more than 200 billion Norwegian kroner to us. These funds represent future pensions and compensation payments for public sector employees. By incorporating strategies related to the climate, nature and society in our **management** of these funds, we are making a major contribution to a safer and more predictable future. But we cannot achieve such ambitious goals alone. We rely on close cooperation with customers, owners, the companies in which we invest and numerous other partners to build the foundations for a sound and long-term process of value creation.

A reliable partner

As every good sailor knows, a strong anchor can keep you safe when the storm comes. As a responsible administrator of customer funds in times of financial unrest, and as a shining Eco-Lighthouse in the era of climate change, KLP reaps the benefits of its long-term dedication to value-based management and motivated employees.

KLP has an important role to play for society in general. As administrator of pension funds for more than 550,000 Norwegians, the company must sustain a long-term and universal perspective. After all, 40 or 60 years down the line, we'll still be here, watching the newly qualified nurses and nursery assistants of today enjoying their well-deserved pensions. But who can say what our society will look like by then. The only thing we can be sure of is that things are going to change.

What better proof of how quickly change can happen than the current financial crisis? We have always adopted a precautionary approach, setting aside substantial amounts to form solid buffers to tide us through more difficult times. This strategy has proved extremely important for our customers and owners, and for us as an organisation. If there's one thing customers are looking for when it comes to their pensions, it's predictability. This means being able to rely on agreements and having no unpleasant surprises in the form of unexpected bills or increased costs. KLP is proud to report profits of NOK 374 million in 2008 and the transfer

of NOK 1.9 billion to our customers' premium fund. At KLP, we keep a steady course!

Our precautionary approach also helps us face a number of other challenges. Among these is our work with municipalities, health companies and businesses, helping to reduce damage to property or personnel injuries, both in number and in scope. Our strategy is to help others establish a good working environment. Our efforts are also required to face other global and long-term challenges such as climate change, depletion of natural resources and unacceptable living and working conditions.

At KLP, we take our responsibility as an investor very seriously indeed. We do not want to invest our customers' funds in companies with an unacceptable behaviour. The UN's Global Compact organisation and principles for responsible investment are indispensable tools for KLP in choosing worthy candidates for investment. Since 2002, we have excluded companies from our portfolio which are guilty of breaching international norms for human rights, labour rights, environmental protection and business ethics. Since 2006,

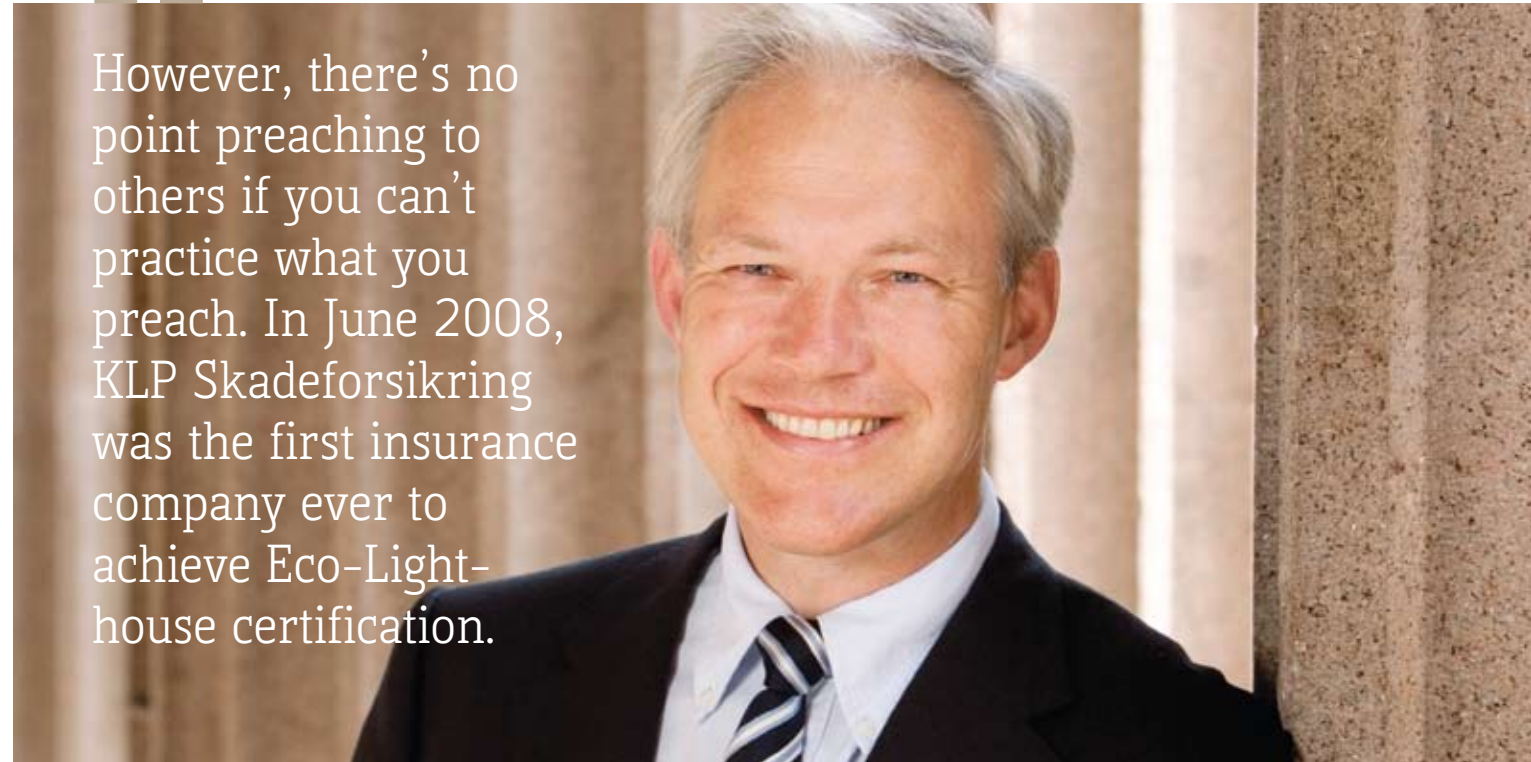
we have also taken on active ownership in a number of companies, allowing us to force through improvements in the areas mentioned above. We are in constant contact with all excluded companies, attempting to encourage them to change their ways. We were delighted to see the result of such contact in 2008, when Sodexo amended its practice to such a degree that we were able to re-introduce the company to our portfolio after only one year of exclusion.

Our policy of active ownership has been expanded to cover new areas in 2008. The project Sustainable Value Creation, has submitted a survey to all the companies on the Oslo Stock Exchange Benchmark Index. This survey uncovered a major development potential among Norwegian companies to improve on their systems for safeguarding environmental, social and ethical issues. KLP is the driving force behind this project, which receives the support of 12 of Norway's largest investors.

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However, there's no point preaching to others if you can't practice what you preach. In June 2008, KLP Skadeforsikring was the first insurance company ever to achieve Eco-Lighthouse certification.



insurance company ever to achieve Eco-Lighthouse certification. We need to examine our own procedures and policies so that we can identify further potential for environmental protection. We need to measure our own environmental performance and encourage and motivate our employees to make environmentally-friendly choices. In the autumn of 2008, KLP began preparing the rest of the group for environmental certification. Our goal now is for the parent company, KLP Kapitalforvaltning and KLP Bedriftspensjon to join our general insurance business as an Eco-Lighthouse by June 2009.

Our employees at KLP put on an impressive performance during the TV appeal in 2008. As we have already mentioned, the money raised by the employees went to the Blue Cross (a partner of KLP for many years) and their projects to help children and young people suffering the affects of drug and alcohol abuse among adults. More than 100 KLP employees took part on a number of projects to raise funds for the appeal. Motivated employees are essential at KLP, and we are always happy to help our employees take part in voluntary work. Last year, 10 of

our employees spent the summer helping out at the Blue Cross summer camps for children and parents – a very rewarding experience.

KLP's main goals are sustained growth and profitability. The best way to achieve these goals is to remain in close contact with our customers, and to develop services which will help them become even better employers and service providers. Last year, we extended our business concept to cover our customers' employees and to provide them with a number of new products. These included our general insurance service for the private market, launched in 2008 towards public sector employees as the main target group. On 29 January 2009, KLP was granted a banking licence. KLP has a long history of providing housing loans – but are now happy to provide customers with a bank deposit service also. The new KLP Banken will play a central role in our development of services for the private market.

Our social responsibility means offering support when needed. As the full impact of the financial crisis became apparent last autumn, we received a number of concerned tele-

phone calls from our customers in the municipal sector, reporting difficulties in procuring loans. As we previously mentioned, we have applied a precautionary approach, setting up buffers for difficult times and are proud to confirm that, in the last year alone, we were able to grant an extra 5 billion kroner in loans to Norwegian municipalities. 2009 is most probably going to be a tough year for a number of municipalities, companies and financial institutions. But at KLP, we have the strength required to face any challenge and we intend to sustain our long-term efforts towards securing future pensions for our customers and supplying reliable insurance products in a socially responsible manner.

CEO
Sverre Thornes

Values and foundations

1:

Vision and values

KLP's vision is to be the best partner for the days to come. Our cooperation with customers and other interested parties shall be signalised by KLP's values: open, clear, responsible and committed. Our value-based management model has strong foundations within the group, and provides the basis upon which to exercise all our activities.

KLP's principal goal is to generate value for the company's customers and owners in a financially sound and socially and environmentally responsible manner.

2:

Management system

KLP employs commercial principles with growth and profitability the main goals. However, the manner in which these goals are achieved is far from immaterial. The group's market-related and financial goals are subject to a system of balanced goal management. In 2008, the CEO has been allocated an individual score card for Social Responsibility, which is part of KLP's balanced goal management.

Audit of Social Responsibility

In 2008, KLP carried out an internal audit on social responsibility. In the main, the report returned positive results, although there was room for improvement in reporting systematics and the ability to realise ambitious goals.

3:

Global Compact

Global Compact is a network initiated by the UN which mobilises businesses and voluntary organisations towards a sustainable world. KLP has been a member of Global Compact since 2002. Membership represents a commitment to live up to the 10 principles, related to human rights, working conditions, the environment and corruption. KLP bases its strategies for social responsibility and responsible investments on these principles.

Global Compact's 10 principles

The Company shall

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Uphold the elimination of all forms of forced and compulsory labour
5. Uphold the effective abolition of child labour
6. Uphold the elimination of discrimination in respect of employment and occupation
7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies
10. Work against corruption in all its forms, including extortion and bribery

4:

Ethical guidelines

The ethical guidelines are intended to encourage employees and, where suitable, members of boards and controlling bodies when exercising their rights and duties on behalf of KLP, to conduct themselves in an ethically responsible manner in their daily work. The guidelines comprise KLP's business conduct, KLP employees' personal conduct and routines for whistle blowing. The guidelines were subject to a comprehensive audit in 2008 and were adopted in the spring of 2009.

5:

Social responsibility strategy

The corporate management has adopted a social responsibility strategy which, together with the company's values and ethical guidelines, substantiates the company's business targets and strategies.

The social responsibility strategy has its foundation in Global Compact, and the last audit was carried out in 2008. The social responsibility strategy lays down the framework within which the company is to work, in terms of ethics, the environment, responsible investments and general social responsibility.

Overall target:

KLP shall exercise socially and environmentally responsible conduct in order to contribute towards a sustainable society.

Socially responsible conduct implies that all parts of KLP's activities shall reflect a high standard in terms of human rights, working conditions, the environment and business ethics.

A sustainable society implies an impact on a local, a national and a global level. Specific targets and initiatives shall be closely connected to KLP's activities, and are to be developed in close dialogue with interested parties.

6:

Environmental policy

In 2007, KLP developed an environmental policy. This is a document which ratifies the company's intention to establish binding requirements on its own environmental performance throughout the organisation. The document contains a target for environmental certification of the entire group, pursuant to a recognised environmental standard such as the Norwegian standard "Miljøfyrtårn" (Eco-Lighthouse) or ISO 14001.

7:

Strategy for responsible investments

Our investment strategy reflects our aim to support and respect human rights, workers' rights, the environment and ethical business principles, in accordance with our participation in Global Compact.

The following main tools can be utilised:

- a) Exclusion of companies in breach of internationally accepted norms
- b) Active ownership
- c) Investments in socially responsible businesses
- d) Guidelines for non-financial investments

The above tools must be specified for each asset class. Reports shall be submitted on an annual basis, which describe how the

8:

The UN's principles for responsible investment (UN's PRI)

The UN's principles for responsible investment are voluntary and inspiring. However, by signing the principles, you are committed to a "follow or explain" principle. The principles encompass responsible ownership and investments by integrating Environmental, Social and Corporate Governance (ESG) issues in management. There are a total of 6 principles which, in brief, comprise the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.



Social
responsibility
is not an
obligation.

Oh really?

Voluntary work and commitment are essential driving forces behind the healthy growth of our society. However, progress is impossible unless everyone lends a hand. What's more, if we all accept our social responsibility, we will all benefit from less risk and the potential to develop new services. So, whether an obligation or not, social responsibility is an essential and natural part of KLP's business, providing for long-term value creation!

Facts:

The annual cost of managing the operation and maintenance of municipal and county administrative buildings is estimated at NOK 20 billion. On top of this, the total cost of the current maintenance backlog is thought to be in the region of NOK 100 to 200 million.

A mere 1 percent of this figure would most probably have been sufficient to prevent deterioration and consequential damages.

Does your municipality have the answers?

- What buildings do we own and how are they utilised?
- What risks are involved in the buildings?
- How are new buildings and improvements to existing buildings planned?
- Do we have a satisfactory strategy for prevention and maintenance?
- Do we have a sufficient plan for rescue and emergency preparedness?

KLP offers:

Free courses in systematic safety management, including guides and a free software tool which can be downloaded from the Internet. These courses are recommended for chief municipal executives, property managers and other resource personnel. They are not technical in character, more courses where participants can discuss how safety efforts can benefit municipalities.

■ **Colourful cooperation:** Tor Espnes in Tønsberg municipality and Geir Grønsholt in KLP Skadeforsikring have together come up with a risk assessment system based on colour coding.

Municipal high-risk sport

Every year, accidents occur in municipal buildings. People are injured and damage has to be repaired. There's one main problem here – our local government politicians are neglecting their responsibility and are unaware of the risks involved.

KLP, the Norwegian Fire Protection Association and the Directorate for Civil Protection and Emergency Planning have therefore joined forces to develop a software tool targeting local government politicians that simply and visually raises awareness of risk. Colour coding is used to display the level of risk for individual incidents, and information is provided on whether immediate implementation of measures is required or not.

"Those in charge of the management of municipal buildings are very aware of their responsibility and role when it comes to safety. But the local politicians, who are the actual owners of these buildings, are more removed from thinking about risk. And they tend to forget that they are property owners. The tool is a simplified way of getting our point across to the politicians in charge. It is extremely useful," confirms Tor Espnes, Managing Director of Tønsberg kommunale eiendom KF. Tønsberg municipality was chosen as the guinea pig for the development of the software tool, and has used it to gain a clearer picture of safety conditions in leased property owned by the municipality.

"The software tool is visual and very simple to use. It should definitely be incorporated in the management, operating and maintenance

systems for all municipalities. We have without a doubt gained an increased awareness of risk and all the municipal buildings in Tønsberg are safer now as a result," confirms Espenes. He goes on to explain that, in most cases, the simplest of measures are all that's required to greatly reduce the risk of undesired incidents.

"Sometimes, all that's needed is to lock or move containers nearby school buildings or replace the smoke detectors in leased properties. It really is simply a question of creating a system for safety work."

KLP has therefore also developed a number of guides for systematic safety management within municipal buildings. The software tool is a supplement to these guides, allowing the municipalities to introduce systematic charting and risk analyses. Municipalities can download and make use of the software tool completely free of charge.

"Our goal is to help those responsible for these buildings gain a greater understanding of the risks involved. When we're driving our cars, we constantly think about risk and act accordingly. All our local politicians have to do is keep thinking risk once they get to work," concludes Espenes.

KLP believes:**The owners need a wake-up call**

A great number of accidents in municipal buildings could have been prevented. "The main problem is that people pay too little attention to risk, particularly those who own and use these buildings," explains Risk Manager Geir Grønsholt in KLP Skadeforsikring.

According to Grønsholt, systematic safety management should be a natural part of the job of a headmaster or chief municipal executive – equal to other managerial tasks. "KLP has become involved in this issue in order to raise awareness of the causes of damage and accidents in municipal buildings. Let's take one example: It doesn't cost anything to remove wedges stuck under fire doors to keep them open in a school. But if you do this, you have to be aware of the consequences if there was a fire," explains Grønsholt. KLP Skadeforsikring is at the forefront of the control group for systematic safety management in municipal buildings. And KLP has financed the development of the software tool, created to simplify safety work for municipalities.

"Those in charge of the management of municipal buildings claim they have a communication problem with owners and users. This software tool makes communication so much easier. All you have to do is take a quick look at the report to see what has to be done, in what order and who is responsible," explains Grønsholt. Together with the Norwegian Fire Protection Association and the Directorate for Civil Protection and Emergency Planning, KLP has also developed guides and offers free courses in systematic safety management for municipalities.

"Our courses are very popular. It's not as if local government is maliciously ignoring risk. It's merely a question of lack of knowledge."

The Green Building:

Located in Trondheim, its maximum requirement for power supply will be a mere 94 kWh per square metre per year. By comparison, buildings erected between 1994 and 2004 have an energy requirement three times as high. Below are some of the measures utilised to reduce energy consumption:

- Visible concrete is utilised to store both heat and cooling. This allows for high utilisation of solar power and reduces the requirement for cooling in warm weather.
- None of the windows can be opened but the indoors climate is always comfortable. The main facades face east and west and all facades facing the sun have automated external sunscreens.
- All facades are practically airtight, with low thermal bridge values.
- The windowpanes are made from glass, which reduces solar heating and has high insulation against heat loss.
- The entire building has an automated system for ventilation and lighting according to need. Sensors to register movement are fitted throughout the building, in common areas and offices. CO2 sensors and temperature control ventilation in the auditoriums.
- Energy is recycled. One example is the recycling of excess heat from refrigerating machines and computer rooms.
- The entire building is linked to the district-heating network and has water-borne heating.

■ **Laboratory:** Steinar Manengen in KLP Eiendom intends to build nothing but "green buildings" in the future. Nils Kristian Nakstad in Enova can't wait to start using the "environmental laboratory".

Practicing what they preach

When the environmental organisation Enova moves into its new premises, the environmental expertise will already be embedded in the walls. In a process where the baton has been handed back and forth between KLP and Enova *The Green Building* has emerged.

When KLP Eiendom in 2005 started to plan a new commercial building in the "Techno-city" of Trondheim, they applied to Enova for funding of environmental measures to reduce energy consumption in the new building. Enova is a governmental enterprise whose purpose is to promote environmental improvements related to energy consumption and production in Norway. The application was granted. Two years later, Enova decided to practice what they preach. In September 2009, they will be moving into the Green Building as lessee.

"It's very exciting to be moving into a new building which is designed according to a standard we have helped define. We intend to make good use of the building and to be the best lessee. We can practically use the building as a kind of laboratory, testing to see whether we can live up to our recommendations for other businesses when it comes to energy-efficient principles and behaviour," explains Nils Kristian Nakstad, Managing Director of Enova.

The outer walls, windows and roof retain as much heat as possible and the entire building has a system of ventilation and lighting which operates according to need. What's more, the building is flexible and can be changed

if new environmental benefits are identified at a later date. There are parking areas both indoors and outdoors for cycles and changing areas where you can have a shower after cycling to work. There will also be a pool of electric cars for use in the "Techno-city".

Nakstad firmly believes that the move to the new building, will represent a new era for Enova as an organisation.

"We are moving into a futuristic workplace and will be surrounded by environmental energy systems. Our workplace is bound to inspire and motivate us, hopefully helping create a good working environment. Enova is a knowledge-based organisation which relies on happy employees to achieve top performance."

As future lessee, Enova has worked very closely with KLP Eiendom throughout the construction process.

"Both KLP and Enova have set themselves ambitious goals for the Green Building. We keep coming up with better solutions together. We're very happy with the progress made so far. And we can't wait to test out our designs and gain even more experience," concludes Nils Kristian Nakstad.

KLP believes:

The Green Building will create a new standard

"KLP has gained invaluable experience from the Green Building and our cooperation with Enova. All future building projects will focus on the environment. For all future projects, our level of ambition will have to be at least as high – if not higher than for Trondheim," confirms Steinar Manengen, Managing Director of KLP Eiendom.

One example of the above is KLP Eiendom's major development project in Vaterland, Oslo, where KLP is planning a new building covering a total of 70,000 m² and which will tower just as high as the Oslo Plaza. This high-rise building will have a particularly strong environmental profile.

"In order to remain at the forefront in this work, we have established a separate function to focus on solutions which increase energy efficiency. Environmentally friendly measures require major investments and result in a slightly higher lease price per square metre. In return, lessees are able to make savings on energy costs. Not all lessees are fully aware of this advantage as yet, but awareness is on the increase. And the Green Building in Trondheim will help. We are building for the future and expect the rest of the world to follow suit," confirms Manengen.

KLP Eiendom is one of Norway's largest property management companies with over 1,300,000 square metres including office and commercial premises, shopping centres, hotels, residential properties and leased land.

"The process of increasing energy efficiency in all our properties presents a much greater challenge than building new environmental property, but the potential is vast. In total, we have the opportunity to save just as much energy as with the new environmental buildings planned," says Manengen.

The KLP List

KLP has ownership interests in close to 2000 companies throughout the world. These companies are required to live up to minimum standards agreed upon by the international community. Any companies that do not meet these requirements are placed under observation. And if they prove unwilling to improve, they are excluded from KLP's investment universe.

Since 2002, KLP has published its exclusion list to the general public. Exclusion is based on documentation of severe or systematic breaches of internationally recognised norms related to basic human rights, labour rights, environmental protection, anti-corruption or weapon production. Tobacco manufacturers are automatically excluded.

In 2008, three companies cleaned up their act and were re-included in KLP's investment portfolio. These were Sodexo (excluded in 2007), BHP Billiton (excluded in 2004) and AWB (excluded in 2006).

Companies aiming to get off the exclusion list must meet the following requirements:

1. Discontinue reported incident.
2. The company deals with the incident and its consequences in a responsible manner.
3. The company has systems and procedures in place to prevent reoccurrence.
4. Items 1-3 verified by a third party.



■ **Leaping off the list:** Lars H. Furu from Sodexo explains how the company got off KLP's exclusion list at record speed – partly due to close dialogue with Jeanett Bergan and KLP.

Leaping off the KLP list

In June 2007, the global corporation Sodexo earned itself a place on KLP's exclusion list. But by December 2008, the company had learnt its lesson, due to close dialogue with KLP and the will to change, and was happy to see its name removed from the list.

The reason for Sodexo's exclusion was the conditions at the largest refugee processing centre in England, run by Sodexo's subsidiary, Kalyx. After an inspection of the centre in 2006, Kalyx received harsh criticism from the British authorities for inhuman conditions for the refugees.

In Norway, Sodexo faced a number of questions, not least from their own employees, as to why they were on KLP's exclusion list. The Norwegian subsidiary has 720 employees throughout the country, supplying services related to cleaning, canteens, office support and property.

"The company's exclusion was due to conditions outside of Norway, but we cannot accept being part of a system which is criticised for issues related to human rights. We not only had constant contact with our head office in Paris, we put a lot of direct pressure on the British company to make the changes needed," explains Lars H. Furu, Managing Director of Sodexo in Norway and Denmark.

By the spring of 2007, Kalyx had initiated a number of improvements such that the British authorities could report, as early as

January 2008, that there were improvements in all the critical areas. KLP carried out a new assessment and consequently removed Sodexo from its exclusion list in June 2008. This was most definitely a record for speedy recovery from exclusion.

"Throughout the entire process, we have been in close contact with KLP. Our goal has been to aid the process to the best of our ability and to keep KLP up to date of status," explains Furu. KLP has also taken part in meetings with Sodexo representatives at the head office in Paris.

"As a global enterprise, we have a responsibility to comply with basic values, ethical principles and human rights. In 2003, Sodexo signed on to the UN's Global Compact project, committing to follow the 10 principles for issues such as human rights. We were extremely concerned about the fact that we were on an exclusion list, but are also very proud that we managed to rectify the situation so quickly. What's more, we have introduced on our own initiative a project focusing on our social, financial and environmental commitments in Norway," confirms Lars H. Furu.

KLP believes:

Openness – a path to dialogue

KLP is responsible for over 200 billion Norwegian kroner, and over a half million Norwegians have pension rights with the company. The way in which these funds are managed is of great importance for both KLP and these customers.

"Companies which are in breach of certain minimum standards are excluded from KLP's investment portfolio. In reality, we want our exclusion list to be as short as possible, so we maintain an open dialogue on matters such as responsible operations to help companies avoid exclusion and to get excluded companies back on the list," explains Jeanett Bergan, Manager for Responsible Investments in KLP.

She leaves no doubt as to the different roles played by KLP and the companies in question. "We are very clear in our criticism and requests for improvements, but it's up to the companies themselves to clean up their act. And the companies do benefit by doing so and getting off the list," points out Bergan.

As opposed to the majority of other portfolio managers, KLP makes use of an officially published list of excluded companies.

"We demand that all potential investment objects have open communications, and make the same requirement on ourselves. We always state very clearly why companies have been excluded," confirms Bergan.

Having your name on KLP's exclusion list attracts a lot of negative attention from the world at large. We therefore have to comply with stringent documentation requirements before we exclude a company. To achieve this, KLP primarily relies on the analysis agency GES Investment Services, and the ethical council of the Government Pension Fund – Global.

Fund-raising for the Blue Cross

When the Blue Cross was allocated a TV appeal in 2008, KLP started up an internal competition to raise funds. KLP's employees were divided into teams and were all given one day free to take part in the competition. The teams were not only competing to see who could raise the most money, it was also a question of creativity. The teams' activities ranged from performing a dance they choreographed themselves at a lawyer's office to holding a jumble sale. At the end of the competition, the employees had managed to raise just over NOK 305,000 which KLP doubled so they could hand over NOK 611,000 to the TV appeal.

However, the employees did not stop their efforts for the Blue Cross after the competition was over. The jumble sale, named From children to children, will now become an annual event. KLP employees will also be taking part in the Blue Cross summer camps, held in several parts of Norway. The purpose of these camps is to provide positive inspiration for children and adults living in homes affected by drug and alcohol abuse.

■ Investing in quality of life: Vidar Solsvik in Blue Cross and Kjersti Jørgensen in KLP agree on a common value base.

Investing in the children

Marketing Director at the Blue Cross, Vidar Solsvik, is well aware of KLP's vision – to be the best partner for the days to come. He believes that this vision could just as easily apply to the Blue Cross, and states that shared values are essential for cooperation.

"At Blue Cross, our ambition is to improve the quality of life for adults suffering from drug and alcohol addiction, and their children. KLP has a very conscious attitude towards its social responsibility and this can help improve the quality of life for many people. This means that they can and do challenge us, a quality we seek in all our partners," explains Solsvik.

The cooperation between KLP and Blue Cross Norway started in 2004, when KLP provided financial support for the program Parent awareness – a good start. This partnership has grown with the years and KLP employees now help out at Blue Cross summer camps. KLP allows its staff to do voluntary work of this nature within working hours.

When Blue Cross was allocated the TV appeal for 2008, KLP saw this as a golden opportunity to increase the level of involvement among employees. The aim of the TV appeal was to raise funds to help children suffering from the drug and alcohol abuse of adults, and KLP held lunch meetings where the Blue Cross explained what the employees could do to help this group.

"During these meetings, we realised that KLP can not only challenge us, they challenge each other. They started an in-house competition for the Blue Cross, encouraging employees to create activities to help the TV appeal. It was fantastic to see how creative the employees could be! We now know that KLP's commitment to the Blue Cross is not just at management level, it's the entire organisation," explains Solsvik.

In total, the TV appeal raised NOK 192 million, which will be spent over a number of years to help children and young people suffering from adult abuse of drugs and alcohol.

"Because of the attention gained by the TV appeal, our employees at the Blue Cross felt even prouder to be working for us. But the real job starts now. And that's when it's good to know that we have a partnership with KLP, not just for the TV appeal but for the long term and based on a successful past," concludes Solsvik.

KLP believes:

Mutually beneficial

"It is becoming increasingly evident how important ethics are for society at large in the people applying to work for KLP. Of course, salary and career opportunities remain important, but there is a much greater growth in the level of interest for social responsibility," confirms Kjersti Jørgensen, HR Director at KLP.

In 2002, KLP launched a policy for ethical investment which comprises environmental, social and commercial factors. The company has its own set of ethical guidelines for its employees. KLP has also built up considerable HSE expertise and willingly provides assistance to municipalities, health companies and other companies who want to make improvements in this area.

"Our culture is based on values and we are very aware of our social responsibility. We need to cultivate this culture, making it stronger day by day. The best way to achieve this is through activities that generate commitment among our employees. This was one of the reasons why KLP entered into a partnership with the Blue Cross five years ago," explains Jørgensen.

When the Blue Cross was awarded the TV appeal for 2008, KLP saw this as an opportunity to set up activities that really got the employees involved.

"Naturally, everyone thinks that helping people in need is a worthy cause, but our involvement in the Blue Cross appeal is just as beneficial for us. The TV appeal helped cement our in-house relationships. The employees had a lot of fun together and those who made a special effort were put in the limelight. This motivated everyone at KLP to help the Blue Cross in the future."

It's all in the money...

... isn't it?

Any company with ambitions to provide a long-lasting service to its customers has to view its activities against a greater context. By judging our own achievements in areas conducive to long-term sustainability, for both our environment and society, we achieve and retain an essential totality. We believe that all our interested parties, primarily our customers and owners, expect KLP to take our social responsibility seriously and live up to our own values – Open, Clear, Responsible and Committed.

Customers

KLP is a major financial player in Norway, supplying pensions, financial and insurance services to municipalities, the health sector and companies – and their employees. In 2008, KLP Skadefor-sikring launched a new product portfolio for the private market. KLP Kapitalforvaltning (capital management) was prepared for the onset of the financial crisis, and was able to provide increased loans to both municipalities and private individuals

Customers and owners in KLP

KLP is a mutual company, where the pension customers are also the owners. The Norwe-gian government owns almost 30% of KLP via its health companies, while the municipal and county administrative sector owns around 55% and the corporate segment owns just a little less than 15%. In 2008, a profit of NOK 1,903 million was transferred to the customer’s premium fund and NOK 397 million was transferred to equity.

Our activities have an impact on the economy on a number of levels, both within individual customer groups and through our pension beneficiaries. Our social respon-sibility requires us to fully understand the consequences of our financial influence. The pension premiums collected from our customers are principally affected by salary, degree of disability, retirement age and num-ber of employees.

The group has further enhanced its business concept in 2008 and this now comprises

the customers’ employees. What was once a limited lending business has now been expanded into an aggressive strategy for lending and general insurance products for people working in the public sector. In 2009, KLP will launch its new banking service, providing a range of new customer services to this group of customers.

KLP’s products and services

KLP is a supplier of financial services and aims to generate financial security and reli-ability for employers, employees and local communities. The most important criteria for KLP’s success include products which target customer requirements, good consultation, efficient operations and low costs.

Our customers who have taken out pub-lic sector occupational pensions for their employees comprise 333 municipalities and county authorities, 30 of 32 governmental health companies and approx. 2,500 com-panies and organisations. What’s more, KLP manages pension agreements for hospital

doctors and nurses. At year-end 2008, more than half a million Norwegians had pension rights in KLP. KLP’s social responsibility origi-nates in the company’s responsibility towards it customers.

A range of financial instruments is utilised to manage our customers’ funds. A share of the funds is invested in property or utilised for lending while the remainder is managed on the money market, in bonds and shares. The financial crisis has had an impact on the municipal sector and many municipalities encountered difficulties in procuring loans in the autumn of 2008. During the second half of 2008, KLP has provided extra loans to municipalities totalling NOK 5 billion. At year-end, the so-called employer loans granted by KLP amounted to NOK 13 billion, an increase of 70% from 2008. Housing loans also saw an increase in 2008, by 17%.

Pension products

Public sector occupational pension schemes are extremely beneficial for employees. With full contribution time, the employee receives at least 66% of terminal pay as pension. The pension schemes include retirement pension, rehabilitation/disability pension and depen-dents’ pension. The pensions are regulated on an annual basis in line with the national insurance base amount.

KLP also provides two types of occupational pensions for companies not tied to the mu-nicipal main wage agreement.

Defined contribution pension schemes are a product whereby the employer pays a specific contribution as a form of savings for the em-ployees’ retirement pension. The employees’ retirement pension depends upon the total payment of contribution and the yield on the saved pension funds.

Company pensions are a performance-based occupational pension which secures employ-ees a specific payment of retirement pension as a net supplement to the national insurance payments. The employer pays the required premium to secure this retirement pension for employees. This product is less predictable for employers in terms of costs and premium payments, but is more predictable than a contribution-based pension product for the employees in terms of the size of the retire-ment pension.

Various types of risk coverage can be linked to both the defined contribution schemes and the company pensions, such as disability pension and dependents’ pension. KLP provides advice to customers on the differences between these two types of occupational pensions.

Wage agreements normally include group life insurance. On the death of a policyholder, KLP pays a lump sum to the surviving relative (spouse/cohabitant/partner/children or es-tate of the deceased). Premium payments for group life totalled NOK 170 million in 2008.

General insurance

KLP Skadeforsikring is a major provider of insurance services for the public sector. These services include contractual insurance schemes for employees related to occupa-tional injury and accident, and the insurance of public properties, vehicles and liability. In 2008, KLP launched a brand new product portfolio for the private market. KLP aims to provide a general insurance service, primarily for employees in the public sector, which ensures good customer service, low costs and attractive products.

Information on KLP Skadeforsikring

	Accident	Damage to property	Liability
Market share municipal sector	49.8%	44.9%	36.4%
Premium payments	MNOK 204.4	MNOK 325.5	MNOK 45.3
Compensation payments	MNOK 90.4	MNOK 185.5	MNOK 17.3

Property

KLP Eiendom is one of the largest property management companies in Norway, with over 1,350,000 square metres of property, comprising office and commercial premises, shopping centres, hotels, residential properties and leased land. The company’s properties are mainly located in Oslo and the surrounding area in addition to Trondheim, but KLP Eiendom also owns properties in Copenhagen and Stockholm.

Total lease income for KLP Eiendom by sector	NOK 1000
Offices	789 929
Shopping centres, shops	149 434
Education	71 018
Residential	44 018
Hotels	175 886
Parking, warehouses, leased land etc.	76 715
Total lease income	1 307 000

HSE measures implemented by KLP’s customers

If we are to keep our premiums as low as possible, we need to help our customers achieve reductions in their utilisation of dis-ability and early retirement pensions. Good HSE initiatives are a tool that also improves the quality of life for individual employees and increased productivity for the employer. KLP therefore has its very own HSE team, which has plenty of experience in helping develop expertise and provide inspiration for a healthier working life for our pension customers. The main goal of our HSE team is to prevent exclusion from working life, unnecessary sick leave and disability, and to contribute towards an inclusive working life. In 2008, KLP helped 120 customers develop a working environment that promoted health and was fully inclusive. The company also granted financial support to projects imple-mented by a further 54 customers.

KLP also grants an annual working environ-ment award, distributed between municipali-ties, health companies and the corporate segment. The prize is NOK 100,000. The winner of the working environment award in

2008 is Nes municipality in Akershus for its project to Reduce noise in nurseries! and the Innlandet HF hospital, Tynset Division, for its *Project for pregnant employees*. There were no applicants for the working environment award from the corporate segment in 2008.

Measures implemented by customers to reduce risk

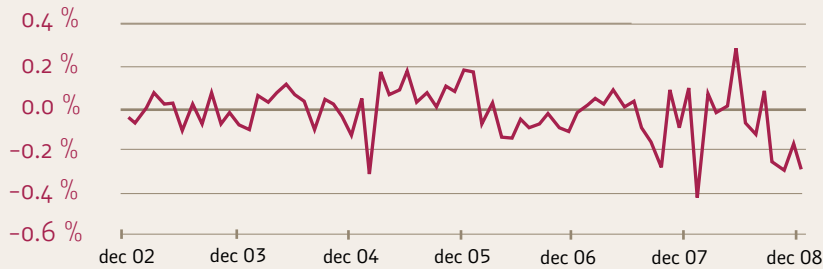
KLP’s risk prevention program, FØRE-VAR (which means PRECAUTIONARY APPROACH) aims to help customers understand and reduce risk, making undesired incidents and their consequences as predictable as possible.

Important aspects in this program are the development of expertise related to risk understanding and making sure that users are able to develop good guides and tools free of charge. KLP is involved in a project established jointly by the Directorate for Civil Protection and Emergency Planning (DSB) and the Norwegian Fire Protection Associa-tion. The project, Systematic safety manage-ment in municipal buildings has established goals related to both risk prevention and social responsibility. The following targets were achieved in 2008:

Customers

Monthly yield difference attributed to exclusions

KLP World vs MSCI World



- Specific guides for owners and users distributed
- Toolbox for management body completed and distributed
- Data tool tailor-made for daily operation and reporting
- Pilot course for owners completed, involving 9 municipalities, and with good results
- Course for management body completed in 5 towns with 18 participants at each course

Management of customer funds

KLP’s ability to manage customer funds and the company’s own funds will naturally have an impact on future premium payments – and thereby our customers’ finances. KLP’s management capital at year-end 2008 totalled NOK 201.7 billion, representing a growth of 3.5%, despite the current financial crisis. Towards the end of the year, the troubled financial markets significantly affected the financial return. Return recognised for the customers’ pension fund was 1.1%. KLP’s portfolios are managed according to specific mandates and guidelines that allow for very low management costs.

When a company is excluded by KLP on ethical grounds, the risk profile for the portfolio is amended. KLP attempts to compensate for this by increasing ownership in other companies within the same branch. One method for identifying the impact of such exclusions is to compare the global index return prior to and after exclusion. In 2008, the annual difference identified was -0.82% in relation to the MSCI World reference index. The major share of this difference (4/5) is attributed to the fact that two of the excluded companies – Exxon Mobile and Wal-Mart – reported significantly higher results than their competitors in 2008. It is not possible to provide an accurate calculation of the impact of the exclusion measured against KLP’s total management capital, but if one looks at KLP’s global share exposure throughout the year, one can estimate a reduced yield of 0.09% in 2008.

Communication with customers and other interested parties

KLP is reliant on maintaining a close dialogue with customers to allow us to adapt our products and services to customer needs. Our customers who have public sector

occupational pension schemes with KLP are, at the same time, the company owners. They therefore represent an extremely important group for KLP. The decision to exclude all manufacturers of tobacco from the investment portfolio was made as early as 2001, after input from our major customer groups within the health sector.

Within the municipal sector, decision-making regarding occupational pensions takes place on a political sphere, while the ongoing dialogue with customers is more administrative in nature. Both these groups therefore have a central role. KLP also views society at large as an interested party. With the establishment of new business areas and products targeting the private market, KLP faces new requirements in terms of profiling KLP as a brand among our customers’ employees and society in general.

To this end, KLP carries out systematic surveys of a number of groups of interested parties. Such surveys and ongoing dialogue require human and/or financial resources. KLP decides which surveys to carry out each year based on a cost-benefit analysis.

Financial products

Financial products	Management total (NOK billion)		
	For KLP	External customers	Total
Discretionary management	128.3	-	128.3
Saving funds	19.4	7.6	27.0
Employer loans	-	13.0	13.0
Private loans	-	8.1	8.1



Overview of customer dialogue, 2008

<p>Method</p> <p>Customer satisfaction</p> <p>The customer satisfaction survey (CSS) examines the level of satisfaction and loyalty among KLP’s own customers. The purpose of the survey is to detect areas for improvement, both centrally and for local customer service centres. In 2008, 2 CSSs were held, for housing loan customers and pensioners who had been granted a pension during the last 6 months.</p>	<p>Results</p> <p>Housing loan customers:</p> <ul style="list-style-type: none">■ 85% of customers are satisfied with KLP as provider■ Most satisfied with availability and response time■ Least satisfied with the interest rate■ Room for improvement: Better information on the products <p>Pensioners:</p> <ul style="list-style-type: none">■ 76% of the new retirement pensioners were satisfied with the way in which their pension had been processed■ In total, 74% of pensioners were satisfied■ Improvement priority is to provide information which is easier to understand. Pensioners need to feel sure that the amount paid is correct.
<p>Reputation, knowledge, profile and preference</p> <p>Charting perceptions of KLP and competing companies.</p>	<p>The main conclusion is that KLP has a very strong relationship with our customers who are employers. There is room for improvement when it comes to systemising dialogue with society in general and with employees in the public sector.</p>
<p>Target groups, interviews, written surveys</p>	<p>KLP has detailed discussions with our customers when preparing the launch of new products or business areas. In 2008, we have utilised target groups and a customer panel to discuss the following areas:</p> <ul style="list-style-type: none">■ <i>The pension reform</i>■ <i>The financial crisis – impact on our buffers</i>■ <i>5-year investment choices</i>■ <i>Our new bank? Should we target the private or corporate market?</i>
<p>User assessment of KLP’s website</p>	<ul style="list-style-type: none">■ Impression of KLP: 76 of 100 points■ Impression of website: 73 of 100 points■ Would recommend the website to others: 88 %. <p>Of those who have visited the insurance section of our website:</p> <ul style="list-style-type: none">■ Utilised the price calculator for general insurance: 72 %■ Impression of the price calculator: 73 of 100 points.

The environment

Companies primarily classified as administrative (office work) are now also showing an increasing awareness of the environment and our climate. KLP has measures to reduce our environmental impact on a number of levels. In 2008, we compiled the first edition of our Plan of Action for Green IT. In the same year, our general insurance company, KLP Skadeforsikring, was granted Eco-Lighthouse certification.

Environmental management

KLP is in the process of applying for environmental certification for the entire group. On 5 June 2008, KLP Skadeforsikring received its Eco-Lighthouse certificate at the Oslo town hall. There can be no doubt that this certificate has had a decisive impact for the company when entering tender competitions, and this became evident in the autumn of 2008. Our goal is to now achieve Eco-Lighthouse certification for the parent company and KLP Kapitalforvaltning by June 2009. KLP Eiendom is working separately towards certification according to the ISO 14001 environmental certification standard. We will decide at a later date whether to adapt KLP Eiendom to the Eco-Lighthouse certification requirements.

We compiled our Action Plan for Green IT in 2008. This focuses on energy consumption, purchasing and disposal requirements, reductions in travel and paper utilisation. The time frame for execution of the measures in the action plan is 3 years. The following areas

will receive priority in 2009: Replacing printers, recycling scheme for old IT equipment, purchasing of ICT equipment, operation of control systems, energy-saving initiatives for client equipment and centralised print-out of customer letters.

To date, KLP has made no systematic requirements regarding environmental marking of products or activities in the supplier chain. We are however in the process of compiling a new purchasing policy and this will include such requirements. KLP has carried out certain environmental surveys related to specific purchasing, such as supplies of natural stone from China for use in the new Enova building in Trondheim.

OSU, the builder for KLP's new head office currently being built in Bjørvika, has prepared an Environmental Monitoring program. To date, there have been no significant non-conformities from the Environmental Monitoring program.

Material consumption and recycling

KLP as an administrative company does not yet have a comprehensive overview of material consumption. KLP Eiendom has set itself a target to report all utilisation of concrete, glass and steel. In 2008, KLP launched the Paper-free KLP project, aiming to reduce the company's paper consumption by 15% by introducing a new electronic archiving system and new procedures for document control. KLP only makes use of paper with the Swan label. Recycled paper is not utilised due to quality requirements for archiving.

In 2008, KLP has also sustained its initiatives regarding recycling paper and other recyclable materials. All paper, cardboard, electric waste and other special waste, glass and plastic from KLP's offices is separated at source and sent for recycling. Any other waste is burnt, contributing to Oslo's district heating supply. The table below displays the total volumes of waste from Paleet centre in Oslo, where KLP's has its head office. We do

Recycling of waste from Paleet

Fraction	2007 (tons)	2008 (tons)	Amendment (%)
Residual waste in compactor	262.99	253.81	-9 %
Cardboard/paper in compactor	132.39	132.66	0 %
Plastic film in bags*	n/a	n/a	n/a
Metal in 660 litre	2.83	1.13	-2 %
Wood, loose	1.87	1.32	-1 %
Glass packaging in 2x140 litre	3.27	2.89	0 %
Food waste in 3(6)x140 litre	26.52	79.51	53 %

* New disposal method in 2008, but no figures available at time of reporting.

Energy consumption 2008 (not temperature-corrected):

Parameter	Selection	Result 2006	Result 2007	Result 2008
Energy consumption, Oslo	KLP Eiendom's meters		104 kWh/m ²	107 kWh/m ²
District heating, Oslo	KLP Eiendom's meters		-	-
Energy consumption, Trondheim	KLP Eiendom's meters	235 kWh/m ²		247 kWh/m ²
District heating, Trondheim	KLP Eiendom's meters			94 kWh/m ²
District heating quota, Oslo	KLP Eiendom Oslo		45 %	45 %
Energy consumption Paleet (excl. common areas)	KLP's own meters Paleet	(non-comparable figures)	(non-comparable figures)	89 kWh/m ²
District heating, Paleet	KLP Eiendom's meters	3 614 000	4 971 786	4 241 000

* Incl. district heating

not have figures for KLP's share of the waste volumes specified. The method for calculation has changed somewhat since 2007, and the figures for 2008 have therefore been re-calculated in relation to the previous year's report.

Discarded PC equipment and printers were sent to Alternativ Data again in 2008. This company upgrades discarded equipment and sends it on to Norwegian schools. In 2009, KLP has chosen FAIR Recycling as their partner for re-use and recycling of ICT materials.

Energy consumption – electricity and heating

KLP Eiendom manages KLP's own office premises in Oslo and a number of other office buildings, shopping centres and hotels. The company has invested significant efforts in 2008 to reduce energy consumption. The EOS energy monitoring system has been implemented in 26 buildings, or 69% of the company's total property. Temperature-corrected energy consumption in Trondheim was

reduced by approx. 3.7%, with the highest reduction – 15% – achieved in district heating. Previous reports have not distinguished between power supply and district heating. Temperature-corrected power consumption in Oslo has been reduced by 14%, from 123 kWh/m² in 2007 to 106 kWh/m² in 2008. The significant difference between Oslo and Trondheim can be explained in that Trondheim distributes all power supply over the lease, while power supply in Oslo only comprises common areas and operation of shared facilities such as lifts and ventilation.

As an administrative company, KLP is able to amend our energy consumption and, in part, the district heating system used to heat our premises. District heating for the premises in the Paleet centre saw a dramatic increase in 2007, but has been reduced in 2008. The measurement of district heating is not temperature corrected however, and also includes ventilation and heating of premises for other lessees in the Paleet centre – mak-

ing it difficult to present accurate figures for KLP's reduction of consumption.

Transport

KLP has a strategy that requires proximity to customers. However, with the geographical spread of KLP's activities, this involves a certain amount of travel. At the same time, KLP has a target to reduce travel and to make use of more environmentally friendly means of transport. It appears that KLP has managed to reduce the number of flights taken by employees. However, the method of calculating transport has been improved and the figures are therefore difficult to compare. If, however, we estimate that the total number of journeys made in 2007 is 3,941 and compare this with the actual number of journeys made in 2008, the result is a reduction in the number of journeys per employee from 6.1 to 4.

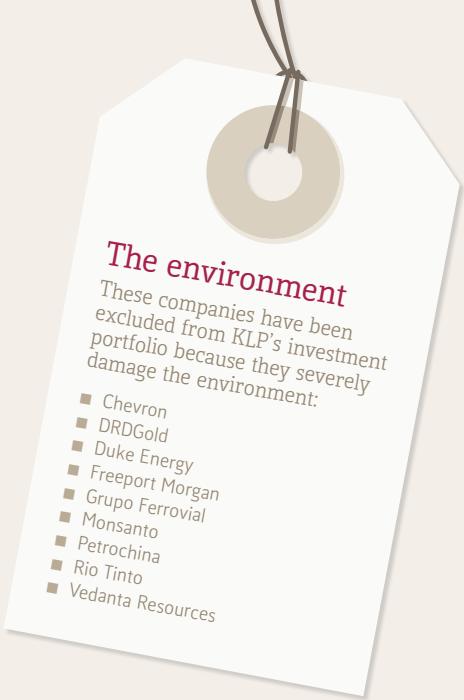
KLP will continue to make use of green courier services between our head office in



Separation at source

Selection	Separation at source	2007	2008
Shopping centres, Oslo	% of total waste	48.9 %	50.7 %
Office properties, Oslo	% of total waste	45 %	42.7 %

The environment



Flights in 2009

Flights	No. journeys	Distance (miles)	CO ² emissions (kg)
Domestic	2 117	989 009	189 830
Scandinavia	223	135 025	21 528
Europe	160	256 475	41 028
Intercontinental	18	174 968	30 703
Total	2 518	1 555 477	283 089

central Oslo (Karl Johansgate) and the subsidiaries located in Holbergs plass in Oslo. All dispatches between the different locations in Oslo are carried by cycle. Other courier services in Oslo are by "cycle in the centre" and other means of transport are only used on exception. In 2008, 91% of the total courier deliveries were made by cycle, compared with 89.7% the year before.

Climate accounts

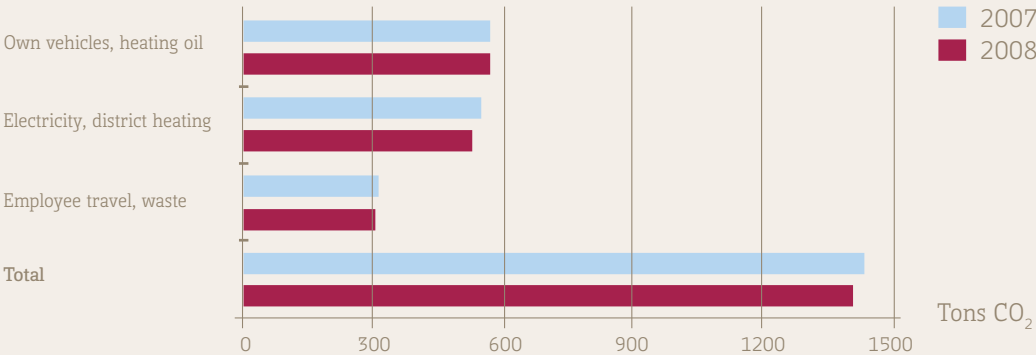
KLP has prepared a set of climate accounts for 2008. These accounts are based on the

international standard, Green House Gas Protocol. The company's emissions for 2007 have also been re-calculated, to allow for comparison. KLP's CO² emissions in 2008 have been calculated as 1,413 tons compared to 1,438 tons in 2007. This is a reduction of 1.7%, primarily attributed to the slight reduction in district heating and in the number of flights made by employees. The company's emissions represent 2.06 tons per employee, compared with 2.22 tons per employee in 2007. In 2008, KLP also aims to compensate for its CO² emissions by purchasing UN-

certified CO² quotas. These are quotas that will be deleted from the international quota register once KLP has completed the trade, so that there will be fewer quotas available for those industries obliged to purchase emission quotas. Moreover, the quotas will ensure the financing of a project for recyclable energy for the third world, which may otherwise not have been possible.

Climate accounts

Estimated tons of CO₂ emissions per category



Society

We have learnt from our customer surveys that the most important quality required from an insurance company is a predictable, reliable, highly ethical and moral service, provided by expert and knowledgeable people. KLP already has a high score for such qualities, but we must remain constantly aware of these and further develop our capacity related to ethics and our profession in order to sustain our current position.

Social responsibility in investments

KLP administers funds of over NOK 200 billion on behalf of our customers and owners. A responsible investment policy is therefore one of the most essential elements of our principal social responsibility strategy.

KLP distinguishes between "responsible investments" and "sustainable investments". Responsible investments involve the responsibility allocated to KLP as investor and owner. We exercise this responsibility with our policies of exclusion and active ownership. The foundations for these policies are compliance with international norms and standards and ethics. Sustainable investments, however, are investments in companies with a green or socially responsible profile, made on the basis of a financial evaluation in order to reduce risk or promote return on investment.

Exclusions

We apply a filter to all KLP's own funds for administration. We may exclude a company from our investment portfolio if we find that it has links to serious or systematic breaches of international norms related to human rights, labour rights, the environment or corruption – as specified in Global Compact's 10 principles. At year-end 2008, 26 companies had been excluded by KLP on these grounds. Moreover, KLP chooses not to invest in tobacco manufacturers and manufacturers of nuclear arms, cluster bombs and anti-personnel mines. In total, KLP has excluded 55 companies as of 31 December 2008. The

analysis service, which provides the grounds for exclusion, is purchased from the Swedish company, Global Ethical Services (GES). By outsourcing this service, KLP gains access to an extremely wide range of expertise and resources, and to GES' customer network, allowing for cooperation on a number of projects and activities.

Active ownership

Throughout the year, KLP has also made efforts to achieve closer dialogue with companies which have been excluded or are at risk of exclusion. The main intention with such dialogue is to influence such companies towards changing their behaviour or making positive developments. KLP was therefore very happy to be able to re-include 3 companies in 2008. One of these companies, Sodexo, gained a place on KLP's investment portfolio as a result of close dialogue with KLP.

Sustainable investments

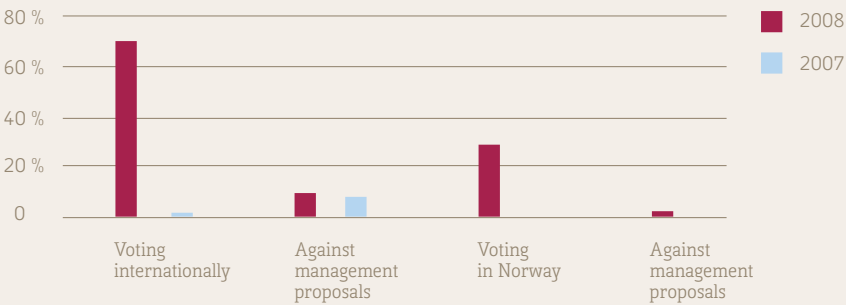
In 2008, KLP started work on a process of charting the indices utilised by the company for investments, with a view to environmental impact and CO² footprint. KLP believes that the costs of pollution will be subject to increasing scrutiny, affecting the administration of funds. Once these indices have been charted, KLP will move on to chart its portfolios and to analyse any potential for reducing the environmental impact of the portfolios without affecting financial risk.

Moreover, we now have access to so-called extra-financial information on companies



Society

Voting: General Meetings



via our involvement in The Sustainable Value Creation project and the Carbon Disclosure Project. On both these projects, we are working hard to ensure that all data is made available on the Bloomberg market database, further empowering our portfolio managers to make efficient use of the information on the social and environmental sustainability of companies.

To date, there is no clear indication that investments in the companies who score highest for social responsibility have systematically yielded a higher return. The work on this project is obstructed by a number of difficulties, such as outdated analyses and lack of data quality assurance. KLP also believes that these types of analyses should be combined with traditional analyses of securities in order to produce a comprehensive and accurate presentation.

Human rights
Global Compact requires companies to support internationally recognised human rights within their areas of activity, and to take all measures necessary to prevent breaches of

human rights. KLP operates only in the Nordic countries, with a major share of activities in Norway. The main source of problems related to human rights is therefore found in the supplier chain or investment activities.

Human rights problems in the supplier chain
This area is currently under development. KLP carried out a number of random checks of suppliers in 2008. In the future, requirements regarding human rights will be specified and systemised within the new purchasing regulations being compiled. Areas such as IT, construction materials and textiles and profile products represent critical supplier chains.

In 2008, KLP Eiendom implemented Global Compact's 10 principles as a part of its management system. This means that human rights, the environment and anti-corruption initiatives are now an integral part of the decision-making processes when launching new building projects and for the management of the company's properties. Important focus areas for KLP Eiendom will be forced

Weapons

These companies have been excluded from KLP's investment portfolio because they manufacture or sale weapons which violate basic humanitarian principles:

- Alliant TechSystems
- BAE Systems
- Boeing
- EADS
- Finmeccanica
- Gencorp
- General Dynamics
- Hanwha Corporation
- Honeywell
- L-3 Communication
- Lockheed Martin
- Northrop Grumman
- Poongsan
- Raytheon
- Safran
- Serco Group
- Singapore Technologies Engineering
- Textron
- Thales
- United Technologies

Active ownership and dialouge

Strategy for dialogue Dialogue with companies which have been excluded or are at risk of exclusion.	Description ■ Who: Companies which have been excluded from KLP's investment universe or which are being observed and may be excluded. ■ What: In 2008, KLP has been in dialogue with 8 excluded companies and 6 companies under observation. The total number of companies contacted for this project is 140. ■ How: KLP cooperates with GES and Nordic Engagement Cooperation, a cooperation between KLP, Folksam and Ilmarinen.
Sustainable Value Creation	■ Who: All companies on the Oslo Stock Exchange Benchmark Index. ■ What: The aim is to influence Norwegian companies towards a sustainable development and long-term added value. KLP plans to expand this project internationally. ■ How: KLP has initiated a cooperation between 12 of Norway's largest institutional investors. The companies were questioned as to their guidelines for central elements of a responsible and sustainable business, e.g. human rights, labour rights, environment and corruption. They were also questioned about who the guidelines apply to and how they are implanted and implemented. The survey also covers reporting and control procedures for these areas, and the accountability of the Board of Directors.
Carbon Disclosure Project	■ Who: The 500 largest companies in the world and the 45 largest companies in Norway. ■ What: Initiatives to encourage companies to disclose their climate strategies and greenhouse emissions. ■ How: Survey backed by 385 international investors, representing a total of USD 57 trillion in funds for administration. KLP is the Norwegian partner for the Carbon Disclosure Project and is specifically responsible for profiling the project in Norway among Norwegian companies. The survey was submitted to 45 companies in Norway. Only 38% of the companies invited replied to the survey – the lowest figure in all the Nordic countries.
Controversial countries	■ Who: Companies involved in high-risk countries. Dialogue has been established with the largest and most important companies, including Total and Chevron. ■ What: The project aims to reduce the risk of breaches of international norms by actively influencing companies operating in controversial countries. The project currently has its main focus on Burma. The number of companies contacted as part of this project is 8. ■ How: An investor cooperation between several of GES' customers. Survey based on OECD's standard for international companies operating in high-risk countries.
Voting at General Meetings	■ Who: 2008: 1539 international. This corresponds to approx. 70% of the companies in which KLP had a shareholding. 29 Norwegian companies (28% of shareholding). ■ What: Votes at ordinary and extraordinary General Meetings in accordance with the guidelines established by KLP. ■ How: KLP utilises so-called proxy voting for General Meetings abroad via the company Risk Metrics. Voting at General Meetings on the domestic market requires a more thorough review and decision-making process internally within KLP and KLP Fondsforvaltning. Consequently, it will take more time for us to reach a similar level for voting in Norway as for our international voting rights.

Society



Corruption

These companies have been excluded from KLP's investment portfolio because they are in breach of international guidelines related to corruption:

- Exxon Mobil
- Hess
- Marathon Oil
- Thales

labour or other breaches of human rights related to foreign labour. The very first site inspections of a selection of buildings projects were carried out in the summer of 2008, all with positive results.

Human rights problems in the investment portfolio

With the administration of its global investment portfolio, KLP has been aware for some time of problems related to breaches of human rights within certain branches and countries with particular exposure. The right to live and be healthy is perhaps the most basic of human rights, and forms the backdrop for KLP's decision to exclude both tobacco manufacturers and manufacturers of certain types of weapons. Other high-risk branches include the metal and mining industry and the oil and gas industry. We have, however, also identified breaches of human rights in service providers, such as Internet providers and telecommunication operators.

Ethics

KLP operates within an ethical framework intended to govern the way in which the company performs in relation to the world at large. This framework has been revised during the autumn of 2008 in order to ensure that the company has remained in line with universal expectations and the developments in standards for good performance. The purpose of these ethical guidelines is both to regulate the company's commercial performance and the personal behaviour of employees when representing the company.

New guidelines were adopted in the spring of 2009 and are now available at www.klp.no.

KLP is not aware of any instances involving corruption or extortion linked to the company which violate Norwegian legislation or the company's own regulations. However, this area demands a high degree of vigilance. The company therefore launched a dilemma training program in 2008 to ensure that all employees are well-equipped when making decisions in difficult situations. The very first dilemma training program will be carried out in 2009.

KLP passing on its knowledge

KLP possesses a unique knowledge of public sector pension systems and how these influence individuals, employers and society at large. The company now aims to make this knowledge available to other interested parties, outside our immediate customer base. To do so, we will compile analyses, provide consultation and measures to develop competencies, pave the way for exchange of information and take part in the public exchange of opinion. In 2008, KLP took part in a review of public sector pension systems with politicians from 50 different municipal councils. The company has a target to carry out this review with 80-90 municipalities, improving the data upon which future pension issues are decided.

Sponsorship and financial support

KLP has set aside approx. NOK 2 million for sponsorship and financial support for a

number of organisations. One of the most important contributions we make is the annual sum of NOK 500,000 to the Blue Cross. These funds are administered via a long-term partnership. KLP's employees displayed impressive creativity and spirit with the Competition for Blue Cross, which raised NOK 305,987 during this year's TV appeal. KLP then doubled this figure so that the total donation to the appeal was NOK 611,973. In addition, the Blue Cross was awarded this year's Customer Christmas Gift of NOK 100,000, contributed by 5 different customer service centres. The recipient of the Employees' Christmas Gift is decided by vote, and a donation of NOK 250,000 was made to the Church City Mission in 2008.

Business policy

One of KLP's main ambitions is to contribute towards the development of appropriate and high-quality general terms for our business, our customers and rightful owners. To achieve this, we maintain close dialogue with parties to wage agreements, business organisations, a range of professional groups and authorities.

KLP participates on the Norwegian Financial Services Association's professional committee and Board of Directors. KLP has also played a role in the compilation of a shared policy for social responsibility implemented for the financial industry. In 2008, KLP became involved in a number of working groups related to the Banking Law Commission. The work involved the development of regulations for

general insurance, in the savings bank sector and the financial legislation in general.

The Norwegian Government faces significant challenges related to the execution of its pension reform when it comes to the adaptation of the public sector occupational pensions. KLP has made several, diverse contributions to this area and has compiled a number of possible models. The purpose of these models is to illustrate to wage agreement parties and the authorities the impact the reform will have on the rights and finances of employers.

KLP has also played a central role in ensuring that the Security Scheme, part of the Trans-

fer Agreement, functions as intended. This scheme was established in 2004 to meet the promise made by the Government and parliament that all accumulated municipal pension rights would be ensured full regulation, even if the company with which these rights were earned, was to close.

In 2008, KLP has participated on a number of working groups within the European Association of Public Sector Pension Institutions (EAPSPI). These groups have been involved in the development of regulations and changes in general terms for the business, principally the EU Commission's work on a new framework directive for the insurance industry.

Recipients of financial support in 2008

Recipient	Amount
Blue Cross Partnership*	905 987
Humanitarian organisations	469 750
Health sector	51 250
Culture	90 000
Sports	6 750
Professional organisations	220 000
Other	257 227
Total	2 000 964

* Does not include funds raised by the employees

The workplace

KLP is a company in growth and relies on expert and motivated employees. The group’s management is value-based and takes its starting point in the behavioural values Open, Clear, Responsible and Committed.

The group has an HR policy that substantiates the following target areas: Attractive Workplace; Appropriate Expertise; Efficient Organisation; Culture and Change; and Efficient Personnel Management. The company carried out a working environment survey in 2008, called A Great Place to Work (GPtW). This indicated that a total of 87% of all employees agree that KLP, taking all factors into consideration, is a great place to work.

Development of expertise
KLP has systematic procedures for the development of expertise and training. These are based on a number of outlooks, one of which is securing the necessary amount of training (post-qualification) that allows the individual employee to fully master his or her work and to develop in line with changing requirements. KLP recognises that the most efficient form of training is experience-based learning in the form of work experience and practice together with colleagues. Research indicates that this form of learning represents 80% of the expertise required by the organisation. Training and learning are essential for a sense of achievement and motivation, and to make KLP an attractive place to work with high levels of job satisfaction.

Individual development plans are compiled to monitor training twice a year. In addition to own learning, the company focuses on how new knowledge can be shared with colleagues and utilised to achieve new, improved or amended practice, making sure all training measures are successful. Internal surveys indicate considerable

potential for the implementation of a successful needs assessment, execution and follow-up.

On a more comprehensive sphere, the group examines which areas of expertise are critical for business and which require extra focus and training among employees. This takes the form of an annual process for ensuring expertise. Employees are also offered a number of courses throughout the year, both at corporate level and within local units – all which have separate budgets for training and development. The HR Department provides assistance related to training measures and assessments.

KLP has a management development program, known as VEKST or GROWTH. The purpose of this program is to contribute towards the further development of KLP as a profitable and competitive company. The program shall also generate a specific, future-oriented and unanimous practice of management, based on KLP’s values and management requirements, and provides participants with the potential to achieve personal and professional growth and improve their management skills. At year-end 2008, approx. 100 managers in KLP had completed the program. Included in the program are 6 gatherings that last 2 days. KLP has also implemented a program to intensify the effects of training measures. This program was named Practical Personnel Management and carries on several of the subjects introduced in the GROWTH program.

Further education of employees is an important target area for KLP and the group makes a central provision on the accounts for training – presenting their employees with new internal challenges. The training provision for 2008 was NOK 400,000. Practically all applicants to the training scheme received financial support in 2008, and the number of applicants is on the increase. Moreover, certain business areas have their own budgets for development of expertise. In total, the group spent approx. NOK 6 million on professional training, user training for IT and educational support.

Health, safety and the environment
Every single employee has a part to play in workplace health promotion and employee motivation. Common goals for all HSE work in KLP are a good working environment with high levels of safety and preventive measures which result in a positive development related to participation and working health.

Diversity and equal opportunities
KLP revised its equal opportunities policy in 2008, expanding it to also include diversity and changing the name to Equal opportunities for all. This policy now covers the same areas as discrimination legislation, i.e. gender, ethnicity, nationality, descent, language, philosophy, politics and membership of labour unions, sexuality, age and disabilities.

In order to ensure that the work involved for this policy, its measurements and reports are successfully integrated and sustained with the required level of awareness, all efforts

related to equal opportunities and diversity are now integrated as a part of KLP’s HSE work.

In order to ensure success in this area, the group places a considerable emphasis on raising awareness, systemisation, integration and reporting. Part of this work includes a new formulation for diversity to be used in all job advertisements. The group has also compiled a specific set of goals for all the various discrimination issues. The table below provides a brief summary of goals and measures. More detailed information is available in KLP’s Annual Report 2008.

Employee consultation and cooperation
The relationship between KLP and our employees is governed by a comprehensive system of agreements. For the employees, there is currently only one labour union which has negotiating rights – the Finance Sector Union of Norway. Approximately 50% of KLP employees are union members. No other labour unions have applied for negotiating rights. KLP is a member of the employers’ association for the financial industry.

The Main Agreement, reached at a central level between the employee organisation and the employer organisation, governs the degree and format of cooperation, employee consultation and equal opportunities. Next in line is the Central Agreement, which deals with working hours, social benefits and development of expertise. The Company Agreement covers local requirements. In addition to issues dealt with in the Main

Employee statistics

Employee statistics	2007	2008
No. permanent employees	647	685
No. temporary employees	-	15
Turnover	6.9 %	6.8 %
Ratio of part-time positions, women	-	3 %
Ratio of part-time positions, men	-	1 %
Ratio of female employees, total	50 %	48 %
Average age	40 years	41.5 years

Principal goals for equal opportunities and diversity:

Goal	Measure	Deadline
The work on diversity and equal opportunities for all discrimination issues must comply with current legislation	■ Our obligation to carry out activities is secured by integrating goals and follow-up in our HSE work and in performance appraisals and management assessments ■ Our reporting obligation is met with the annual report	2009
KLP’s goals, measures and policy document must be presented to the entire organisation	■ Offer training for all managers ■ Updating procedures and templates ■ Communication of KLP’s policy to all employees	2009
Ensure good and fact-based statistics and analysis material	■ Ensure necessary extraction and reports ■ Supplement the GPtW survey	2009/10

Ratio of women among management

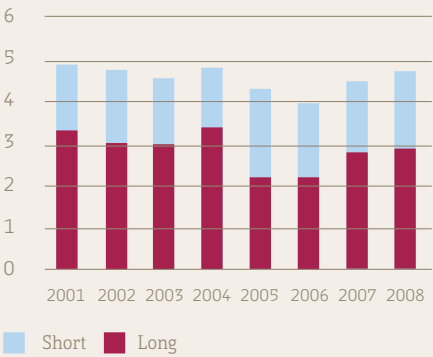
Management level	No. managers	Ratio of women
Level 1 *	9	11 %
Level 2 Section Managers	38	18 %
Level 3 Departmental Managers	48	48 %
Level 4	5	0 %
Level 5	8	30 %
Total average	108	31 %

* As of 1 April 2009, the ratio will be 22%.

Ratio of women among control bodies (31.12.08)

Company body	Ratio of women
KLP’s Board of Directors	50 %
KLP Kapitalforvaltning’s Board of Directors	57 %
KLP Eiendom’s Board of Directors	40 %
KLP Fondforvaltning’s Board of Directors	33 %
KLP Skadeforsikring’s Board of Directors	50 %
KLP Bedriftspensjon’s Board of Directors	67 %
KLP’s Supervisory Board	53 %

Development in sick leave



Agreement and Central Agreement, this comprises performance appraisals, work on equal opportunities and diversity in KLP and access to personal information. All employees, including those who are not members of the Finance Sector Union, are in the main covered by the negotiated wage agreement and other agreements.

Employee representatives and employers meet a total of 36 times a year on both central and local cooperation and working environment committees. These committees discuss issues related to the working environment, such as the company health service, internal safety work, training and information on issues which have an impact on the working environment, future plans which may have an impact on the working environment, maintenance of the in-house HSE work and arrangements for working hours. Moreover, the committees discuss issues related to cooperation which aim at promoting interest among employees for KLP’s assignments, finances, operating result and social importance, recruitment and training policy, education and welfare budget and any planned major changes in the business and measures which involve employment and working conditions for large groups of employees.

Policy regarding stage of life

KLP intends to sustain its position as an attractive place of work for all employees, including employees aged 55+. We want this group of employees to feel that their expertise, experience and skills are fully appreciated within the company. KLP has a number of political tools for senior employees. During performance appraisals, all employees aged 55 or more are encouraged to make proposals for new facilities, developments and alternative careers which would allow this age group to remain at work as long as possible. All the employees in this target group are invited to an annual gathering. These events have a relevant theme for the target group and provide information on specific benefits for senior employees in KLP. Once an employee has reached the age of 62, they receive 3/4 of their monthly salary extra or have 15 extra days holiday per year. From the age of 65, they receive 1/1 of their monthly salary or 20 extra days holiday per year. And from the age of 64, all full-time employees receive 1 hour free per day with full salary.

Sick leave

Absence related to illness saw an increase of 0.2% in 2008 when compared with 2007. This increase relates to both short-term and

long-term sick leave. Short-term sick leave was 1.8% while long-term sick leave totalled 2.9%. Long-term sick leave is defined as absence in excess of 16 consecutive days. Total sick leave in KLP was 4.7%. The ratio between self-certified sick leave and sick leave with doctor’s certificate was 1:3.7.

Employee benefits

The majority of employee benefits are open to all employees, including part-time and temporary employees. Examples of employee benefits are employee loans with discounted interest rate, group life insurance, access to holiday homes or apartments, opportunity to become member of KLP’s sports program, discount in shops in the KLP shopping centre, Paleet. All employees who work a minimum 14-hour week are covered by KLP’s public sector occupational pension scheme and the early retirement scheme, which has been adapted to the former. KLP’s pension commitments in relation to own employees totalled NOK 481 million as of 31 December 2008.



Selected goals and measures from the Policy for equal opportunities and diversity

Area of law	Goal	Measure	DL	Status
Gender	Min. 40% of each sex at all management levels	Increase the ratio of women at top management level	2012	Fulfilled only at levels 3 and 4
	Eliminate any wage differentials related to sex at all levels	Annual statistics of total wage levels for men and women per organisational level and per type of assignment with similar level of responsibility. Wage supplement for female employees in local wage negotiations to eliminate any wage differentials. Eliminate categories of positions based on sex by recruiting an increased number of the under-represented sex.		Average wages for women were 76% of average wages for men in 2008. Mainly attributed to level of position, service time and as-signments.
Ethnicity, nationality and descent	KLP shall introduce active measures to counteract direct and indirect discrimination related to ethnicity, descent, skin colour or nationality	Detailed analysis of how representa-tives of ethnic minorities perceive KLP and how these differ from the average perceptions. Implement specific measures to prevent any experienced discrimination.	2009 2009	The GPTW survey indicated that 4% of employees think of themselves as ethnic minorities. This group is less satisfied with KLP as a place of work than others. This area will receive more focus in the future.
Language	KLP shall introduce active measures to counteract direct and indirect discrimination related to language	Prevent inappropriately strict require-ments on linguistic ability which cannot be substantiated by position.	2009/ 2010	No systematic assessment of linguistic requirements related to the different positions.
Religion and philosophy	KLP shall introduce active measures to counteract direct and indirect discrimination related to the practice of religion and philosophy	At all functions, alternative foods shall be provided according to religious beliefs. Working hours shall be flexible to allow for necessary religious practices. A separate multi-use room in the new KLP building will be available for use for prayer and contemplation.	2009 2009	Have no previous guidelines for this area.
Sexual orientation	KLP shall introduce active measures to counteract direct and indirect discrimination related to sexual orientation	There must be no form of discrimina-tion related to living arrangements (and thereby indirect discrimination of sexual orientation) at any social events.	2009 2010	Have no previous guidelines for this area.
Age	KLP shall introduce active measures to counteract direct and indirect discrimination related to age	Further development of 55+ Ensure age-distributed statistics in terms of recruitment, development of expertise, leave of absence etc. Compile stage of life policy for other age groups/life situations.	2009	55+ has been launched
Disabilities	KLP shall introduce active measures to counteract direct and indirect discrimination of persons with disabilities.	The new building has been designed according to requirements for universal design. When recruiting, accessibility must be ensured for candidates with disabilities. In the event of qualified candidates with disabilities, at least one must be invited to an interview.	2009 2010 2009	Qualified persons with disabilities compete for positions on an equal standing with others, but with no special measures.

Serious HSE incidents	No. 2008
Occupational injuries	0
Occupational disorders	0
Irregular absence	0
Occupational death	0



Plan of action

The plan of action is a means to put KLP’s social responsibility strategy into operation. The purpose of the plan is to contribute towards generating sustainable values for society and our interested parties. The table below includes a selection of goals and measures for 2009.

Policy og guidelines

Subject	Measure and goal
Principal company management	All business areas shall disclose social responsibility on separate score cards
Ethical guidelines	Implement ethical dilemma training throughout the group
Purchasing	Develop a purchasing policy which safeguards KLP’s social responsibility
Environmental policy	Revise the environmental policy in accordance with the Eco-Lighthouse requirements

Customers

Subject	Measure and goal
Development of expertise	Submit offer of presentation for politicians to all municipalities over the four-year period between each election.
Customers’ HSE	Execute 60 HSE projects together with customers.
	Contribute 200 HSE activities targeting customers.
Measures implemented by customers to reduce risk	Carry out 25-day course in systematic safety management for municipalities
	HSE system for waste water system in cooperation with Norwegian Water (Norsk Vann)
	A safe route to school, in cooperation with the Norwegian Council for Road Safety (Trygg Trafikk)
Dialogue with interested parties	Course in economical driving for our customers
	The following surveys have been planned:
	■ CSS for Life Insurance, General Insurance, Employer Loans and among our pensioners
	■ Survey of reputation and two rounds of surveys of knowledge and preferences among population and public sector employees
	■ Qualitative survey in connection with launch of banking service
	New strategy for comprehensive customer services (CRM)

Environment

Subject	Measure and goal
Environmental management	KLP Group (excl. KLP Eiendom) to achieve Eco-Lighthouse certification
The environment re. financial management	Analyse CO2 footprint of KLP’s portfolios
The environment and IT	Execute Plan of Action for Green IT
Property management	Reduce energy consumption in own-managed properties by
	■ 5 kWh/m2 in Oslo
	■ 6.25 kWh/m2 in Trondheim
New head office	Complete the Environmental Building in Trondheim
	Follow-up of OSU’s Environmental Monitoring Program
	Establish environmental requirements for all major purchases

Society

Subject	Measure and goal
Responsible investments	Exclusion strategy
	■ Dialogue with minimum 10 excluded companies
	Active ownership
	■ Dialogue with minimum 5 companies under observation
	■ Votes in 70% of the companies on both Norwegian and international markets
	■ Contribute towards execution of Sustainable Value Creationin 2009 and for the international expansion of this project
	Reporting
	■ Update SRI report twice yearly, communicate the goal and effect of the work
	UN’s principles for responsible investment
	■ Disclose to UN KLP’s work to comply with the principles
Sponsorship and financial support	Further develop partnership with Blue Cross
	Set up jumble sale From children to children as annual event
Business policy	Carry out analyses for parties to wage agreements in order to contribute towards a good and permanent public sector occupational pension scheme for both holders of rights and employers, and simple transitional rules for the pension reform
	Monitor and detect proposals for changes to regulations, competition and structure which affect the group, customers and/or competitors

Workplace

Subject	Measure and goal
Diversity and equal opportunities	Implement measures to realise <i>Equal Opportunities for All</i>
Training and further education	Introduce eLearning in KLP with educational portal and tool for development of own courses.
	Update guidelines for allocation of educational subsidies, and increase awareness of this system.
	Offer training activities where required.
	Provide support to managers and units for good training measures, methods and evaluation.
New head office	Ensure that health, safety and the environment are safeguarded both during the process and in the end result.

GRI table

GRI chapter	GRI Indicators	Chapter in KLP and Society	Page	GC principle*
Strategy and profile				
Strategy and analysis	1.1	Foreword by the CEO	4–5	Statement
	1.2	The report	20–35	
	4–5			
Organisational profile	2.1, 2.3 – 2.6	Organisation and management	39	
	2.2, 2.7		20–22	
	2.8		20, 33	
	2.9 – 2.10		N/M	
Information on the report	3.1 – 3.11, 3.13	About the report	Innbrett	
	3.12		38	
Corporate governance, commitments to external initiatives and participation	4.1 – 4.4	Organisation and management	39	
	4.8, 4.12		6–7	
	4.9		Innbrett	
	4.11		4–5	
	4.15 – 4.17		22–23	
	4.5 – 4.7, 4.10, 4.13 – 4.14	N/A		
Management approach	5	Values and foundations	6–7	

Core indicators

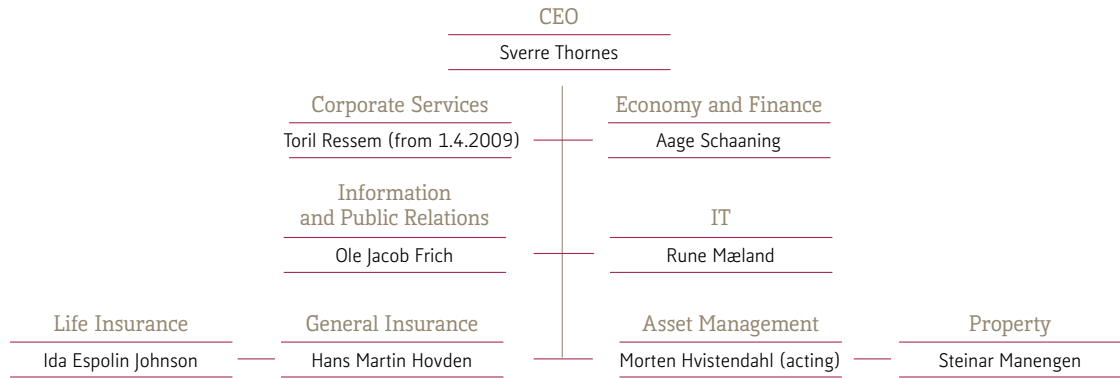
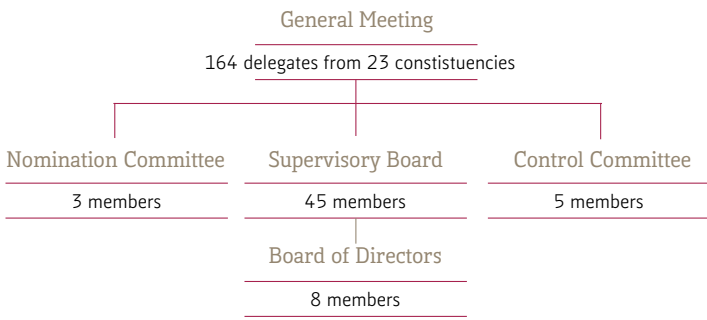
Economy	EC1, EC9	Customers	20–22	
	EC2	The environment	26	
	EC3	The workplace	34	
	EC4 – EC7	N/M		
	EC8	Society	30–31	
The environment	EN1 – EN2, EN8 – EN15, EN19 – EN28	N/M		CG–7–9
	EN3 – EN7, EN16 – EN18, EN29	The environment	24–26	
	EN30	N/A		
Labour practices and decent work	LA1 – LA7, LA9 – LA14	The workplace	32–35	CG4–6
	LA8	N/M		
Human rights	HR1 – HR2, HR5 – HR7	Society	28	CG1–3
	HR3 – HR4, HR8 – R9			
Product responsibility	PR5	Customers	23	
	PR1 – PR4, PR6 – PR9	N/M		
Society	SO3 – SO6	Society	30–31	CG10
	SO1 – SO2	N/A		
	SO7 – SO8	N/M		

Supplementary indicators for the financial sector

Product portfolio	FS1	Values and foundations	6–7	
	FS2, FS5 – FS12	Society	27–29	
	FS3 – FS4	N/M		

*Global Compact principle
N/M = Not material
N/A = Not available

Organisation and management



1:

KLP's organisational structure

The parent company for the KLP group is Kommunal landspensjonskasse, a mutual insurance company, owned by customers who have a public sector pension agreement with KLP. The parent company has 7 wholly-owned subsidiaries. The head office for the parent company and all subsidiaries is located in Oslo. In addition, the parent company has one office in Bergen. KLP Eiendom, the group's property management company, has offices in Trondheim and subsidiaries in Copenhagen and Stockholm.

KLP's management structure

The General Meeting
Delegates to the General Meeting are elected in nomination meetings in 23 constituencies, where all owners have a voting right based on their contributions to the pension agreement.

The Supervisory Board
The General Meeting elects 24 representatives. 6 representatives are nominated by the employee organisations in proportion to the number of members with pension insurance in KLP. 15 representatives are elected by and among the employees of the KLP group.

The Board of Directors
5 members with deputies are elected by the Supervisory Board and 2 members by and among KLP's employees. 1 member is nominated by the employee organisation which has the highest number of members with pension insurance in KLP. The Board of Directors adopts the company's ethical guidelines and considers the report section of the Social Responsibility Report. In 2008, no other subjects related to social responsibility have been considered.

The Control Committee
The Control Committee is elected by the General Meeting. The Control Committee supervises the activities of the company.

Corporate operating organisation

KLP's corporate management comprises the managers of the different business areas and a CEO. The corporate management is jointly responsible for the compilation of and compliance with the company's social responsibility strategy. In 2008, the Marketing Department within the largest business area, Life Assurance, has been appointed operating responsibility for the development of expertise, strategy development and consultation related to the environment, ethics and social responsibility. With effect from 2009, this responsibility has been transferred to the Corporate Services business area. The Asset Management business area has operating responsibility for responsible investments.

About the report

The Sustainability Report 2008 aims to demonstrate KLP's efforts towards fulfilling our goal to run our operations in a responsible manner and, thereby, making a positive contribution to society and the environment in general.

The global reporting standard GRI (Global Reporting Initiative) forms the starting point for our collection of data. KLP has evaluated the GRI indicators in terms of relevance and materiality and has reached a decision to increase the scope of the reports in certain areas, while other indicators have been eliminated. The company also prepares reports on issues from previous years which require monitoring, and on activities and measures in which we feel our readers will be interested. In the report, the term "social responsibility" is used as a general term including both environmental and social responsibility.

It is unfortunately an impossible task to compare all the data for the entire group and for all areas. Our goal, however, is to cover the entire group of companies, including the subsidiaries in Sweden and Denmark. The subsidiary in Ireland has not been included. If the report includes information which only covers parts of our activities, this will be specified.

We have made a number of amendments to the method of data collection and processing within several areas. Where possible, the figures from 2007 have been updated using the same template so that we can ensure comparisons over time. And where relevant, information is provided on the above.

The report is still some way behind fulfilling all the GRI requirements for report quality. We lack data in certain areas, it has proven difficult to compare data for certain indicators over time and the level of detail leaves room for improvement. For the reasons stated above, KLP has decided not to order an external audit or investigation of the report. According to our own assessment however, the report satisfies GRI level C with a good margin, but does not quite reach up to level B.

The report section has been presented to the Board of Directors, but the actual publication has been issued by the management of KLP.

- Publication: April 2009
- Reporting period: 2008, with plan of action for 2009
- Previous report: May 2008
- Chief Editor: CSR Manager Cornelia Moseid

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