



Annual report 2021
KLP Group, Sustainability
and KLP

Table of Contents

A word for the CEO	6
Good results in challenging times	6
This is KLP	8
Group board of directors	16
KLP's history	21
Public-sector occupational pensions	22
Highlights of the Year 2021	23
Corporate responsibility	26
Risk management and internal control in KLP	31
Norwegian Code of Practice for Corporate Governance (NUES)	34
Annual Report 2021	42
Results for the Group	42
Results for the parent company	43
The business areas	47
Corporate social responsibility	60
Employees and health, safety and the environment (HSE)	62
Regulatory framework	64
Other relations	65
KLP Group	68
Income statement	68
Balance sheet	69
Changes in Owner's equity	71
Statement of cash flows	72
Notes to the accounts	73
Note 1 General information	73
Note 2 Summary of the most important accounting principles	73
Note 3 Important accounting estimates and valuations	99
Note 4 Segment information	104
Note 5 Net income from financial instruments	108
Note 6 Fair value of financial assets and liabilities	109
Note 7 Fair value hierarchy	116
Note 8 Risk management	120
Note 9 Liquidity risk	127
Note 10 Interest rate risk	134
Note 11 Currency risk	137
Note 12 Credit risk	142
Note 13 Presentation of assets and liabilities that are subject to net settlement	148
Note 14 Mortgage loans and other lending	151
Note 15 Investment property	153
Note 16 Subordinated loan capital and hybrid Tier 1 securities	153
Note 17 Investments in associated companies and joint ventures	156
Note 18 Hedge accounting	158

Note 19 Borrowing	160
Note 20 Technical matters	163
Note 21 Tangible fixed assets	178
Note 22 Tax	179
Note 23 Transferred assets with restrictions	181
Note 24 Intangible assets	184
Note 25 Return on capital for life insurance segment.....	185
Note 26 SCR ratio	185
Note 27 Pensions obligations, own employees	188
Note 28 Number of employees	198
Note 29 Salary and obligations towards senior management etc.....	198
Note 30 Auditor's fee.....	204
Note 31 Operating expenses	204
Note 32 Other income and – expenses	204
Note 33 Other current liabilities	205
Note 34 Contingent liabilities	205
Note 35 Retained earnings	205
Note 36 Change in liabilities from financing activities.....	206
Note 37 Change in fair value IFRS 9	206
Note 38 Events after the reporting period	207
KLP's sustainability accounts 2021	208
Introduction	208
Materiality matrix.....	208
Engaged and responsible owner	210
Climate, environment and nature	216
Climate goals and climate-friendly investments	216
KLP's property portfolio	219
Climate risk	222
Share of sustainable activities – reporting under the EU Taxonomy.....	225
KLP's own operations	226
Innovation and social development.....	229
Lending to municipalities and county municipalities	230
Seed capital investments.....	232
New renewable energy capacity	234
Banking and finance in developing companies	236
Increase knowledge about pensions	238
Efforts to promote health and prevent damage to property.....	238
Human and labour rights	242
KLP as a workplace and employer.....	242
Human and labour rights in investments.....	254
Human and labour rights in procurement	254
Human and labour rights at business partners	255
Anti-corruption and financial crime.....	257

KLP has zero tolerance for financial crime.....	257
Transparency about investments	258
Responsible business operations	258
Tax and income in different countries	260
UN Sustainable Development Goals which KLP contributes to	262
Notes and definitions	265
Engaged and responsible owner.....	265
Climate, environment and nature.....	266
Innovation and social development	273
Human and labour rights	276
Anti-corruption and financial crime	278
Independent auditor's report	280
Appendix: Reporting on equality and diversity by KLP's subsidiaries	282
KLP Banken	282
KLP Eiendom	284
KLP Kapitalforvaltning.....	286
KLP Skadeforsikring	288
Kommunal Landspensjonskasse gjensidig forsikringsselskap.....	290
Income statement	290
Balance sheet.....	292
Changes in Owners' equity	295
Statement of cash flows	296
Notes.....	297
Note 1 General information	297
Note 2 Summary of the most important accounting principles	297
Note 3 Important accounting estimates and valuations.....	303
Note 4 Net income from financial instruments	306
Note 5 Fair value of financial assets and liabilities.....	308
Note 6 Fair value hierarchy.....	317
Note 7 Risk management.....	323
Note 8 Liquidity risk.....	328
Note 9 Interest rate risk	334
Note 10 Currency risk.....	337
Note 11 Credit risk	341
Note 12 Presentation of assets and liabilities that are subject to net settlement..	347
Note 13 Mortgage loans and other lending	350
Note 14 Shares and holdings in subsidiaries, associated enterprises and jointly controlled entities.....	352
Note 15 Shares and equity fund units	357
Note 16 Securities adjustment fund	401
Note 17 Investment properties	402
Note 18 Intangible assets	402
Note 19 Technical matters	404
Note 20 Hedge accounting.....	414

Note 21 Subordinated loan capital and hybrid Tier 1 securities.....	415
Note 22 Transferred assets with restrictions	418
Note 23 Return on capital	419
Note 24 Sales costs	421
Note 25 Pensions obligations, own employees	421
Note 26 Tax	431
Note 27 Salary and obligations towards senior management etc.....	432
Note 28 Number of employees	438
Note 29 Auditor's fee.....	438
Note 30 Transactions with related parties.....	438
Note 31 Other liabilities	439
Note 32 SCR ratio	439
Note 33 Other insurance-related income and costs.....	442
Note 34 Contingent liabilities	442
Note 35 Leases.....	443
Note 36 Change in liabilities from financing activities.....	443
Note 37 Change in fair value IFRS 9	444
Note 38 Events after the reporting period.....	444
Independent Auditor's Report.....	446
Contact information	453

A word for the CEO

Good results in challenging times



Group Chief Executive Officer Sverre Thornes

2021 was another year marked by coronavirus. However, KLP continues to deliver strong results on the back of good returns in the equity and property estate markets, and from its subsidiaries. These good results allow us to pass on an ample surplus to our customers and so help to keep their pension costs down. We see this as one of our main tasks.

The dramatic events that have marked the start of 2022 are rapidly putting last year in the shade. The war in Ukraine affects us all. People are being driven out of their homes. It is heartbreaking to see the images pouring in with all the brutality of war and the human suffering it causes. As an investor, KLP is doing all it can to show that we strongly oppose Russia's violation of fundamental principles laid down in the UN Charter.

In an annual report, we have to look at the results from the previous year. In 2021, KLP delivered a value-adjusted return on customers' pension funds of 8.4 per cent.

In the public-sector occupational pensions market, several customers reviewed their pension provision, but only two municipalities and a few companies chose to move their schemes to another provider. In December, the Storting adopted new rules on public-sector occupational

pensions. Among other things, the changes mean that a customer's solvency capital is now collected in a buffer fund where they have a say in how much to set aside. This could allow for greater freedom of choice in their investment management.

Both public-sector occupational pensions and the general pension system are changing. The regulations are wide-ranging and complicated. That is why we put a lot of work and resources into good guidance. To make it easier to obtain information, we have "My page" on our website, where an employee can find useful information about their rights and how their pension will be affected by their own choices, such as early retirement, voluntary part-time working or drawing a pension while still working, and much more. Many also want to discuss things with someone who can give personal advice, and we conduct around 10,000 such personal consultations in a year. We know this is highly appreciated.

We are continuing our efforts to improve and renew our pension systems. This is a multi-year programme aimed at automating many of our internal processes so our customers can get answers immediately wherever possible. It will provide a better customer experience and more efficient operation. It will also help to lower costs for our customers.

It is a great responsibility for us to manage over NOK 900 billion on behalf of our owners in the Norwegian local government and healthcare sector. KLP aims to be a driver for sustainable development and play its part in achieving the global objectives set out in the UN Sustainable Development Goals and the Paris Agreement. We have been part of the UN Global Compact since 2003. We take active steps as an owner and through our investments to limit global warming. This produces results.

Today, however, the war in Europe overshadows everything else, and we sincerely hope that the conflict can be resolved in a way that limits human suffering and destruction. Our thoughts go out to those affected.

+Herre ,:A D@7E

Group Chief Executive Officer, KLP

This is KLP

KLP started out as a partnership of small municipalities across the country wanting to offer occupational pensions to their employees. We are now Norway's largest pension provider. KLP is still owned by its customers.

KLP's business idea is to provide public-sector occupational pensions and financial and insurance services to public-sector customers and their employees. The services should be secure and competitive.

KLP had total assets of NOK 900 billion at the beginning of 2021.

KLP's core business

KLP's principal product is public-sector occupational pensions. We set out to provide public-sector enterprises and their employees with secure pension saving that contributes to sustainable development. As part of our service, we also offer important and necessary additional services to our customers and members, such as banking and insurance.

KLP is the pension company for the Norwegian local government and healthcare sector.

As our customers are also our owners, all wealth creation goes back to them. This sets us apart from other providers.

- At KLP, we use any surplus to boost our financial strength. This contributes to higher returns on customers' pension capital, and lower pension costs for customers.
- Profits also go to the customers' premium fund. This is money that they can use to pay future pension premiums.

All profits therefore go towards lower pension costs for our customers. This means that customers get more for essential services that they have to deliver. KLP's vision is to be the best partner for the days ahead.

KLP and its subsidiaries

KLP is a mutual insurance company with five wholly-owned subsidiaries organised as limited companies. The subsidiaries contribute to increased growth and profitability by offering good prices for banking, asset management and insurance services to everyone who has a pension with KLP.



Organisation map

Organisation and management

The parent company Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) and its wholly-owned subsidiaries have a total of around 1,000 employees.

The company's Board of Directors is elected by the corporate assembly and made up of representatives from the owners, which comprise municipalities and county authorities, health enterprises and other companies. The public sector employees' organisations are represented in the governing bodies of the company.

Group senior management

The Group management in KLP consists of ten persons with a broad background from the Norwegian business community. Group management is organised by business areas, representing Life Insurance, Asset Management, Non-Life Insurance, Property and Banking. Group management also includes the shared functions for Finance, IT, Communication and Markets, along with HR and Internal Services.



Sverre Thornes

Group Chief Executive Officer KLP

Sverre Thornes has a BA in Business Administration from the American College in Paris. He joined KLP in 1995 as a fixed income portfolio manager and headed KLP Asset Management from 2001 – 2006. He managed the Life Insurance Division of Kommunal Landspensjonskasse from 1. April 2006 to 3. January 2008. Since January 2008 he has been the CEO for the KLP Group.



Aage E. Schaanning

Executive Vice President/Chief Financial Officer

Aage Schaanning has a MBA from the University of Colorado and is an Authorised Financial Analyst. He has previously worked with raising finance, balance sheet control and asset management with BNbank and Kreditkassen before starting at KLP in 2001 as Investment Director at KLP Kapitalforvaltning. He headed KLP Kapitalforvaltning from 2006-2008.



Marianne Sevaldsen

Executive Vice President for KLP's Liv division (Life Division)

Ms Marianne Sevaldsen is a lawyer. Her specialist fields are insurance law and corporate law. She is executive Vice President for KLP's Life Division from February 1. 2013. She was previously senior vice president in the Business Department at Sandnes Sparebank, a savings bank.



Håvard Gulbrandsen

Managing Director KLP Asset Management

Håvard Gulbrandsen has a MSc in Management Sciences from the University of Warwick (1988), Master in Finance & Investments (1989) and is authorised financial analyst from 1992. His previous experience includes portfolio manager - fixed income in Storebrand Asset Management and Director of investments in DnB Investor AS. He joined KLP from the position of Head of Asset Strategies Equities / Head of Core Corporate Governance in the Bank of Norway Investment Management. He is Managing Director of KLP Asset Management since September 1. 2009.



Tore Tenold

Managing Director KLP Skadeforsikring AS

Tore Tenold was educated at the police college, the university and the insurance academy. He was Managing Director of SpareBank 1 Skadeforsikring AS and has previously worked at Aktiv forsikring and Vesta forsikring. He joined KLP on 1 October 2012.



Gunnar Gjørtz

Managing Director KLP Eiendom AS

Gunnar Gjørtz has a business degree from Handelsakademiet in Oslo (now BI). His background includes experience as CFO in NetCom, Løvenskiold Vækerø and Hafslund. Gjørtz also spent four years in the UK and France with Suez-Lyonnaise des Eaux. He was CFO of the then listed Nora Eiendom when it was bought up by KLP in 1995 to form KLP Eiendom. Gjørtz rejoined KLP Eiendom as deputy managing director on August 1. 2010, and assumed the position of managing director on January 1. 2011.



Leif Magne Andersen

Managing Director KLP Banken AS

Leif Magne Andersen holds an Executive MBA in Strategic management from NHH, the Norwegian School of Economics. While working since 1997 for Postbanken and the DnB NOR system, Mr Andersen was Regional Director for the Personal Market Effort, among other things. Before that he worked as a head of department at Intenia and he has also worked for the Norwegian Defence Forces. Mr Andersen has been the Managing Director of KLP Banken AS since 1 December 2011.

**Gro Myking**

Executive Vice President Communication and Marketing

Gro Myking holds an MSc from NHH – the Norwegian School of Economics. Between 2007 and 2016 Ms Myking was Marketing Director of Posten Norge AS (the Norwegian postal service). She was previously Executive Vice-President Marketing at Hakon Gruppen/ICA Norge (a large Norwegian grocery retail group), and has run her own consultancy. She has served on the boards of several major Norwegian companies. Ms Myking joined KLP on 1 February 2016.



Kirsten Grutle

Executive Vice President HR and Internal Services

Kirsten Grutle joined KLP as HR Director on 1 September 2011, coming from the post of HR Director at Accenture Norway. Since 1 December 2016, she has been Executive Vice President for HR and Internal Services at KLP. She previously worked for Telenor, EDB Business Partner and Accenture. Grutle has a Cand. Mag. degree from the University of Bergen, with Economics, Administration, Organisation and Information Science among the subjects studied.



Rune Hørnes

Executive Vice President IT

Rune Hørnes holds an MSc from NHH – The Norwegian School of Economics. He has long and broad experience from working across business strategy, IT, organisational and work processes. Mr Hørnes has held the position of CIO at Storebrand, where he held various positions since 2005. Before commencing work at Storebrand, Mr Hørnes was Senior Manager at Accenture, working in banking and insurance. He joined KLP on 1 October 2016.

Group board of directors



Egil Johansen

CHAIR OF THE BOARD OF DIRECTORS

Egil Johansen was elected as first permanent deputy member in 2011. In 2014 he was elected as a director and deputy chairman of the Board. He is the project manager/chief administrative officer in the new Tønsberg municipality. He was previously county chief administrative officer in Vestfold, and has also been chief administrative officer in Porsgrunn and Re. Johansen has also worked for the Ministry of Petroleum and Energy and the Aker group. Johansen has a degree in economics from the Norwegian School of Economics.



Jenny Følling
DEPUTY CHAIR

Jenny Følling is the mayor of Sunnfjord municipality. She was previously deputy mayor of Sogn and Fjordane, Mayor of Gaulaer and has held several other positions in the local government sector. Følling trained as an agricultural consultant at Vestfold Agricultural School and has also studied regional and landscape planning at the colleges in Volda and Sogndal.



Cecilie Daae

BOARD MEMBER

Cecilie Daae is CEO of Helse Nord RHF. She is 59 years old, and qualified as a doctor at the University of Oslo specialising in general practice. Daae also has a Master's degree in Health Administration; she has completed the Armed Forces management course and has extensive experience of the health sector both as a clinician and as a manager. Alongside her board experience, she has previously held management positions at many levels, including several positions at the Norwegian Directorate of Health (including Deputy Director-General), and as Director-General of the Directorate for Civil Protection. Since January 2020, she has been CEO of Helse Nord RHF.



Øivind Brevik

BOARD MEMBER

Øivind Brevik is managing director of Samfunnsbedriftene. He has previously held positions in the Norwegian Institute for Nature Research, the Norwegian Climate and Pollution Agency (at the Norwegian Environment Agency), the City of Oslo and Romerike Avfallsforedling (waste processing). Brevik has an MSc in ecology and environmental management from the Norwegian University of Science and Technology (NTNU).



Odd Haldgeir Larsen

BOARD MEMBER

Odd Haldgeir Larsen was elected as a member of the Board of KLP in May 2018. He is vice-chair of Fagforbundet (the Norwegian Union of Municipal and General Employees) and represents the employee organisation with the most members of KLP.



Erling Bendiksen
BOARD MEMBER

Erling Bendiksen was elected to the Board of KLP as an employee representative in April 2021. He has been employed by KLP since 1981 and works as a Customer and Sales Manager. Erling Bendiksen has many years of experience as an elected representative and is now the Chief Safety Representative at KLP. Erling has an advanced insurance degree from the Insurance Academy. He graduated from the “Rhetoric, Communication and Management” study programme at BI Norwegian Business School.



Vibeke Heldal
BOARD MEMBER

Vibeke Heldal was elected to the Board of KLP as an employee representative in May 2021. She has been employed by KLP since 2003 and works as IT Business Analyst in IT Contract Administration at our office in Bergen. Vibeke Heldal has a varied professional background, and from 1989 – 1999 she worked in the oil and gas sector. Heldal has a Bachelor's degree in Economics and Administration from BI Norwegian Business School, and in her spare time she is currently studying Team Management in BI's Executive Master of Management programme.

Deputy members

Egil Matsen
1st deputy, regularly attending from November 2021

Hilde Rolandsen
2nd deputy

You can read the report from the Board of Directors [here](#)

KLP's history

The idea of a municipal pension fund was born a good 100 years ago. When KLP was established in 1949, it was the result of a long process that ended with municipalities joining forces to establish a joint pension scheme. This formed the basis for the customer-owned company that KLP is today.

You can read more about KLP's history on our website: www.klp.no/om-klp/klps-historie

Public-sector occupational pensions

Public-sector occupational pensions are the pension scheme for public sector workers and are paid for by the employer. In the public sector, the occupational pension is a complete package that has been created following negotiations between the parties in the labour market. This means that in addition to the old-age pension, it includes AFP (contractual pension) and disability and survivor's pensions. The old-age pension is paid for life from the date of retirement.

Public-sector occupational pensions have been split into two, so those born in 1963 and after accrue occupational pension entitlement for all years in work. That means that it pays to stay in work for longer. For those born in 1962 and earlier, the rule is that 30 years of accrual time in the public sector provide for 66 per cent of salary in total pension from the occupational pension and national insurance. Note, however, that those born in 1959-1962 receive a little less than 66 per cent in total pension if they retire at age 67 even if they have full entitlement.

There are separate rules for persons with a special age limit.

As both public-sector occupational pensions and the general pension system are changing, we encourage

public-sector employees to familiarise themselves with the scheme before retirement. There may be significant differences in knowledge, pension expectations and realities among employees. Employees will benefit greatly from entering the pension scheme well before they retire.

There is a lot of useful information about public-sector occupational pensions at klp.no. For example, there are articles on retirement pensions for different year-groups. Anyone who has a pension with KLP can also log in to the pension guide on 'My Page' at klp.no to see how much they could receive in pension from KLP, national insurance and other pension schemes.

Highlights of the Year 2021

January

KLP funds report record sales. Net new subscriptions from external customers totalled NOK 1.7 billion in December and NOK 10 billion in the whole of 2020, compared with NOK 5.2 billion the year before.

February

KLP asset managers win EuroHedge Award for returns from the KLP Alfa Global Energi fund.

KLP delivers good results despite uncertain times and the major challenges facing the economy, including infection-reducing measures.

March

KLP named best responsible investor in a report from 'The Future in our Hands'.

April

The Norwegian association of private kindergartens (PBL) signs an agreement with KLP Skadeforsikring for collective staff insurance for almost 30,000 employees, making it our largest private customer.

May

KLP invests NOK 2 billion in green infrastructure projects through leading international asset manager Macquarie Asset Management.

June

The KLP Pressure Tank, which develops early-stage business ideas, looks into ways of making money from prawn shells and salmon skins, and refrigeration for small boats.

July

KLP excludes 16 companies with links to Israeli settlements in the West Bank, according to a UN report.

KLP makes its fifth investment in real estate funds in Europe. The investment commitment is EUR 100 million (just over NOK 1 billion) in the Catella European Residential Fund III ("CER III").

August

KLP adopts roadmap towards net zero emissions in 2050. The roadmap shows how KLP should assess every investment against an emission path which is compatible with the 1.5-degree target.

September

CEO Sverre Thornes attends the Climate Investment Summit. He talks about the road to Paris, the climate-adapted portfolio and the role of institutional investors.

KLP Banken decides not to increase its mortgage rate even if Norges Bank raises the key policy rate.

October

Kiran Aziz is hired as head of the department that monitors and checks that companies that KLP Kapitalforvaltning invests in follow the company's guidelines on responsible investments.

Reflectors save lives, and KLP marks 'Reflector day' with a social media competition where we give away reflectors and remind people to use them.

November

For the eleventh year in a row, KLP has the most satisfied corporate customers in the non-life insurance segment, according to this year's survey of the insurance industry conducted by the analysis agency EPSI.

KLP and other financial service companies join forces in a call to work for biodiversity and prevent environment loss. The signatories commit to delivering on five measures and reporting on them by 2025.

KLP invests over NOK 200 million in the new global Climate Investor 2 fund. The money will finance more renewable energy in developing countries.

KLP excludes 14 companies that could be linked to the production of controversial armaments such as nuclear weapons and cluster munitions.

Lars Erik Mangset, head of climate change at KLP, is one of the speakers at TEDxSkift, arranged as a countdown to the climate talks in Glasgow.

December

The 2021 KLP Local Government Conference, which consists of seven digital broadcasts from different parts of the country, achieves a record audience with over 10,000 people watching all or part of the broadcast “The battle for energy – is there a peaceful way forward?”

The municipality of Hamar wins KLP Future Prize for 2021 with an award of NOK 250,000. Unusual collaboration across sectors takes Finsal sensory and school garden to the very top.

KLP Skadeforsikring hands gold award for good public building and property management to Vefsn municipality. The ceremony takes place at the IK Bygg conference 2021, and the prize goes to municipalities making systematic efforts to take care of their buildings.

Corporate responsibility

KLP's engagement in the field of corporate responsibility covers a wide field, across many of the UN Sustainable Development Goals (SDGs). Here, we present a selection of the topics we have worked on in 2021.

Climate-related goals for the investment portfolio

In many ways, 2021 was “a year of climate”. It was also the year when the net zero movement gained real momentum among financial investors. KLP is part of this movement. We have long supported the Paris Agreement's goal of restricting global warming to less than 1.5 degrees Celsius (1.5C target). In 2021, we set a net zero goal for all our investments to help the world succeed in reaching the objectives set out in the Paris Agreement. When KLP sets a climate goal, we do so for and on behalf of our owners. Then they can feel confident that their pension funds are being managed in a secure and competitive way that also contributes to the world reaching its climate goals.

Roadmap to Paris

Our goal is for all investments to have emission levels compatible with the world achieving net zero by 2050. To this objective, KLP has developed its own roadmap based on internationally established standards and best practice. The roadmap describes how we will work towards the Paris Agreement and how we will assess whether our investments contribute to achieving the 1.5C target.

As a key reference point in our roadmap, we have developed the Paris Alignment Percentage (PAP), which describes the percentage of KLP's investments that are in line with the 1.5C target.. When we calculate our PAP, we divide our investments into four categories:

1. **Green investments** – Companies and projects with zero or almost zero emissions, and which we know are aligned with the Paris Agreement.
2. **High-emission sectors** – Sectors deemed to produce high emission levels, and where acknowledged reference pathways have been established, enabling emissions from individual companies to be compared with the requirements of the Paris Agreement.
3. **Other investments** – Investments for which there are no acknowledged reference pathways, where we use other methods to calculate the degree of alignment with the Paris Agreement.
4. **Investments without data** – An important principle in our framework is to include all relevant investments in the climate goal. If we do not have data on an investment, we automatically assume it has zero Paris alignment and place it in a separate category.

Our goal of adapting our investment portfolio to the 1.5C target consists of several sub-goals:

- Increase climate-friendly investments by at least NOK 6 billion per year.
- Set strategies and goals that ensure high-emission sectors meet the Paris Agreement's targets by 2025.
- Ensure that emissions are reduced by 7 per cent per year from 2019 to 2030 and compare the climate-related goals of the companies we invest in against the appropriate mitigation pathway.
- Have net zero-emissions from our investment portfolio by 2050.

It is vital that the corporate sector strives towards the same goals. We therefore wish to contribute to the development of knowledge and establishment of good climate-related practices in both the financial and other business sectors. Our approach to net zero is thus built on one of KLP's core values – transparency. Transparency about companies' net zero emission targets is vital if the Paris Agreement's objectives are to be realised, because business enterprises must learn from each other and KLP's stakeholders must understand what we are doing to keep global warming below 1.5C. Hence, in the interests of transparency, we have published our entire roadmap to net zero emissions on our [website](#).

KLP tightened up the weapons-related exclusion criterion in 2021

All KLP's investment decisions must comply with its [Guidelines for KLP as a Responsible Investor](#). The objective of these guidelines is to ensure that KLP acts as a responsible investor and shareholder. This means that KLP aims to fulfil its obligations as a signatory to the UN Global Compact and Principles for Responsible Investment, contribute to sustainable development in line with the SDGs *and* provide its owners with a competitive return on investment over time.

There are four key aspects to KLP's sustainable investment practice. We **integrate** sustainability factors in our investment analyses and decision-making processes, and we are an actively engaged and responsible owner. This means that we try and influence companies to engage in sustainable value creation, and always hope to resolve challenges through **dialogue**. Sometimes, however, this is not enough. In such instances, we are obliged to use stronger measures, such as **excluding** companies from our investment portfolio. We have clear criteria for exclusion. These are both *behaviour-based*, such as human rights abuses and environmental damage, and *product-based*, such as weapons, coal and tobacco. We are open about our decisions. The final aspect of our approach to sustainable investment is that we have a separate portfolio of **impact investments**, whose object is to contribute to sustainable development in low-income countries, as defined in the SDGs.

In the autumn of 2021, KLP's board of directors made two changes to the company's weapons-related exclusion criteria. These changes mirror changes in the ethical guidelines governing the Norwegian Government Pension Fund Global (GPFG). KLP has, for many years, excluded companies that can be linked to nuclear weapons for many years. Now we have further restricted what we accept in the way of investments in weapons-related business operations.

One change is that the exclusion criterion now applies to both the development and production of weapons, as well as the production of key weapons components. The line KLP has drawn may be summarized thus: the terms “production” and “weapons” shall be understood broadly and include all assembly of the weapons themselves and their key components. The term “weapons” also includes systems and platforms intended for use in connection therewith, as well as related systems and components.

The **other** change relates to the sale of weapons to states engaged in armed conflicts which use them in ways that constitute serious and systematic violations of the rules of combat laid down in international law. This change also reflects the new GPFG guidelines.

New regulations – a paradigm shift for the financial sector

The EU and Norway have adopted new regulations and regulatory amendments, and more are in the pipeline. This represents a paradigm shift for the financial sector. Previously, KLP and other investors were not required by law to invest responsibly and sustainably. Those that did, chose to do so voluntarily under the impetus of other drivers. While the new statutory provisions largely establish disclosure requirements, they also formalize requirements for the management of sustainability risk. KLP considers this to be a positive move. We believe it will accelerate the pace of change, since the entire sector is now focusing its attention on sustainability.

We consider the following requirements to be the most relevant for KLP:

1. The EU’s Taxonomy Regulation

- This EU classification system sets out the criteria that must be met before a particular economic activity, based on research and best practice, may be considered sustainable. In addition, the system contains reporting requirements.
- This will encompass KLP, KLP Banken and KLP Skadeforsikring. KLP Kapitalforvaltning is covered as a financial market participant (a business that provides investment service and products). In addition, KLP Skadeforsikring may assess its business against expected criteria for climate-related damage. Property companies have also been given criteria for assessing sustainability.

2. Sustainable Finance Disclosure Regulation (SFDR)

- This imposes disclosure obligations on financial market participants and financial advisers. Such undertakings must disclose how sustainable risk considerations are integrated in risk assessments and advice, and any negative consequences of their investment decisions.
- KLP Kapitalforvaltning is covered as a provider of securities funds. In our opinion, KLP is not covered, since KLP is not a financial market participant as defined in the regulations because KLP does not provide the products covered by the regulation. Pension funds are, however, covered. Since the majority of our competitors will be covered by the regulation, we feel it correct of KLP to comply with the regulation to the extent applicable. It will help to increase

the amount of information our customers receive.

3. Solvency II Directive

- Amendments to the solvency regulations have been proposed. These include a requirement that sustainability risk be explicitly integrated into the undertakings' operational and risk management.
- This will apply to KLP and KLP Skadeforsikring, which are insurance companies.

4. Non-Financial Reporting Directive (NFRD)

- This standardizes what companies are expected to report on sustainability-related matters, so that investors have adequate information for investment analyses. Such disclosures must follow a European standard in keeping with other EU regulations and directives (EU taxonomy and SFDR). The directive applies to listed companies in addition to major enterprises. Companies in the KLP Group will probably also be covered.
- As far as we can see, KLP, KLP Skadeforsikring and KLP Banken will be covered.

5. Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)

- The purpose of this Norwegian legislation is to promote companies' respect for fundamental human rights and working conditions, and legally safeguard public access to information on how companies deal with adverse impacts deriving from their operations. The law requires companies to perform due diligence assessments and account for their work on such assessments in public disclosures.
- All of KLP's companies are covered by this Act's provisions to some degree or other.

KLP is closely monitoring developments in the various regulatory frameworks

KLP is favorably disposed to the developments in the regulatory framework in these areas. The new requirements establish new market standards that will affect the entire sector and that KLP will be measured against by its stakeholders. In the years to come, KLP will naturally use these standards as the foundations for its development endeavors.

The EU's Taxonomy Regulation and Sustainable Finance Disclosure Regulation (SFDR), in particular, will highlight differences between financial managers. As a result, these regulations will make it easier to compare KLP with its competitors, thereby emphasizing the importance of maintaining high standards. This is particularly relevant for KLP with respect to the debate about active versus passive asset management.

KLP reports on matters relating to human and labor rights (pursuant to the Transparency Act) in its annual sustainability report. The law will formally enter into force in 2022, and we will further systematize our work relating to due diligence assessments and how we deal with adverse impacts that such assessments may reveal.

Risk management and internal control in KLP

To ensure that KLP delivers secure and competitive financial and insurance services to its customers, and to safeguard the interests of the owners and the company's assets and values, a system of risk management and internal control has been established.

The Board of Directors of KLP has adopted a Policy for risk management and a Policy for operational risk and internal control.

In KLP, good risk management and internal control are all about ensuring effective goal attainment.

By identifying and analysing relevant risks, the company can take effective measures to manage and control risks that could hinder goal attainment.

This is a continuous process, and part of all decisions on significant changes in the business.

ROLES AND RESPONSIBILITIES

The Board of Directors bears the overall responsibility for ensuring that KLP has established appropriate and effective processes for risk management and internal control. The Board determines the overall risk appetite and ensures that the management of significant risks is appropriately organised. This also means maintaining independent monitoring to ensure that the risks are handled in accordance with the overall risk appetite.

It is the responsibility of the Group CEO to ensure that the Board's policies for management and control are implemented in the business. KLP has a risk management committee which acts as an advisory body to the CEO on all matters relating to KLP's total risk exposure. The committee addresses the general willingness to take risks, the overall risk strategy and risk exposure, broken down into all the major risk factors in the parent company's business, including owner risk associated with the subsidiaries.

CONTROL FUNCTIONS

KLP's risk management function monitors the company's total risk and risk handling, and ensures that the risk management committee and the Board of Directors of KLP are always sufficiently informed of the Group's overall risk profile.

The risk management function assesses whether the assumptions used in the company's risk calculations are reasonable, and assists the management in refining and implementing an overall framework for KLP's risk management, ensuring that this complies with external and internal requirements.

KLP's compliance function assists the management by ensuring that KLP does not incur any sanctions, financial losses or loss of reputation because of failure to comply with laws, regulations and standards ("compliance risk").

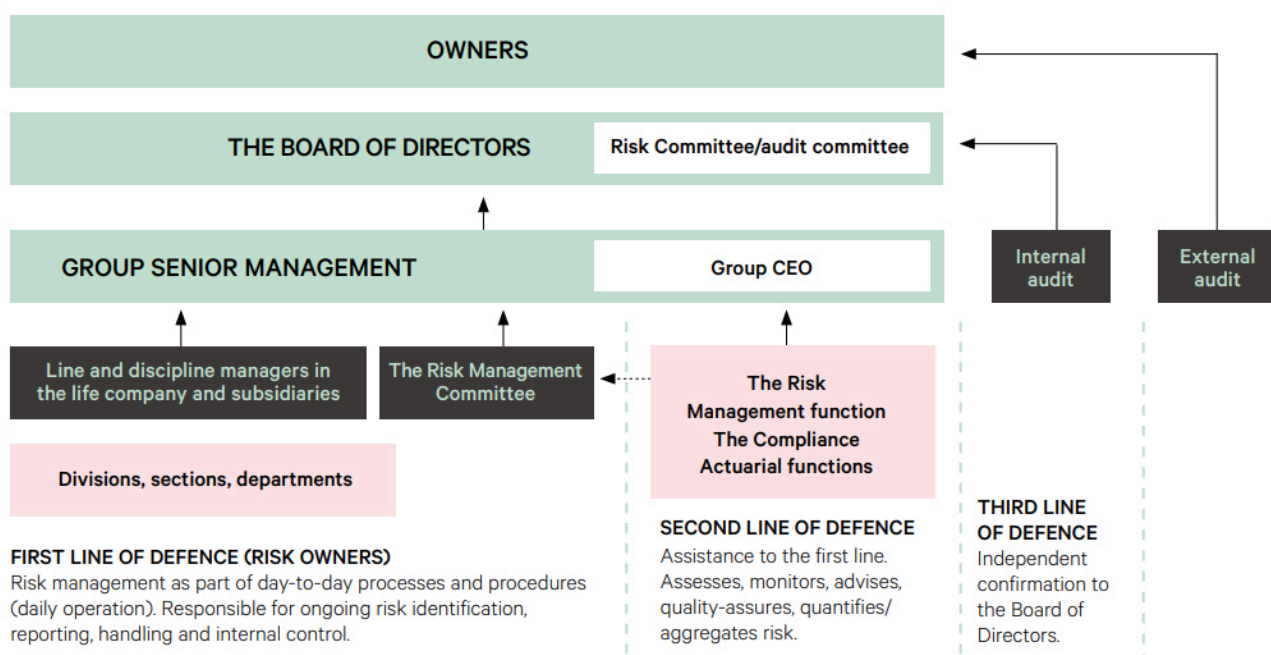
The compliance function assists the management in identifying, assessing and reporting on compliance risks and gives advice to management, the Board and the staff on compliance with the relevant rules for the business.

The actuarial function is responsible for coordinating the calculations of the technical provisions, and ensuring that methods, models and assumptions used in calculating technical provisions are appropriate.

Best estimates should also be compared with KLP's past experience.

The data used in the calculations should be assessed in terms of adequacy and quality. The actuarial function should also comment on KLP's re-insurance programme and contribute to the effective implementation of the risk management system. The risk management, compliance and actuarial functions make their own independent assessments of the risk level in the company and the adequacy of established risk-reduction measures.

The company's internal audit group carries out independent assessments of actuarial, financial and operational risks. After discussion with the Board of Directors and management, key risk areas are evaluated and tested with a view to satisfactory management and control. The internal auditors' reports and recommendations are presented to, and followed up by, the management and the Board. Internal audit helps to give the Board and management confidence that the company has appropriate risk management, internal control and corporate governance.



ROLES AND RESPONSIBILITIES

Roles and responsibilities related to risk management and internal control in KLP can be summed up with a simple model of corporate governance providing three lines of defence. The primary responsibility for risk management lies in the first line, which is made up of managers and staff in the business areas. The compliance, risk management and actuarial functions are defined as second-line functions in KLP. The second line monitors, assesses, advises on, aggregates and reports on the risk situation. The third line of defence includes independent confirmation from the internal auditors that the first and second lines of defence are working properly. In addition to the three internal lines of defence, the external auditors provide independent feedback to the company's owners.

MONITORING

KLP's managers, at all levels, constantly monitor the risks associated with their target area, provide for the creation and implementation of key controls and follow up on any unwanted incidents within their area. The second-line functions assist the managers, monitor the risk level in KLP's key risk areas, and focus especially on risk areas that are not being handled in line with the Board's risk appetite.

ORGANISATION AND IMPLEMENTATION OF FINANCIAL REPORTING

KLP publishes four quarterly reports in addition to the annual report. KLP's quarterly and annual reports are drawn up by the group accounts department, which reports to the CFO. The work is divided in such a way that valuations of assets and liabilities are made outside the group accounts department.

Before each set of accounts is presented, meetings are held between the group accounts department and central technical functions to identify risk factors, market issues etc. that could have a bearing on the accounts. Reconciliation and control procedures have been established to assure the quality of financial reporting. KLP's business is required by law to be audited, and external auditors carry out a full audit of the annual accounts.

The Board of Directors of KLP has appointed its own audit committee to prepare for the Board's discussion of the accounts, with the emphasis on monitoring the financial reporting process and the key principles and valuations underlying the accounts. The company's external auditors take part in the audit committee's discussion of the accounts. The audit committee assesses and monitors the independence of the auditors. In addition to quarterly and annual accounts, monthly operational reports are produced with comparisons against budgets and analyses of developments.

Norwegian Code of Practice for Corporate Governance (NUES)

KLPs articles of association and the applicable legislation provide guidelines for the company's corporate governance, and define a clear division of roles between governing bodies and the managing director. The board of directors carries out an annual review of corporate governance in KLP.

KLP's basic values are described by way of the company's vision of being "the best partner for the days to come" and the core values Open, Clear, Responsible and Committed. These provide shared goals and direction for KLP's progress and strategic priorities. The vision expresses the goals and ambitions of the business. The vision is discussed in more detail in the annual report and on the company's website.

KLP aims to deliver secure and competitive financial and insurance services to the public sector, enterprises associated with the public sector and their employees.

The business idea defines which customers KLP exists to serve, and who its products and services are developed for. KLP aims to maintain a good balance between competitive prices for its customers and a satisfactory return for them as owners. These are qualities which help to ensure that KLP is perceived as the company's vision suggests.

1. Implementation and reporting on corporate governance

- No deviation from the code of practice.

In most areas, KLP follows the Code of Practice for Corporate Governance as described in the principles set out by the Norwegian Corporate Governance board (NUES). Differences from NUES generally arise where individual provisions do not fit KLP's mutual status.

It has also drawn up ethical guidelines which cover things like confidentiality, impartiality and benefits, and a procedure for warning of possible breaches of these. KLP also has guidelines for equality and diversity.

2. Business

- No deviation from the code of practice.

KLP's principal objective is to address the needs of its members within public sector occupational pensions. The objective is assessed by the board of directors in their annual review of the Group strategy. The market is updated on KLP's goals and strategies through the quarterly results presentations and reports published on the company's web pages. The articles of association can be found in full on the company's web pages.

Corporate responsibility is an important part of KLP's activities and basic values. KLP aims to contribute to a sustainable public sector and to integrate CSR into all of its business processes. One example of this is the way in which KLP integrates CSR into its capital management and strives to be one of the leading players in this area. KLP's work on CSR is based on the Group's affiliation to the UN Global Compact and the UN's Principles for Responsible Investment.

KLP reports every quarter on nonfinancial key indicators under the headings of society, environment, human capital and responsible investments. The board has clear goals, strategies and risk profile for the company, in so doing, the company creates value for its owners in a sustainable way. In this effort, the board considers economic, social and environmental circumstances. The board of directors evaluates goals, strategies and risk profile at least yearly.

3. Equity and dividends

- Deviation from the code of practice.

The board of KLP evaluates the company's capital requirements regularly, in the light of the company's objectives, strategy and risk profile. The board adopts an annual appropriation of profits which is designed to ensure that the company has sufficient financial strength. The company is a mutual company and, as such, does not deal in dividends but in appropriation of profits.

KLP's principal objective is to contribute to prudent management of its members' pension resources at the lowest possible cost. Dividend policy is not relevant because the customers own the mutual company. The articles of association state that the members are obliged to pay equity contributions in so far as this is necessary to provide KLP with satisfactory financial strength. KLP's financial strength, capital position and solvency are discussed in more detail in the annual report from the board of directors.

The provision in the Companies Act on mandates to the board of directors is not relevant to KLP. In KLP, it is the board which sets and announces the rates for equity contributions which are "necessary to provide KLP with satisfactory financial strength". For the Nurses' Pension Scheme, it is the board of the pension scheme which decides on the equity contributions and the Ministry of Labour and Social Affairs which approves them.

4. Equal treatment of shareholders

- Deviation from the code of practice.

Individual elements of the Code are not directly transferable to KLP as a mutual company, but we follow the general intent of the Code. The difference is mainly due to the fact that the company has no negotiable equity instruments.

5. Shares and negotiability

- Deviation from the code of practice.

This point is not relevant as KLP has no negotiable equity instruments.

6. General meeting

- Deviation from the code of practice.

KLP has chosen a solution where the general meeting consists of elected delegates and deputies. The company is divided into constituencies (election districts). The county administration together with the municipalities in that county each make up one constituency, apart from the municipality of Oslo which is part of the Akershus constituency. The four regional health enterprises and their subsidiaries each make up a constituency. The other members of the company (corporate members) make up a constituency. The number of delegates elected from the individual constituencies is related to the premium volume paid in from each constituency. The recommendation in the Code to arrange for voting by proxy is therefore irrelevant to KLP.

The notice calling the meeting and the support information on the resolutions to be considered, including the recommendations of the nomination committee, are sent to the elected delegates no later than 14 days before the meeting is to be held. The deadline is longer than the minimum required by the Limited Companies Act, which is one week. The practice within KLP, however, is that an early reminder of the scheduled date of the general meeting is sent out to the delegates at the beginning of the year, and it is also mentioned at electoral and owners' meetings.

The chair of the board of directors, the group CEO, the chair of the corporate assembly, the nomination committee and the auditors are entitled and required to attend the ordinary general meeting.

KLP's general meeting is opened and chaired by the chair of the corporate assembly.

7. Nomination committee

- Deviation from the code of practice.

The rules for the nomination committee are set out in the company's articles of association. The corporate assembly chooses the members of the nomination committee, including the chair, and determines the fees to be paid to the members of the committee. This differs from the Code, which recommends that the general meeting should elect a nomination committee.

The composition of the nomination committee is in line with the Code. All the members are independent of the board of directors and executive personnel. The different groups of owners are represented on the committee. Appointments to all of the company's corporate bodies should be calculated to achieve a reasonable balance between the sexes.

Details of the nomination committee, its composition and tasks are given in the annual report and on the company's website.

The nomination committee proposes candidates for the corporate assembly to be elected by the general meeting, as well as the chair and deputy chair of the corporate assembly. It also proposes the members of the board of directors to be elected by the members of the corporate assembly who are elected by the general meeting. The nomination committee is also required to make recommendations on the remuneration of the members of the corporate assembly, the board of directors and the nomination committee. In this process, the nomination committee actively consults with the company's various owner groupings.

The members of the nomination committee are elected for a term of two years. They may be re-elected twice.

The nomination committee provides written justifications for its recommendations. The chair of the nomination committee also reports orally on these justifications to the bodies to which elections are being held.

8. Board, composition and independence

- No deviation from the code of practice.

The recommendation on broad representation from company members in the corporate assembly is implemented by the statutes. In the statutes, the members of the corporate assembly elected by the general meeting should reflect the company's interest groups, customer structure and social function.

Five board members with and two deputies are elected by the corporate assembly which is elected by the general meeting. The composition of the board of directors is such that the board as a whole can address the interests of the members and the company, including the company's need for expertise, capacity and diversity. KLP believes that the articles of association

adequately addresses the provisions in the Code on independence of executive personnel, material business contacts and members of the company with equivalent influence to principal shareholders. Please refer to more detailed discussion in section 9 below.

The chair and vice-chair of the board of directors are elected by the corporate assembly.

The members of the board of directors are appointed for two years. There is no provision stating how long a board member may remain in office, but in recent years, the nomination committee has suggested that board members should not normally stay longer than eight years.

The board of directors is considered to be independent in terms of the Code. The external members of the board of directors are independent of executive personnel. No board members have any relationship to members of KLP who represent more than 10 per cent of the votes at the general meeting. All board members are independent of material business contacts.

9. The work of the board of directors

- No deviation from the code of practice.

The board has issued instructions for the board itself and the CEO. Both the Board instruction and the CEO instruction was last revised in December 2021.

The board of directors has three sub-committees: the remuneration committee, the risk committee and the audit committee. Each year, the board appoints at least three members and possibly a deputy to the sub-committees from among the members of the board, and appoints the chairs of the committees.

The board of directors evaluates its own work at least once a year. In this connection, the board is required to evaluate its own work and competence related to the company's risk management and internal control. The results of this evaluation are presented to the nomination committee, which uses them in its work.

Each year, the board is required to evaluate the work of the working committees as part of its self-assessment. The sub-committees also conduct an annual self-assessment.

The board held ten regular board meetings in 2021.

The instruction to the board clarifies how the board and executive personnel shall treat agreements with related parties. If there are material agreements with a related party, the board shall obtain an independent valuation. Agreements with related parties shall, as a starting point, be approved by the board, save for agreements which are concluded in the ordinary course of

KLP's business and based on customary commercial terms and corporate principles. The board will present such agreements that are not included in the aforementioned exception in the annual report. The aim is to ensure that the company is aware of potential conflict of interest, and has a thorough treatment of such agreements, to avoid transfer of value from the company to related parties.

10. Risk management and internal control

- No deviation from the code of practice.

KLP has a well-established system of risk management and internal control adapted to the scope and nature of the company's activities. The system for risk management and internal control is described in a separate section of the annual report.

11. Remuneration of the board of directors

- No deviation from the code of practice.

The remuneration of the board of directors reflects the board's responsibility, expertise and time commitment and the complexity of the company's activities.

12. Salary and other remuneration for executive personnel

- No deviation from the code of practice.

KLP is not covered by the rules on the remuneration of executive personnel in exchange-listed companies. KLP also does not have exchange-listed equity instruments and does not grant share options or bonuses to its staff. As a finance company, the board of KLP adopts guidelines for the remuneration of all employees in the company, including special rules on salaries payable to executive personnel. The company's guidelines on the remuneration of executive personnel are put to the general meeting.

More information on remuneration of senior executives can be found in the annual report and at klp.no.

13. Information and communications

- No deviation from the code of practice.

The board of directors has established guidelines for the company's reporting of financial and other information, and the company's contact with memberowners other than through general meetings.

- All reporting is based on openness and consideration of the requirement for equal treatment of the players in the securities market and the rules on good exchange practice. The published documentation is accessible from the company's web pages.
- KLP has contact with members outside the general meeting, including electoral meetings, owners' meetings, resource group meetings etc.

14. Take-overs

- Deviation from the code of practice.

We differ here because this is not relevant to KLP as a mutual company.

15. Auditor

- No deviation from the code of practice.

The auditor is elected by the general meeting and conducts financial audits. KLP has appointed PwC as its auditor.

The auditor submits an audit report in connection with the annual accounts. The auditor also gives an independent opinion of non-financial accounts drawn up by KLP and included in KLP's annual report.

The auditor attends meetings of the audit committee, as well as the board meeting at which the annual accounts are discussed. The audit committee assesses the independence of the auditor each year.

The board of directors of KLP has established guidelines for the purchase of additional services etc. from auditors. The guidelines help to ensure that the auditor's independence is safeguarded.

The auditor attends the meeting of the corporate assembly and the general meeting where the annual accounts are discussed, and other meetings where necessary. In 2021, the board of directors had one meeting with the auditor without the administration present. The board's audit committee held three meetings with the auditor without the administration present.

The remuneration of the auditor is determined by the corporate assembly.

Statement Pursuant to section 3-3b, second sentence, of the Accounting Act

The following is a summary of the matters the companies have to report on in accordance with Section 3-3b, second paragraph, of the Accounting Act. The points follow the numbering in the provision.

1. Principles of corporate governance in KLP have been prepared in line with Norwegian law, and based on the Norwegian Code of Practice for Corporate Governance, published by the Norwegian Corporate Governance Committee (NUES).
2. The recommendation from the Norwegian Corporate Governance Committee is available at www.nues.no.
3. Any deviation from the recommendation is commented on below each point in the notes above.
4. A description of the main elements of KLP's internal control and risk management systems related to the financial reporting process is given in section 10 above.
5. Statutes that relate to provisions of Chapter 5 of the Public Limited Liability Companies Act concerning the general meeting are discussed in section 6 above.
6. The composition of the corporate bodies, and a description of the main elements of current instructions and guidelines, follow in sections 6, 7, 8 and 9 above.
7. Statute provisions governing the appointment and replacement of directors are discussed in section 8 above.
8. Statute provisions and authorisations that empower the board to decide to buy back or issue Treasury shares are discussed in section 3 above.

Annual Report 2021

In 2021, Kommunal Landspensjonskasse gjensidig forsikringsselskap (KLP) achieved a solid rate of return which allows us to transfer a surplus to the customers' premium fund and improve the company's financial strength.

The value-adjusted return was 8.4 per cent, while book returns were 5.0 per cent. Book returns were thus 2.6 percentage points higher than the 2.4 per cent that the company has guaranteed to its customers. Including interest-bearing investments held to maturity, the value-adjusted return was 6.7 per cent.

With solid financial buffers and capital adequacy of 290 per cent, KLP is well equipped to face challenging times in the financial markets.

KLP aims to achieve net zero emissions for its investments by 2050 and has developed its own roadmap to track progress and interim targets.

KLP's subsidiaries delivered solid results and good growth through 2021.

KLP is implementing a comprehensive digitalisation programme for customers and members, to ensure that the company is still perceived as the best in the market for public-sector occupational pensions.

Kommunal Landspensjonskasse gjensidigsikringsselskap (KLP) is the parent company of the KLP Group. KLP was established by and for the public sector to service this market's need for occupational pension schemes. Its head office is in Oslo.

Results for the Group

The Group's total comprehensive income was NOK 0.5 (1.0) billion.²

In the course of 2021, the owners' equity in the Group increased by NOK 1.3 billion to NOK 40.7 billion. The increase in equity is partly due to net owners' equity contributions of NOK 0.8 billion, with the remaining NOK 0.7 billion allocated from profit for the year.

The Group's total assets increased by NOK 94.1 billion to NOK 901.3 billion at the end of 2021.

Profit contributions from the different business areas (total comprehensive income after tax)
NOK millions:

2. Figures in brackets give values for the corresponding period in 2020.

NOK millions	2021	2020
Public sector occupational pensions	469	1 021
Non-life insurance	337	170
Bank	121	130
Asset management	45	16
Other	2	-19
Eliminations	-484	-285
Total	490	1034

Results for the parent company

KLP is a mutual life insurance company which manages pension funds and insurance risks related to life expectancy, death and disability on behalf of its members.

KLP has guaranteed a minimum return on the management of the pension assets. This was 2.4 per cent in 2021. Book return in excess of 2.4 per cent belongs to our customers. This surplus is referred to in the table below as “Profit to customers”.

KLP’s profits for its customers (our owners) are generated from the management of the company’s Tier 1 and Tier 2 capital, margins in the premium element to cover costs, and premiums reflecting the value of the guaranteed return on the pension assets, including a margin.

As a mutual undertaking, it is important for KLP to operate efficiently and so keep prices down, so payments from members are kept as low as possible.

The results for the year were characterised by

- Solid return from the equity market
- Good return on property investments
- Low interest rates in Norway and abroad
- Volume growth and solid earnings in the subsidiaries
- Sound financial buffers

NOK millions	Customers	Company	Total
Investment result	14 857	277	15 133
Risk result	589	-1 311	-721
Interest guarantee premium		251	251
Administration result		35	35
Other income from technical accounting		6	6
Net income from corporate portfolio		1 030	1 030
Tax		125	125
Other profit/loss elements		56	56
Total income	15 446	469	15 915

The total recognised income attributed to other profit/loss elements, before allocation between the pension customers and the company, was NOK 15.9 (13.4) billion in 2021.

Investment result

The financial income from managing the pension funds in the common portfolio amounts to NOK 49.8 (24.2) billion, corresponding to a return of 8.4 per cent. Over the year, the valuation reserves increased from NOK 55.1 billion to NOK 77.4 billion. The investment result is thus NOK 15.1 (12.6) billion.

KLP aims to deliver long-term, competitive returns in the customer portfolios, and stable returns in the corporate portfolio. This is achieved by spreading funds across different investment types and geographical areas.

The investments in the common portfolio are distributed between the different categories of financial assets as shown in the table below:

Assets	As of 31.12.2021		As of 31.12.2020	
All figures in percent	Allocation	Return	Allocation	Return
Equities	202,1	22,80 %	144	6,30 %
Short-term bonds	90,3	-0,70 %	100,4	6,50 %
Long-term/HTM bonds	12,6	0,70 %	23,4	1,50 %
Lending	181,7	3,50 %	172	3,50 %
Property	77,9	1,70 %	77,1	2,10 %
Other financial assets	90,3	10,20 %	79,2	6,80 %
Total	654,6		596,1	

* The figures presented in the table show net exposure, whereas the official figures from the statement of financial position are presented gross. Differences may therefore arise between the figures in this table and the financial statements.

Short-term bonds, loans and investments in liquidity/money markets failed to produce a return above the stated return guarantee of 2.4 per cent. Value-adjusted returns including securities held to maturity were 6.7 per cent, well above the guaranteed return.

Risk result

The risk result is an expression of how mortality and disability have developed in the insured population in relation to the assumptions used in the annual setting of premiums.

The ordinary risk result for 2021 was NOK 589 million. Of this, the disability result was NOK 141 million, the result for longevity risk was NOK 342 million and for death and survivors' benefits NOK 106 million. However, the recognised risk result shows a deficit of NOK 721 million. This amount includes the use of NOK 1,311 million from the risk equalisation fund to strengthen the premium reserves to cater for increased life expectancy.

Administration result

KLP achieved an administration result of NOK 35 million in 2021, a reduction of NOK 136 million from the previous year. The decrease is mainly due to increased insurance-related administration costs, mainly from increased depreciation in the IT area.

KLP has economies of scale as a result of its high market share in public-sector occupational pensions, and can thus continue to provide good service at competitive prices.

Net income from the corporate portfolio

The corporate portfolio, which is invested in bonds, property, shares in subsidiaries and other strategic equity investments, achieved a return of 3.4 (3.1) per cent in 2021. Returns from real estate investments and fixed-income bonds are the main contributors to this.

Allocation of income

NOK millions	Profit to customers	Profit to the company	Total 2021
To supplementary reserves	5 999		5 999
To premium fund	9 415		9 415
To buffer reserve	32		32
To risk equalisation fund		-1 034	-1 034
To owners' equity contributions		811	811
To other retained earnings		692	692
Total allocations 2021	15446	469	15 915
Total allocations 2020	12350	1021	13 371

The customer result for the year was NOK 15.4 billion. This is allocated to the customers' premium fund, buffer provisions and supplementary reserves. The Board of Directors is satisfied that the result allows us to strengthen supplementary reserves by almost NOK 6 billion, in addition to a transfer to the premium fund which will indirectly finance much more than the planned payment of equity contributions to KLP in 2022. Interest rates are still low compared to the interest guarantee, and increased supplementary provisions, plus high valuation reserves, contribute to good and stable long-term management of the pension assets.

The year's total comprehensive income of NOK 469 million is allocated as follows: NOK 811 million to equity contributions and NOK 692 million to other retained earnings, while the risk equalisation fund will be reduced by NOK 1,034 million.

The NOK 1,034 million has been charged to the risk equalisation fund to part-finance a strengthening of the premium reserves as men are living longer than was assumed in the minimum tariff K2013. The increase in reserves was shown in the financial statements for 2020, but then partly covered by premium reserves freed up following changes in Statistics Norway's divisors/ratios. However, the Financial Supervisory Authority of Norway has ruled that these freed-up reserves cannot be used to strengthen the premium reserve, and KLP has therefore charged the risk equalisation fund.

The Board of KLP considers that the income statement and the statement of financial position for 2021 with notes, statements of cash flows and of changes in owners' equity, provide good information on the operation through the year and the financial position at the end of the year. The accounts have been drawn up on the assumption of a going concern and the Board confirms that the conditions for this are in place. The Board of Directors considers the risk to the company's business to be reasonable. The company financial statements for KLP are presented in accordance with the Norwegian Annual Accounts Regulation for life insurance companies. The consolidated financial statements have been presented in accordance with international accounting standards (IFRS/IAS), as approved for use within the EU/EEA.

The business areas

Pension

Public-sector occupational pensions

Public-sector occupational pensions are the Group's core product and are provided by the parent company, KLP. The company has maintained its leading position in this market through 2021. Of the Group's total assets of NOK 901.3 billion, customers' pension savings account for NOK 661.5 billion.

The competitive situation

Competitive tendering in the public-sector occupational pensions market has picked up somewhat in recent years, but even now, few customers are choosing to move their pension schemes. Customers can choose to set up their own pension fund or go to other providers. Only two municipalities chose a different provider after putting their pension schemes out to tender in 2021. In the corporate market, only 10 out of 80 customers in process chose to terminate their pension agreement with KLP after this year's tendering procedures. KLP has over 2000 corporate customers. There are still relatively few customers who have chosen to switch from public-sector occupational pensions to other pension schemes, and KLP is maintaining its position in the corporate market too.

In February 2022, the Norwegian Competition Authority carried out unannounced securing of evidence with the groups' insurance operations (KLP) because they believe there is reasonable reason to assume that KLP may have violated the Norwegian Competition Act. It is the provision in section 11 of the Norwegian Competition Act on undue exploitation of a dominant position that the Norwegian Competition Authority investigates whether KLP may have breached, and the securing of evidence was carried out on the basis of a decision from Hordaland District Court.

KLP has given the Norwegian Competition Authority access to everything they have requested and is prepared to cooperate with the Norwegian Competition Authority in the further investigation.

Premium reserve for customers that moved from KLP by year end with settlements in 2022 was around NOK 3.4 billion, or 0.7 per cent, in 2021.

The rules governing such moves are changing from 1 January 2022. Earlier rules on the securities adjustment fund and supplementary reserves have been replaced with a buffer fund covering all customers. KLP has argued for these changes, and believes that they will provide a more equal basis for competition. The change in the regulations affects the amount of capital customers can

release when they move their pension scheme from one company to another. New regulations now remove the possibility of a migrating customer freeing up capital at the expense of the insured population in the company it is moving to.

Good financial strength, solid results, low costs over time and high customer satisfaction put KLP in a good position to face competition in the public-sector occupational pensions market going forward.

Operations and management

Almost all operational and management tasks were handled through digital channels as the coronavirus pandemic continued into 2021. KLP has developed good solutions for digital services, and most customer follow-up, meetings and training activities took place via digital channels.

At the end of 2021, 288,183 pensioners were drawing a pension from KLP, and we expect to see a significant increase in the number of pensioners in the years ahead. This comes as a result of growth in employment in the public sector, which will in turn lead to an increase in the year-groups taking their pensions in the future.

Timeliness and quality in individual pension processing are among KLP's top priorities. In relation to this, the company has initiated an extensive change programme, which represents an historic upgrade in system solutions within the pension area. Through this programme, KLP aims to upgrade IT systems and automate work processes to strengthen its future competitiveness, through good and relevant service, market-leading pension guidance, and lower costs.

This work makes big demands on many areas of the company, and has unfortunately led to slightly longer response times than our customers and members normally experience. Additional resources have been put in place in the affected areas to maintain good service levels right to the end of this major development project.

Non-life insurance

2021 was a profitable year and the company's financial strength is good. Financial returns, insurance operations and operating costs were all better than expected. The company's goal is to contribute to better non-life insurance products at low prices for KLP's owners and their employees. The company is a major provider of insurance to this market, comprising companies with public-sector affiliation and members of the Group's pension schemes. KLP Skadeforsikring is the market leader in the public-sector market, with a market share of 36.9 per cent.

The pre-tax profit for the year was NOK 397.7 (220.0) million. The insurance result (premiums minus claims paid) for events occurring in 2021 was NOK 426 million, up from NOK 276 million in 2020. The improvement in profits is due to a general price adjustment and the fact that the company was not exposed to the same number of large claims as in 2020. The company received two claims over NOK 25 million in 2021. The total accounting effect for the company from these two claims is NOK 84 million. The largest claim, a fire in a waste processing plant, is estimated at NOK 221 million, which makes it the biggest in the company's history. A total of 13 claims were reported in the range between NOK 5 and 25 million. These represent total payments of NOK 119 (190) million.

2021 was also affected by the coronavirus situation. The company expects to see reduced activity in some insurance segments, particularly motor insurance, but the economic impact is difficult to determine. Travel generally picked up in Norway in 2021 compared to 2020, but the claims costs related to leisure and travel insurance are still lower than normal.

During 2021, the company received 352 claims arising from Covid-related occupational illness. Only a few of these are expected to result in payments. There is currently considerable uncertainty as to the effect the pandemic will have on this type of insurance. Claims submitted as a result of adverse reactions to Covid vaccinations are handled by the Norwegian Drug Liability Insurance Pool.

Payments for claims filed earlier decreased by NOK 109 million for all segments combined, corresponding to 5.5 per cent of the provisions at the beginning of 2021. The largest settlements are still related to occupational injuries, but reserves have also been reduced within property insurance, mainly because of pay-outs on older claims.

The company's total claims ratio fell in 2021 to 76.4 per cent overall. If we disregard reserve adjustments to claims occurring before 2021, the claims ratio was 83.1 per cent: 92.7 per cent for the public sector/corporate market and 70.7 per cent for the retail market.

The financial markets were generally in good shape in 2021. The total return on assets managed was 5.0 (5.0) per cent. The equity portfolio had only two months of negative returns and produced a return of 24.6 per cent for the whole year. General interest rates rose somewhat during the year, and the return on interest-bearing assets was therefore weak. Fixed-income investments in the short and long-term portfolios produced returns of 1.0 and 3.2 per cent respectively. The company has two property investments. Values increased through 2021, and the real estate portfolio was written up by NOK 43 million. The portfolio generated an annual return of 10,5 per cent.

The company's cost ratio has been decreasing over several years and stood at 15.8 (17.6) per cent in 2021. This is on a par with the market as a whole.

The company meets all regulatory requirements by a good margin. The solvency margin was 224 (237) per cent at the end of 2021. The company has defined a long-term target for its solvency margin of at least 200 percent.

Bank

KLP's banking business is handled by the KLP Banken group, which comprises KLP Banken AS, KLP Kommunekreditt AS and KLP Boligkreditt AS, with KLP Banken AS as the parent company. Through its banking business, KLP offers mortgages and other banking services to municipal and county authorities and companies working for the public sector. KLP's banking activities can also look back on good results in 2021.

KLP Banken is intended to be a direct bank for customers seeking a long-term and predictable partner. This is how the bank aims to be the preferred bank for retail customers who are members of KLP's pension schemes and find the bank's services and values attractive.

The Bank aims to provide products and services on competitive terms, to help companies that have chosen KLP as their pension provider to be viewed as attractive employers.

KLP Banken's presence in the market for loans to the public sector encourages competition and benefits the target group of municipal and county authorities and enterprises related to the public sector by providing access to favourable long-term financing. The bank provides guidance to customers in financing and municipal finances. The bank also manages lending for KLP's common portfolio.

At the end of 2021, the banking group's total lending amounted to NOK 117.7 billion, an increase of NOK 2.6 billion for the year. Of the outstanding loans, NOK 39.9 billion was financed by the banking group and the remainder by KLP. The lending was split between NOK 25.0 billion in mortgages to private individuals and NOK 92.7 billion in loans to public-sector enterprises.

The banking group manages mortgages on its own account in KLP Banken AS and through KLP Boligkreditt AS. It also manages mortgages for KLP. In 2021, the bank paid out NOK 9.9 (9.7) billion in new mortgages. In line with the owners' wishes, the company focuses on offering favourable terms to young employees in the municipalities. The mortgage portfolios taken together had a growth of NOK 1.3 (2.0) billion in 2021.

KLP Banken AS offers credit cards to retail customers as part of its retail banking service. At the end of 2021, drawn credit amounted to NOK 43.0 (49.2) million, spread across 9,800 (9,200) card users. The introduction of a debt register, and the coronavirus pandemic, have contributed to a general reduction in consumer debt.

Through 2021, total deposit volumes from retail customers increased from NOK 10.5 billion to NOK 11.6 billion. Deposit growth is therefore higher than the year before, which is mainly attributable to stable interest terms. The number of active deposit customers in the retail market is almost 45,000, of whom 69 per cent are members of the pension schemes.

KLP Banken AS also offers deposit products to municipalities and businesses. At the end of 2021, deposits from this group came to NOK 1.3 (1.3) billion, which is 10 (11) per cent of total deposits. The bank's total deposits increased from NOK 11.8 billion to NOK 12.9 billion in 2021.

The KLP Group's lending to the public sector is also managed by KLP Banken AS. On the banking group's own account, loans to public borrowers are registered in the subsidiary KLP Kommunekreditt AS. KLP Banken AS also enters into loan agreements for the public sector on behalf of KLP. Total loans to public-sector borrowers stood at NOK 84.5 (80.4) billion at the end of 2021, an annual growth of NOK 3.7 (8.2) billion. Of this, lending for own account amounted to NOK 17.8 (17.6) billion. New loans amounting to NOK 11.2 (15.3) billion were paid out in 2021 to the public sector by companies within the KLP Group.

The KLP Banken Group result before tax and other comprehensive income was NOK 116.1 (136.8) million. Of this, NOK 87.6 (101.6) million came from the retail market and NOK 28.5 (35.2) million from the public sector. The return on the bank's equity was 4.8 (6.2) per cent before tax.

KLP Banken opted to keep mortgage rates unchanged after the central bank interest rate increased in September 2021. Higher borrowing costs thus resulted in lower net interest income towards the end of the year compared to earlier in 2021. Nevertheless, strong growth in the volume of mortgages has helped to keep net interest income in the retail market at roughly the same level as last year in this segment. In the public-sector market, net interest income was on a par with a normal year, and hence lower than in 2020.

The banking group's current capital requirements including capital buffers are 16.0 per cent capital adequacy. The requirement includes a Pillar 2 supplement of 1.5 per cent. We also maintain a buffer of at least 0.5 per cent of the actual capital requirement for Pillar 1 and Pillar 2 risks, so the bank's capital target is 16.5 per cent. At the end of 2021, capital adequacy was 18.7 (19.5) per cent.

Asset management

KLP is pleased with developments in KLP Kapitalforvaltning AS. KLP Kapitalforvaltning AS is the Group's asset management operation within securities and fund management. It had a total of NOK 669 billion under management at the end of 2021. The majority of the assets are managed on behalf of KLP and the subsidiaries in the KLP Group. KLP Kapitalforvaltning AS also offers fund products to members and other external investors.

Assets under management increased by NOK 73 billion in 2021. Net new subscriptions to KLP's securities funds from investors external to the Group and retail customers amounted to NOK 13.3 billion. KLP Kapitalforvaltning AS manages a total of NOK 136.8 billion for customers outside KLP.

One new mutual fund was established during 2021, so the company was managing 56 mutual funds at the end of the year. The new fund is Nordic Swan certified, which means that it has to satisfy strict requirements with respect to corporate social responsibility. The Nordic Swan-labelled funds were popular in 2021, with a similar return to comparable index funds.

KLP Kapitalforvaltning AS made a profit before tax of NOK 56.2 (30.9) million in 2021.

Property

KLP Eiendom AS is maintaining a positive growth in property management for KLP. All management and development of the KLP Group's own properties is handled through the wholly owned subsidiary KLP Eiendom AS. The company is one of Scandinavia's largest property managers, and has operations in Norway, Sweden, Denmark, Luxembourg and the United Kingdom. The KLP Group's properties have good locations, a high standard of building, and efficient space utilisation. The property company prizes energy-saving and the environment and is environmentally certified in accordance with ISO 14001 in Norway, Sweden and Denmark.

The property portfolio has grown substantially in recent years, and accounts for 13.8 per cent of the collective assets. Investments in property have contributed good returns.

With the coronavirus pandemic, the 2021 property year was again challenging for hotels and city centre trade. This has weakened the ongoing results from these business areas. The office rental market in Oslo and Trondheim has shown positive growth and Stockholm has seen a rapid improvement after the initial phase of the pandemic, while Copenhagen is still sluggish. The expected returns from attractive office buildings have been low, and this has contributed to a positive growth in value.

Property management is carried out only on behalf of the companies within the Group and has thus primarily contributed to returns on invested capital for the life insurance customers. Operating profit from property, including shares in external real estate funds, for the common portfolio of public-sector occupational pensions was 10.2 per cent.

Consultancy and services

KLP Forsikringservice AS provides insurance-related services to municipal and county council pension funds, including appointed actuary services. These services are based on the expertise and systems developed for KLP's pension business.

KLP Forsikringservice AS has an agreement for a wide range of services including member and pension administration.

Solidity, risk and organisation

Financial strength and capital-related matters

Under the Norwegian Financial Institutions Act, KLP is subject to the Solvency II regulations. Under these rules, a capital requirement is calculated from the total risk exposure the company has within insurance risk, market risk, operational risk, departure risk etc. Buffer capital in the form of the securities adjustment fund, supplementary provisions and risk equalisation fund reduces the capital requirement. Any remaining capital requirements must be covered by the solvency capital. Solvency is the difference between the fair value of the company's assets and liabilities. For assets that are recognised at a different value in the accounts, the value is adjusted to represent fair value in the Solvency II balance sheet. For KLP's insurance obligations, there are no observable market values. These are therefore calculated using a best estimate based on actuarial assumptions. There is also a risk margin to reflect the capital costs that would be incurred by a third party in assuming the obligations.

The financial buffer capital was strengthened over the year by NOK 27.6 billion to NOK 126.2 (98.6) billion. The securities adjustment fund increased by NOK 22.3 billion to NOK 77.4 (55.1) billion. Supplementary reserves increased by NOK 5.4 billion to NOK 48.8 (43.5) billion.

The risk capacity was maintained at a level that ensures that expected returns can be kept above the annual interest guarantee in the solvency calculation.

The solvency capital was increased by NOK 0.8 billion with the payment of the planned and advertised annual owners' equity contributions. Of the profit for the year, NOK 811 million goes to owners' equity contributions and NOK 692 million to other retained earnings. The risk equalisation fund was reduced by NOK 1,034 million to NOK 4,370 million.

KLP's mutual status and creditworthy owners provide assurance that the company can meet its future obligations. This is reflected in Solvency II regulations, where this can be counted as solvency capital under more detailed rules. The Financial Supervisory Authority of Norway has agreed that KLP's recall rights established in its Articles of Association can be classified as supplementary capital in an amount equal to 2.5 per cent of the company's premium reserve. Today's approval applies up to 31.12.2023.

As the capital is not paid-up, it ranks as Group 2 or supplementary capital. Solvency II divides the solvency capital into three levels according to loss-absorption capacity, where Group 1 is the best and typically consists of paid-up capital that is free from restrictions in terms of covering any loss in the enterprise. Capital in Tier 2 may not exceed 50 per cent of the capital requirement. As

KLP's premium reserve grew throughout the year, the supplementary capital increased by NOK 0.8 billion to NOK 12.2 billion. The company thus has more capital than can be used in the calculation, as 50 per cent of the capital requirement amounts to NOK 8.2 billion.

The solvency requirement for KLP was slightly down in 2021 at NOK 14.3 (15.1) billion. The eligible solvency capital increased by NOK 2.5 billion to NOK 45.2 billion. KLP's financial strength thus improved throughout the year. Without applying transitional rules, the company's capital adequacy is 316 (282) per cent. Taking account of the transitional arrangement for technical provisions, capital adequacy is 345 (362) per cent. Capital adequacy is thus well above the internal target of 150 per cent and the regulatory requirement of 100 per cent. For the Group, the solvency margin is 287 (261) per cent.

KLP's financial strength is rated at A2 by Moody's Investor Service and A- by Standard & Poor's, both with supplementary information on expected stable ratings for KLP.

Risk

Monitoring and management of risk is a prerequisite for good wealth creation and security for pension assets. Identification, assessment and management of the risk factors, both to insurance and to financial management, are therefore key aspects of KLP's business. The risk profile is monitored within the individual operational entities and is assessed both by company and combined at Group level.

KLP carries out an annual 'Own Risk and Solvency Assessment' (ORSA). The self-assessment conducted in 2021 concluded that the company's risk management and solvency were consistently good in all areas. The control functions for risk management and the actuarial functions are part of the Risk Management and Control section.

Underwriting risk

KLP's principal activity is public-sector occupational pension provision. This industry is characterised by predictability and, to a limited degree, by individual events that may affect results significantly. Developments in the incidence of disability and life expectancy affect the risk profile.

KLP uses the K2013 mortality assumptions (tariffs). These were in line with observed mortality rates in the insured population up to and including 2009, as well as the expected future increase in longevity based on Statistics Norway's projections. In recent years, Statistics Norway has updated its expectations for life expectancy. From 2021, KLP has strengthened its assumptions about longevity for men.

KLP uses even stronger assumptions on longevity in the pension scheme for nurses and the pension scheme for hospital doctors because the people insured in these schemes have greater observed longevity than other groups. The margins in the longevity assumptions are considered to be satisfactory.

New disability tariffs were introduced from 1 January 2021, in line with updated risk history.

In the field of non-life insurance, the pricing of insurance risks is based on historical claims information, the risk of major claims and reinsurance costs. The company has a large proportion of long-tail business, a factor which, together with a large proportion of business exposed to large claims, contributes to a higher insurance risk than the market generally. This is reflected in a high solvency capital requirement. In order to mitigate this risk, further growth is sought within the retail market and the small-and medium-sized business market. Over time, this will have a stabilising effect on risk and results.

The reinsurance programme limits the company's own expense per claim event.

Return risk

KLP guarantees an annual minimum return on the management of its customers' pension assets linked to public-sector occupational pensions. To provide this guarantee, KLP charges an interest guarantee premium. The interest guarantee premium is priced on the basis of KLP's solvency, the investment risk that KLP assumes, and the general trend in interest rates. The interest guarantee premium is priced anew each year, which helps to limit the risk associated with the return guarantee. With the good financial strength built up in KLP, the interest guarantee premium can still be kept low even if interest rates are low compared to the annual return guarantee.

Financial risk

Each year KLP works out a strategy for how the pension assets are to be invested. The investment strategy emphasises exploitation of the company's risk-bearing ability within a framework that dictates stability and the long-term view in asset management. Limits are defined for various financial risks such as credit risk, counterparty exposure, foreign exchange risk, use of derivatives and liquidity risk. A credit policy is also laid down for the Group, and credit limits for total exposure to individual counterparties are set by the Group's Credit Committee.

The financial risk is continuously monitored to ensure the risk is matched to the risk capability within the limits set in the investment strategy. With low interest rates, the priority is to maintain the company's ability to bear financial risk over time.

The responsibility for operational risk management and asset allocation lies with a separate organisational unit under the Finance division. This unit directs KLP's management strategy through mandates and ensures that asset management is within limits set by the Board of Directors. An independent control unit, the Risk Management and Control unit, headed by the CRO (Chief Risk Officer) is responsible for monitoring and reporting whether the management of the company's assets is being conducted within the limits set, applicable mandates and guidelines provided by the Board.

Liquidity risk

KLP has good liquidity, with substantial holdings of liquid securities that can be realised at short notice. Quarterly payments from customers provide for regular replenishment of liquidity through the year. The payments are intended to cover commitments that only fall due several years into the future. The true liquidity position thus amounts to more than the balance on the current account, which is the definition of cash and cash equivalents in the cash flow statement.

Operational risk

KLP's operational risks are associated with undesirable events resulting from failures in internal working processes, employee error, dishonest acts and criminality or external events. All processes along the value chain are exposed to various types of operational risk. KLP has developed procedures for identifying, monitoring and taking necessary measures to reduce the risk of undesirable events. It is a general management responsibility at all levels to identify and follow up those deviations that occur.

Group senior management carries out an annual examination of significant operational risks in the business and these are delegated with ownership to an operational manager in the Group senior management team. The Board of Directors annually reviews the risk assessments and documentation on management and control measures established together with a total risk overview. Procedures have been established for independent controls and reporting at various levels. Tasks and functions are distributed so that conflicts of interest are avoided, and responsibilities made clear.

Internal audit

The company's independent Internal Audit function carries out assessments of actuarial, financial and operational risks. Following consultation with the Board and Group senior management, assessment and testing are conducted in areas that are material and exposed to risk in the interests of satisfactory management and control. The result, with any recommendations on necessary measures to be taken, is presented to Group senior management and the Board and is followed up. This is further described in KLP's annual report in the section on 'Risk management and internal control'.

Compliance with statutes and regulations

The Compliance function in KLP assists Group senior management, the Board and the company's employees in ensuring compliance with regulations and ethical standards. The head of the function reports to the CEO and its reports are discussed by the Board. The function takes a preventive approach through advice, implementation and culture-building, and carries out control activities to maintain a good compliance culture. A more detailed description of the company's adherence to good corporate governance is given in the annual report, in the section on NUES and in the description of risk management and internal control in KLP.

Compliance culture

KLP's work on compliance with laws and regulations is closely linked to its work on ethics and corporate social responsibility. The Group's ethical guidelines were revised in 2021 to set out principles for ethical behaviour within KLP. The principles of behaviour are rooted in KLP's values and support a culture of compliance characterised by accountability, openness, clarity and engagement.

Adjustments related to new and changed regulations

KLP is constantly working on the necessary adaptations to regulatory changes related to products, solvency and corporate governance. Here KLP has good and established processes within the respective areas. In recent years, the company has consistently focused on the increasing demand for changes to privacy policies and regulation related to financial crime, including anti-money laundering and sanctions regulations. This work has included technical adjustments, regular risk assessments, development of appropriate operational procedures, training activities and some organisational changes. KLP has also worked to adapt to new regulations within sustainability.

Within the privacy area, this has meant not only ensuring built-in privacy in established solutions, but also building a culture of including privacy assessments in all development and decision-making processes and growing expertise among the employees. This will be an ongoing task in the future too. In 2021, analyses related to the transfer of personal data to countries outside the EU demanded particular attention as a result of the 'Schrems II' judgment from July 2020. The supervisory authorities have explained the implications of the judgment, but complex and resource-intensive assessments are still needed, not least in connection with the transition to cloud solutions.

There have been efforts to ensure good and effective operational procedures for compliance with anti-money laundering and sanctions regulations in recent years. These received a lot of attention in 2021 also, and better and better operational solutions are being established. KLP's core activities generally carry a low risk of money laundering. However, the Group also includes

operations where transactions, customer relationships and other factors may involve a higher risk. Regulatory developments and the authorities' expectations in this area are constantly tightening, so this topic will be high on the agenda in the future too.

Efforts to establish good mechanisms for ensuring compliance with the privacy regulations, regulation relating to economic crime and adaptation to new sustainability regulation will also receive special attention in 2022.

Communication and markets

Because of the pandemic, no physical Local Government Conference was held in 2021. Instead, the Local Government Conference took the form of a journey round the country with seven digital conference broadcasts from Trondheim, Bergen, Bodø, Ålesund, Arendal, Tromsø and Lillehammer. The aim was to create knowledge and inspiration forums for the benefit of owners and customers in the tough times we are living through, and to tackle the major challenges that lie ahead. Audience figures for the broadcasts were high and increased through the year. The last broadcast from Lillehammer in December attracted 1,300 viewers. Many people are also watching recordings of the broadcasts. The broadcast from Tromsø in November about the turbulence in electricity prices has been viewed over 5,000 times since then.

KLP has been running extensive courses and seminars for many years, particularly related to training in pensions but also in other subject-areas such as claim prevention, HSE/working life and aspects of finance and corporate social responsibility. After the Covid lockdown from March 2020, courses and conference activities were digitised. This change has produced clear gains for KLP and for its customers. There has been less travel, but the company has reached out further, with significantly more people attending each course and more courses and conferences overall. KLP's customer satisfaction survey 2021 shows that public-sector occupational pension customers are more satisfied with the information they receive about their pensions now than before the pandemic. A good 30 per cent of those surveyed in the municipalities and 26 per cent in the health trusts report that they have attended courses and conferences organised by KLP in the past year.

KLP has strengthened its digital offering through 2021, with the aim of making it easier and more attractive to be a customer and/or member of KLP. For example, KLP has developed the Pension Guide, which employers can use in a recruitment process to simplify and clearly present the benefits of the pension arrangements available to candidates in their new job. Another example is an interactive map showing how the pension money is invested locally and thus helps to develop Norway. The company is constantly working to develop KLP's digital customer interfaces to make them more user-friendly. The company had 6.5 million visits to klp.no. This represents a growth of 11 per cent compared to 2020.

KLP increased its visibility as a pension expert in the media in 2021, and received more press coverage around corporate social responsibility, particularly on the subject of responsible investments. The Group has continued to prioritise efforts to improve customer communication in 2021. The results of systematic evaluation and measurement and targeted training measures show great improvement, and communication from KLP is of increasingly consistent high quality.

2021 was the first year KLP produced only digital annual reports. This solution made production much easier, far cheaper, and of course more environmentally friendly.

The internal news pages in KLP are one of the most important places for information sharing in the Group, with a very wide readership. Each employee read an average of 200 internal news stories last year. KLP was concerned to preserve the sense of solidarity while employees were working from home, and so concentrated on having current news stories from all the business areas in KLP.

KLP still has very satisfied customers. Among public-sector customers, KLP achieved the highest measured result ever for public-sector occupational pensions. Eight out of ten areas surveyed achieved the objectives in the group strategy. Personal attention and contact quality are still KLP's biggest strengths. For the corporate market in non-life insurance, KLP is at the top of the EPSI industry survey for the eleventh year in a row.

Focus on technology and digitalisation

KLP's strategic goals call for aggressive business and technological development. KLP aims to streamline the business and to provide good digital services for employers and members based on new and existing technology. Important initiatives within the comprehensive digitalisation programme are increased automation and self-service with the establishment of a new pension platform, as well as new cloud-based solutions for digital customer service and data warehouse provision.

The digitalisation programme runs over five years, and the company is now more than halfway to establishing a new pension platform and has made important deliveries towards automated solutions related to old-age pensions. In the remaining work up to 2024, self-service and case handling solutions for other types of pension benefit will be put in place. In parallel with this, a comprehensive transition to more cloud-based services is underway within KLP. This includes the new pension platform, a new data warehouse, and modernised CRM and digital interfaces. Work is also underway to meet regulatory requirements, such as the new accounting standard for insurance contracts, IFRS 17.

Information security is an increasingly challenging and demanding area to deal with. KLP is constantly acting to reduce operational risk. The company takes a strategic approach to security based on an internationally recognised framework and works systematically to raise security

levels in solutions and infrastructure. It is also strengthening its processes and organisational awareness of external threats. KLP has built up a strong security environment in recent years, and this expertise is shared with the company's customers.

Corporate social responsibility

KLP has a responsibility to provide secure and competitive pensions in a responsible and sustainable manner. The UN Sustainable Development Goals summarise the most important challenges facing the world, and these form the framework for KLP's work on corporate social responsibility. KLP has also committed to this through the UN Global Compact and the UN Principles for Responsible Investment (PRI).

KLP does a lot of work on corporate social responsibility and issues related to topics such as climate and nature, human rights, workers' rights and anti-corruption. Some of the issues that KLP has focused on in the past year are summarised below.

Climate Year 2021

2021 was a "climate year" in many ways. The International Panel on Climate Change (IPCC) determined once and for all that climate change is man-made, and the world has seen several frightening examples of the change unfolding, with more floods, extreme weather, wildfires and record temperatures. At the same time, there were glimmers of light from the climate summit in Glasgow, and the net zero movement in the finance industry picked up speed. KLP is part of this movement.

In 2021, KLP set a net zero target for investments. KLP has developed its own roadmap based on internationally established standards and best practice. The roadmap describes how KLP will work towards and measure the company's contribution to achieving the targets set out in the Paris Agreement, and how KLP will assess every investment against an emission path that is compatible with the 1.5-degree target. This means that KLP will increase climate-friendly investments, set targets and strategies for the company's investments in high-emission sectors, and work to reduce emissions across the portfolio.

An important part of the climate target is to increase climate-friendly investments that contribute to a faster transition to a low-emission society. Among other things, the world needs more renewable energy, enhanced infrastructure and new technology to address the global challenges. The same is true in Norway, where this is also essential to achieving a sustainable transition. In 2021, KLP continued to increase its climate-friendly investments in renewable energy, a global climate fund and investment cooperation for sustainable infrastructure, through start-ups and seed corn funds.

If we are to reach our climate targets, we need to restructure the whole economy. Several sectors with high emissions need to adopt new technology and business models to reduce their emissions and adapt to new regulations that will take us to a low-emission society. Together with DNB and the Green Shipping Programme, KLP has carried out an analysis of climate risk in the shipping industry. The report looks at how climate policy and energy prices will impact profitability in the maritime sector.

The previous year also highlighted the crisis in nature. The importance of environmental and biodiversity loss and what it means for people's livelihoods needs to move up the business and political agenda. KLP signed the finance industry's call for protection of nature and biodiversity (the Finance for Biodiversity Pledge) and will work together with other investors through this.

Climate change and weather events are becoming increasingly important from an insurance perspective. KLP has therefore worked to identify climate risk and how it will affect the insurance business going forward. In Norway, the municipalities play a key role in achieving the climate targets, and they are also exposed to climate risk. As a pension provider and non-life insurance company, the KLP Group will continue to work on how best to assist its owners in preventing and managing climate risk.

Sustainability is required by law

KLP has been working on sustainability and responsible investments for decades. There is a series of bills and regulations to ensure that the EU achieves its climate target of cutting emissions by at least 55 per cent by 2030. The EU taxonomy, which defines what may be called sustainable activities, is key to this, and it is supported by the other regulations. KLP has followed developments from the EU closely and has prepared the company for future demands. KLP welcomes the legal requirements that are on the way, which will hopefully help to ensure that KLP is provided with better information about sustainability from companies that it invests in.

Human rights are under threat

KLP has actively followed up on companies through the year, keeping a special eye on those with operations in the occupied Palestinian territories and in Myanmar. Following in-depth reviews, KLP decided in July to exclude 16 companies with ties to Israeli settlements in the West Bank. This came after the UN High Commissioner for Human Rights published a list of companies with activities linked to the Israeli settlements in the occupied Palestinian territories. These settlements are seen as a breach of international law, and KLP believes that there is an unacceptable risk that the excluded companies could be contributing to violations of human rights in war and conflict situations through their affiliation with the Israeli settlements in the occupied West Bank.

KLP and the KLP funds decided on 28 February of 2022 to freeze all investments in Russia. This means that 22 Russian companies will be excluded. KLP will work to sell all of its investments, which amount to around NOK 350 million.

KLP also tightened the weapons criterion in the 'Guidelines as a responsible investor'. In January 2021, the United Nations Treaty Prohibiting Nuclear Weapons entered into force. The Government Pension Fund Global (SPU) revised its guidelines accordingly. To back up the intent of the Treaty, KLP wanted to apply a more stringent practice to undertakings involved with nuclear weapons. KLP has traditionally excluded companies that produce or develop key components for controversial weapons, and the Company has now settled on a somewhat stricter line for what components or support services should be included.

Good working environment in the municipal and health sectors

The need for skilled professionals in the local government and health sectors is growing with an ageing population in increasing need of care. At the same time, figures from KLP show that the proportion of people drawing disability pensions in the local government sector is as high as 10 per cent, and that the average job ratio is just over 70 per cent. If retirement trends continue, a 50-year-old in the local government sector can expect to work until they are just over 70 years old.

So, it is important for employees in the local government and health sectors to work as much as possible for as many years as possible while they are of working age. KLP aims to assist in this, through its working environment network, for example. This is a meeting place for projects in municipalities, health trusts and companies working on working environment issues. Andøy municipality is an example of a customer which has participated in KLP's working environment network with a project to reduce sickness absence in the municipality. This has produced good results. Since the project was completed, some departments have reduced sickness absence by 30 per cent over a year. For all departments combined, sickness absence decreased by 15 per cent. KLP sees it as important to use such networks to help increase competence and insight into measures that can improve the working environment, reduce sickness absence and prevent disability.

Employees and health, safety and the environment (HSE)

Employees

The contribution of KLP's employees is the most important input factor for us to achieve our goals. The health, safety and well-being of the employees is important if injuries and undesirable effects are to be avoided. The aim is to facilitate a good physical and psychosocial working environment characterised by job satisfaction. These are important prerequisites for good quality work, better results for the business, greater competitiveness, customer confidence and individual enthusiasm for work. No serious occupational accidents were reported in 2021.

KLP has a target to keep sickness absence below 4.0 per cent. Absence through sickness in 2021 totalled 3.34 per cent, which means that we have reached the target for the third year in a row. Like many other businesses, KLP has also seen lower levels of sickness absence during the coronavirus pandemic. A lot of the work and discussions within KLP have been about how to prevent illness and health issues resulting from working from home. A number of measures have been taken to contribute to the best possible physical and psycho-social working environment. There has also been a focus on providing managers with the expertise and support to take good care of their employees through these unusual times.

In all, 6.4 per cent of our employees left the company in 2021, an increase of 2.6 per cent from 2020.

The employee survey for 2021 shows that KLP still scores high on job satisfaction and commitment. Webinars have been given for managers and employees to raise awareness of what is needed to create a good working environment at a time when we have been working from home. Additional measures have been implemented for employees under the age of 30, who are the group that scores lowest on job satisfaction.

Gender equality and diversity

KLP wants to be an attractive workplace where all employees feel that they are respected for who they are, regardless of gender, ethnicity, religion, beliefs, disability, sexual orientation, gender identity, gender expression, age and other vital attributes. More detailed information on Gender Equality and Diversity can be found in KLP's Sustainability Accounts for 2021, in the section on 'KLP as a workplace and employer'.

KLP aims to achieve a gender balance in management positions and other responsible roles, because a balanced composition is good in itself and because this will gradually help towards a better pay balance between women and men. The average at all management levels in 2021 is 38 per cent women and 62 per cent men, and there is different distribution at the different management levels. In more responsible professional roles, KLP has 27 per cent women. KLP has initiated several measures in this area. Among other things, these measures are related to participation in the charter 'Women in Finance', the main purpose of which is to increase the proportion of women in management positions in the finance industry in Norway, and to enhance recruitment processes, management development, and talent identification and development. KLP aims to achieve a pay balance and has a clear equal pay perspective in payroll processes to ensure that there are no pay differences that cannot be justified.

KLP also intends to step up efforts to increase the proportion of workers with disabilities, and started planning for this in 2021. KLP works with FRI (the National Association for Lesbians, Gays, Bisexuals and Transgender People) to run the course on 'Pink Competence'. The aim is to give staff and managers good advice and ideas on how to talk confidently about sexual orientation

and gender expression in the workplace. KLP aims to be an inclusive workplace where people can be themselves. KLP is also a member of the Network for LGBT people (the collective term for lesbian/gay/bisexual/transgender persons) in the workplace, which consists of employers who wish to engage with this issue related to working life. KLP aims to increase the retirement age and provide development opportunities for employees in the older age group.

The induction programme for new employees takes them through KLP's core values, ethical guidelines and policy for equal opportunities and diversity.

Remuneration policies

KLP's aim is to offer its employees good, market-matching salary and employment terms and conditions. The subsidiary KLP Kapitalforvaltning AS operates in markets where part of the salary is based on profits achieved and therefore offers salaries that are partly performance-based to employees who have direct responsibility for profits. In accordance with the regulations, payment of this remuneration is spread over several years and is partly linked to the growth in value in selected securities funds, because KLP as a mutual company does not have its own exchange-listed equity instruments. Performance-related pay has not been introduced elsewhere in the Group.

External environment

KLP's impact on the external environment and climate comes directly from its own activities, indirectly through partners and suppliers, and through investments in companies and property. KLP has a responsibility to reduce this impact. At the same time, climate change and damage to nature and the environment could affect KLP's ability to generate a good return on pension savings in the longer term. In 2021, KLP produced an updated environmental policy which sets out how the company intends to work to reduce its impact on the environment and climate and commits KLP to set clear and ambitious environmental goals for the business. As regards the company's own operations, KLP's overall goal is to halve greenhouse gas emissions from 2010 levels by 2030. KLP is well placed to meet this reduction target. This is described in more detail in the Sustainability Report.

Regulatory framework

Changes in the pension market – public-sector occupational pensions

The public-sector pension schemes are anchored partly in law and partly in collective agreements between the employer and employee organisations. Extensive changes were made to public-sector occupational pensions from 1 January 2020. The objective of the changes was to give better support during working life and provide for greater mobility between the public and private sectors.

New rules on retirement pensions for members with special age limits are still pending. This also applies to the AFP system, which is changing in 2025 from an early retirement scheme to a lifetime pension benefit, following the pattern from the private sector.

Other relations

Changes in the Board of Directors of KLP

Cecilie Daae, Vibeke Heldal and Erling Bendiksen joined as new Board members in 2021. Egil Matsen came in as regularly attending board member from November 2021.

Owner relations

KLP sets great store by good and close dialogue with its owners. This provides the company with important input on strategic questions and useful feedback on day-to-day operations. Owner meetings were held at the county level in 2021 too, and we also attended executive meetings in the health trusts. Six-monthly resource group meetings were also held for local authority chief executives and municipal directors, as well as resource group meetings for politicians. The company also had occasion to provide a status report from KLP for several municipal councils and executive committees.

Corporate governance

KLP's articles of association and applicable legislation provide guidelines for corporate governance and management and define a clear division of roles between governing bodies and executive management. The Board of Directors of KLP carries out an annual review of corporate governance (NUES). As KLP has not issued any equity instruments and so is not exchange-traded, there will be some differences from the Norwegian Code of Practice for Corporate Governance (NUES) as set out in a separate section of the annual report. Election procedures for the corporate assembly are tailored to the direct form of ownership with important stakeholder groups having assured representation on the corporate assembly, in accordance with the company's Articles of Association.

The Board of Directors has established an Audit Committee, a Remuneration Committee and a Risk Committee. The Board undertakes an annual assessment of its own business and competence. Directors' liability insurance has also been taken out for Board members and the general manager of KLP. The insurance covers the insured's liability for loss of assets for claims made against the insured during the insurance period as a result of a liability-related act or omission on the part of the insured in his capacity as general manager or board member. The insurance is taken out with an external company.

The way forward

The company's vision is for KLP to be the best partner for the days to come. This shows that we take a long-term view in order to create value for our customers. KLP's principal product is public-sector occupational pension provision. We set out to provide public-sector enterprises and their employees with secure pension saving that contributes to sustainable development. Everything the company does within the Group is intended to help ensure that it pays to have your pension scheme with KLP. As part of the company's service, KLP also offers important and necessary additional services to our customers and members, such as banking and insurance. The subsidiaries should strengthen the competitiveness of the core business by contributing to good investment management, strengthening relations with customers with public-sector occupational pensions, enhancing the reputation of the group, and producing satisfactory returns on the life company's equity.

KLP aims to be a pension provider which differentiates itself from other companies operating in the same markets. KLP's mutual status provides the best starting point for ensuring that any value added will benefit customers, who are also our owners. When the company runs at a profit, this is used to lower premiums or boost financial strength or passed on to customers in the form of lower costs. The result is reduced payments to KLP. This leaves more money for schools and hospitals, or other priority tasks that our customers are responsible for. The way in which KLP runs its business therefore has a direct impact on how they discharge their social obligations. In short: "All wealth creation should accrue to the customers. Our job is to deliver the best possible services at the lowest possible price."

Public-sector employers can choose between buying public-sector occupational pension provision from a life insurance company or establishing a pension fund. Today, KLP and one other life insurance company are competing to deliver public-sector occupational pensions. There are also 21 municipal and county pension funds and Oslo Pensjonsforsikring. The public-sector occupational pension product is regulated through the Basic Collective Agreement between the social partners. Essential elements of the product content and prices are therefore subject to regulations that are common to all providers. This means that all wealth creation benefits customers. KLP therefore takes a long-term view and puts the interests of its customers first.

KLP's main goal is to be Norway's leading provider of pensions to the public sector. KLP aims to deliver secure and competitive pension, financial and insurance services to the public sector, enterprises associated with it, and their employees. KLP's most important task is therefore to provide pensions with a competitive rate of return over time, the lowest costs and a high level of service. KLP is the pension company for the Norwegian local government and healthcare sector – a profitable community.

Managing large assets on behalf of the community carries an obligation. KLP's management of savings is very important to the company's customers and owners, but also indirectly to many more people in Norway and abroad. By making capital available, KLP enables companies to grow

and create new products and jobs. With this comes increased social responsibility. KLP has committed owners who provide clear direction for how KLP should use the capital responsibly in its investments. Corporate social responsibility is on the agenda for the company every day and in every part of the business.

KLP is a knowledge company with more than 1,000 employees. KLP can and should become more visible as a pension expert so the company's broad expertise can also benefit others. Pensions have been an increasingly important topic in the media and in the general public debate in recent years. As an expert in this area, KLP will work actively to improve access to knowledge and expertise on pensions and savings. KLP aims to be perceived as a credible and skilled pension adviser – the company's goal is to be the best.

KLP aims to continue providing public-sector occupational pensions and financial and insurance services to public-sector customers and their employees. The services should be secure and competitive. With good financial strength, profitability and low costs, KLP is well positioned to further develop the business in a way that will continue to create good long-term value for customers, owners and their employees.

Oslo, March 18, 2022

The Board of Kommunal Landspensjonskasse gjensidige forsikringsselskap

EGIL JOHANSEN
Chair

JENNY FØLLING
Deputy Chair

EGIL MATSEN

CECILIE DAAE

ODD HALDGEIR LARSEN

ØIVIND BREVIK

VIBEKE HELDAL
Elected by and from the employees

ERLING BENDIKSEN
Elected by and from the employees

The Board of KLP signs the report electronically

KLP Gr. 4/

Annual Report 2021

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KLP Group

			2021	2020
	NOK MILLIONS			
20	Premium income for own account		52 001	39 049
5	Current return on financial assets		14 813	14 793
5	Net interest income banking		309	318
5	Net value changes on financial instruments		48 365	15 331
15	Net income from investment properties		8 543	5 080
32	Other income		1 547	1 136
	, Atal net ;@5A7		125 577	75 707
20	Claims for own account		-31 855	-29 780
20	Change in technical provisions		-31 253	-19 000
	Net costs subordinated loan and hybrid Tier 1 securities		103	-478
31	Operating expenses		-2 278	-1 971
	Sale of business		0	-183
32	Other expenses		-1 292	-1 258
	Unit holder's value change in consolidated securites funds		-19 802	-11 074
	, Atal 7JB7@E7E		-86 377	-63 744
	' B7DBFng BD&t/>AEE		39 200	11 963
20	To/from securities adjustment fund – life insurance		-21 646	245
20	To supplementary reserves – life insurance		-5 420	-7 749
20	Assets allocated to insurance customers - life insurance		-11 107	-2 803
	(D7tax ;@5A7		1 027	1 657
22	Cost of taxes ¹		-748	-860
	!@5A7		279	797
27	Actuarial loss and profit on post employment benefit obligations		84	-88
20	Adjustments of the insurance obligations		-16	12
22	Tax on items that will not be reclassified to profit or loss		-12	19
	Items that I ;ll @A 4e D75>3EB76 FABD&t Ar >AEE		56	-57
	Revaluation real property for use in own operation		206	392
15	Currency translation foreign properites		-1 314	1 778
20	Adjustments of the insurance obligations		1 314	-1 778
22	Tax on items that will be reclassified to profit or loss		-52	-98
	Items that I ;ll 4e D75>3EB76 FA;@5A7ne B3DFcular EB75;8x 5A@6FAns are ?7F		155	294
	, Atal Ather 5A?B D7:7@Eye ;@5A7		211	238
	, Atal 5A?B D7:7@EHe ;@5A7		490	1 034
	¹ Unit holders share of taxes in consolidated securities fund		-296	-255

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KLP Group

	§', E	NOK MILLIONS	31.12.2021	31.12.2020
22		Deferred tax assets	52	61
24		Other intangible assets	797	684
21		Tangible fixed assets	2 714	2 557
17		Investments in associated companies and joint venture	4 934	4 240
7,15		Investment property	89 535	81 485
6,12		Debt instruments held to maturity	25 985	28 986
6,12		Debt instruments classified as loans and receivables	164 484	154 180
6,7,12,14		Lending local government, enterprises & retail customers at fair value through profit / loss	79	589
6,12,14		Lending local government, enterprises and retail customers	118 024	115 071
6,7,12		Debt instruments at fair value through profit or loss	188 172	193 814
6,7		Equity capital instruments at fair value through profit/loss	294 476	204 982
6,7,12,13		Financial derivatives	3 253	11 561
6		Receivables	5 377	6 179
12		Cash and bank deposits	3 388	2 772
		, ' , AL ASSE,+	901 270	807 161
		Owners' equity contributed	19 831	18 194
35		Retained earnings	20 901	21 222
		, ' , AL OWNERSSEQUI, 1	40 732	39 416
6,16,18,19,36		Hybrid Tier 1 securities	1 604	1 764
6,16,19,36		Subordinated loan capital	3 000	3 135
27		Pension obligations	870	934
20		Technical provisions - life insurance	653 551	595 068
20		Premiums, claims and contingency fund provisions - non-life insurance	3 023	2 729
6,19,36		Covered bonds issued	31 015	24 997
6,19,36		Debt to credit institutions	4 199	14 216
6,19		Liabilities to and deposits from customers	12 901	11 781
6,7,13		Financial derivatives	4 740	789
22		Deferred tax	1 387	1 425
33		Other current liabilities	6 808	6 859
		Unit holders' s interest in consolidated securites funds	137 440	104 050
		, ' , AL LIAB!\$, IES	860 538	767 745
		, ' , AL EQUI, 1 AND LIAB!\$, IES	901 270	807 161
34		Contingent liabilities	28 754	27 659

Changes in Owner's equity

KLP Group

2021 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2021	18 194	21 222	39 416
Income	811	- 532	279
Items that will not be reclassified to income		56	56
Items that will be reclassified to income later when particular conditions are met		155	155
Total other comprehensive income		211	211
Total comprehensive income	811	- 321	490
Owners' equity contribution received (net)	826		826
Total transactions with the owners	826		826
Owners' equity 31 December 2021	19 831	20 901	40 732

2020 NOK MILLIONS	Owners' equity contributed	Retained earnings	Total equity contributed
Owners' equity 1 January 2020	16 540	20 799	37 339
Income	611	186	797
Items that will not be reclassified to income		- 57	- 57
Items that will be reclassified to income later when particular conditions are met		294	294
Total other comprehensive income		238	238
Total comprehensive income	611	423	1 034
Owners' equity contribution received (net)	1 043		1 043
Total transactions with the owners	1 043		1 043
Owners' equity 31 December 2020	18 194	21 222	39 416

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KLP Group

NOK MILLIONS	2021	2020
CA+H F\$/ FROM OPERA, ING AC, !I, ES		
Direct insurance premiums received	43 199	32 046
Reinsurance premiums paid	-75	-71
Direct insurance claims and benefits paid	-23 000	-21 508
Reinsurance settlement received for claims and insurance benefits	83	0
Payments received on transfer	0	2 850
Payments made on transfer	-8 287	-7 593
Payments to other suppliers for products and services	-2 382	-2 377
Payments to staff, pension schemes, employer's social security contribution etc.	-1 172	-1 056
Interest paid	-544	-1 083
Interest received	10 790	11 867
Dividend received	7 925	5 829
Tax and public charges paid	-1 593	-600
Payments from property operations	3 794	3 611
Net receipts/payments of loans to customers etc.	-2 415	-8 200
Net receipts on customer deposits banking	1 119	295
Receipts on the sale of shares	67 799	118 389
Payments on the purchase of shares	-114 494	-105 267
Receipts on the sale of bonds and certificates	77 941	56 999
Payments on the purchase of bonds and certificates	-84 480	-79 275
Receipts on the sale of property	798	83
Payments on the purchase of property	-4 461	-3 167
Net cash flow from purchase/sale of other short-term securities	8 412	-5 046
&et cash 8>A s 8DA AB7DBFng 35FHFE	-21 041	-3 272
CA+H F\$/ FROM INVES, MENT AC, !I, IES		
Receipts on the sale of tangible fixed assets etc.	6	0
Payments on the purchase of tangible fixed assets etc.	-293	-332
&et cash 8>A s 8DA ;@!stment 35FHFE	-287	-332

NOK MILLIONS	2021	2020
CASH FLOW FROM FINANCING ACTIVITIES		
The minority's share of operational activities	20 596	3 341
Payments on subordinated loan capital	0	-3 737
Receipts on loans from credit institutions	9 300	12 720
Disbursements on loans from credit institutions	-8 726	-10 206
Receipts of owners' equity contributions	1 101	1 285
Payments on repayment of owners' equity contributions	-275	-241
Net cash generated from financing activities	21 996	3 162
Net changes in cash and cash equivalents	668	-443
Effect of exchange rate changes on cash and cash equivalents	-52	21
Holdings of cash and bank deposits at start of period	2 772	3 194
Holdings of cash and bank deposits at end of period	3 388	2 772

Notes to the accounts

KLP Group

Note 1 **General information**

Kommunal Landspensjonskasse gjensidig forsikringsselskap (the Company) and its subsidiaries (together *the Group*) provide pension, financial, banking and insurance services to private individuals, municipalities and county administrations, health enterprises and to enterprises both in the public and private sectors.

The largest product area is group pensions insurance. Within pension insurance the Group offers local government occupational pensions, defined benefit pensions and defined contribution pensions. In addition the Group offers group life and non-life insurance, banking services, fund and asset management.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemias gate 10, Oslo.

The Group's annual financial statements may be accessed at www.klp.no.

The Group has subordinated loans listed on the London Stock Exchange and part of the Groups' issued covered bonds are listed on Oslo Stock Exchange

Note 2 **Summary of the most important accounting principles**

Below follows a description of the most important accounting principles used in the consolidated financial statements. These principles have been used consistently for all periods presented.

2.1 FUNDAMENTAL PRINCIPLES

The consolidated financial statements for KLP have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU with certain supplements resulting from the Norwegian Accounting Act and the Regulations on annual accounts for insurance companies.

The annual financial statements have been prepared based on the principle of historic cost, with the following exceptions:

- Investment properties valued at fair value through profit and loss
- Investment property for own use is revalued to fair value
- Financial assets and liabilities (including derivatives) are valued at fair value through profit and loss
- Financial assets and liabilities are valued in accordance with the rules on fair value hedging

In preparing the annual financial statements management must make accounting estimates and discretionary evaluations. This will affect the value of the Group's assets and liabilities, income and expenses recognized in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates have been used that are of material significance for the Group are described in Note 3.

All sums are presented in NOK millions without decimals unless otherwise stated.

The financial statements have been prepared in accordance with the going concern assumption.

2.1.1 Changes in accounting principles and disclosures

a) New and changed standards adopted by the Company/Group in 2021:

In the Group's banking activities, contributions to the Deposit Guarantee Fund have previously been classified as an operating cost in the accounts. The classification of this cost has changed and it is now reported under "Net interest income from banking". The cost amounted to NOK 17 million at 31.12.2021, and NOK 11 million at 31.12.2020. The comparative figures have changed.

The Group has also changed the accounting treatment of pension costs for its own employees in the consolidated financial statements. This operating cost was previously eliminated against premium income in the income statement, and for 2020 this amounted to NOK 94 million.

The ongoing IBOR reform has not so far resulted in any major changes in value for the KLP Group. Some collateralised contracts that previously used the Euro Overnight Index Average (EONIA) as a reference rate have now been altered to use the Euro Short-Term Rate (ESTR). In

response to this change, compensation amounts have been calculated for the interest difference based on expected future collateral amounts. The compensation for changing the reference rate totalled around EUR 63,000 (EUR 27,500 net to the Group) on these contracts in 2021.

The Group has a hybrid Tier 1 capital loan denominated in Japanese yen at a fixed USD rate. The Group has the right to redeem this loan in 2034. If the Group does not choose to exercise its right to redeem the loan, the credit margin on the loan will be based on a future JPY-LIBOR rate. The interest terms are unchanged as of the end of 2021. See Note 16 for more information about the hybrid Tier 1 capital loan.

b) Standards, changes and interpretations of existing standards that have not yet entered into force and where the Group has not opted for early application:

There are changes in standards and interpretations that will take effect for financial years beginning after 1 January 2022 which have not been used in these accounts. The most important changes that the group has not to apply early are set out below.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments entered into force on 1 January 2018; it covers the classification, measurement and recognition of financial assets and liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. Financial assets are classified into three categories:

- Amortised cost
- Fair value with value changes through profit or loss
- Fair value with value changes through other comprehensive income

The measurement category is decided on initial recognition. The classification depends on the business model used by the company/group to manage its financial instruments and the characteristics of the cash flows for the individual instruments. Companies/groups with insurance-dominated activities are granted two alternative temporary exemptions from the new requirements in IFRS 9 under provisions in *IFRS 4 Insurance Contracts*.

Companies/groups with insurance-dominated activities are allowed, but not obliged, to defer the implementation of IFRS 9 until the first financial year starting on or after 1 January 2023, i.e. at the same time as IFRS 17.

To be regarded as an insurance-dominated entity, the insurance liability must constitute at least 90% of the total liabilities, or at least 80% provided that the entity is not involved in significant activities that are not related to insurance. To calculate whether the condition is met, available figures for 31.12.2016 should be used.

For the KLP Group, 93.9% of the business is considered to be related to insurance, so the criterion for applying the temporary exemption is satisfied. This is shown in the table below:

NOK MILLION	
INSURANCE RELATED LIABILITIES	
Hybrid Tier 1 securities	1 650
Subordinated loan capital	6 220
Pension obligations	712
Technical provisions- life insurance	453 943
Provisions in life insurance with investment options	1 674
Premiums, claims and contingency fund provisions - non life insurance	2 245
Financial derivatives	5 871
Deferred tax	403
Other current liabilities	4 823
Unit holder's interest in consolidated securities fund	55 916
Total insurance related liabilities	533 456
Total liabilities	568 290
Share of insurance related liabilities	93.9%

The KLP Group has made use of this temporary exemption, and so has not implemented IFRS 9.

Groups with insurance activities which wish to implement IFRS 9 may elect to reclassify items between profit and loss and other income and expenses (other comprehensive income) in accordance with the rules in IFRS 4 for the financial years 2018, 2019, 2020 and 2021. This method allows differences in valuation between IAS 39 and IFRS 9 to be eliminated on selected financial assets.

The Group has not chosen to make use of this temporary exception.

The Group is working on a project to implement IFRS 9 Financial Instruments, and to see what effects the transition to new rules from 01.01.2023 will have.

IFRS 17 Insurance Contracts

The new accounting standard for insurance contracts, IFRS 17, was published by the IASB in 2017 and approved by the EU on 23 November 2021. The standard will replace the current standard for insurance contracts, IFRS 4, and will be mandatory from 01.01.2023. The definition of what constitutes an insurance contract has not changed, but there have been some clarifications that limit the qualifying contracts to be handled according to IFRS 17. Unlike IFRS 4, IFRS 17 also contains rules on how insurance contracts should be assessed and presented, as well as extensive new note requirements.

Under the main rules in IFRS 17, insurance contracts should be valued at the sum of:

- a. The present value of the future cash flows of insurance contracts (probability-weighted and taking account of time value)
- b. A risk adjustment for non-financial risk, and
- c. Unearned profits (service margin).

For each period, the calculation of future cash flows (a) and the adjustment for non-financial risk (b) should be based on current estimates. This means estimates that reflect the conditions and expectations for the future at the measurement date. The present value is calculated using market-based discount rates.

The adjustment for non-financial risk should reflect the compensation required by the company for bearing the non-financial risk arising from the uncertain amount and timing of the cash flows. Non-financial risk means any risk associated with insurance contracts that is not financial risk, including insurance risk, the risk of the policy-holder cancelling the contract and the risk of unexpected increases in administrative costs for services associated with the contracts.

The profit element of the contracts is calculated at the time of establishment as unearned profit and is included as a component of the insurance obligation. This component is reduced as profits are recognised where the company has provided services under the insurance contracts. Any negative profit margin (loss) is applied to the profit figure immediately.

There are also simplified models (the premium allocation method) which can be used under certain conditions. In order to qualify for the simplified method, the coverage period must be within 12 months or it must be shown that the result will not be significantly different from the general valuation model in IFRS 17.

Under the simplified method, the insurance obligations consist of:

- Liabilities for remaining coverage
- Liabilities for claims incurred

Liabilities for remaining coverage are calculated as the portion of premiums received but not recognised, adjusted for any amortisation of establishment costs and any financing component (not required for coverage periods of one year or less).

Liabilities for claims incurred are calculated by discounting future cash flows and adjusting for non-financial risk. The discount rate used must be consistent with the market.

The standard requires insurance contracts with approximately equal risk managed collectively as a portfolio to be grouped according to whether they are profitable, unprofitable, or profitable with a risk of becoming unprofitable. There may be no more than 12 months difference in the issuance of the contracts included in a group. However, in the EU/EEA area, voluntary exemptions have been granted to allow the contracts to be grouped by year if certain conditions are met.

The standard requires retrospective application but allows certain simplifications if full retrospective application is not practicable. There should be a high threshold for using the simplifications.

Since 2018, the Group has made thorough preparations for implementing IFRS 17, and has spent considerable resources on this. Presentation and measurement of the insurance obligations in the consolidated financial statements will be affected by the implementation of IFRS 17, but it is too early to quantify the impact. A major consequence for mutual insurers like KLP is that the standard states that the residual interest in the company is owned by its customers (policyholders) as opposed to non-mutual companies which are owned by third parties. As a result, mutual companies will not initially have equity in accounts prepared according to IFRS 17.

The Group's main product, public-sector occupational pensions (OfTP), is classed as an insurance product under IFRS 17. The OfTP contracts are currently classed as 'contracts with direct participation features'. This entails valuation using the 'variable fee approach' (VFA). For the Group's non-life insurance activities, we expect all products to qualify for the simplified method (premium allocation approach), and that this method will be used. Provisions for unexpired risks will change, as under IFRS 17, the provisions are based on the present value of future cash flows rather than unearned premiums as they are now.

The standard is complex, and it is not yet clear how the overall standard will affect the Group's financial position.

IAS 1 Presentation of Financial Statements

A limited change has been made in IAS 1 Presentation of Financial Statements which specifies that liabilities should be classified as current or non-current based on the rights that exist at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the balance sheet date (for example a breach of loan terms). The changes also specify what IAS 1 means when it refers to the 'settlement' of a liability. It is also specified that breaches of loan terms at the end of the period should be taken into account even if no rating is made at that time. The changes may affect the classification of debt, especially for entities that previously assessed the management's intentions in order to determine the classification, as well as for some debt items that can be converted into equity. The change has to be applied retrospectively in accordance with the main rule in IAS 8 Accounting Principles, and will come into effect on 1 January 2023.

Gross/net accounting for management remuneration in mutual funds

On 7 April 2021, the Financial Supervisory Authority of Norway sent an identical letter to all life insurance companies and pension funds concerning pension providers' treatment of remuneration paid to asset management companies and other managers of mutual funds. In the letter, the FSA states that the management fee paid by a fund to the management company and other managers must be taken into account when determining the price tariff and included in the pension provider's expenses (gross accounting). The corresponding amount is added to the return on customer funds.

This is not consistent with the Group's practice, and a change is expected to have a significant impact on costs in the life insurance business. However, it is unclear which limitations apply to costs to be grossed, so the impact has not been quantified.

Requirements for gross accounting are disputed, and the industry has asked the Ministry of Finance to clarify the matter. KLP has chosen to continue with net accounting pending clarification from the Ministry of Finance.

2.1.2 Change to accounts in relation to previous periods

The areas where the Group has changed accounting principles resulting in changes in reported figures in relation to previous periods are discussed in section 2.1.1 a). The table below summarises the ways in which these changes have affected the accounting figures:

NOK MILLION	ORIGINAL REPORTED 2020 NUMBERS	ADJUSTED 2020 NUMBERS	CHANGE
INCOME STATEMENT			
Premium income for own account	38 955	39 049	94
Net interest income banking	329	318	-11
Operating expenses	-1 888	-1 971	-82
Operating profit/loss	11 963	11 963	0

2.2 CONSOLIDATION PRINCIPLES

2.2.1 Subsidiaries

All entities in which the Group has decisive influence/control are considered subsidiaries. Control is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries are consolidated from the date on which the Group takes over control and they are omitted from consolidation when that control ceases.

In accordance with the changed definition of control in IFRS 10, a large portion of KLP's investments in securities fund are consolidated in the Groups financial statements. KLP/Group has laid wait upon the following factors in assessing whether there is an obligation to consolidate:

- The Group takes the initiative for the securities fund and defines investment strategy, management fees etc. for the securities fund's byelaws
- The Group undertakes the management within the operating scope of the securities fund's byelaws
- The Group receives all management fees in the fund
- The Group exploits synergies is by undertaking management itself (except for certain "funds of funds")
- The Group has substantial ownership interest in the fund (usually more than 20 per cent)

Applying definition in IFRS 10 makes discretionary evaluations necessary. In the Group's financial statements, such funds are 100 per cent consolidated in the balance-sheet where non-controlling ownership interests (minority shares in the Securities Fund) are included in the accounting item 'Unit holders' interest in consolidated securities funds'. The minority's share of the mutual funds are in the financial statement classified as liabilities.

Purchase of subsidiaries is recognized in accordance with the purchase method. Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued and liabilities assumed on transfer of control. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalized as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

Intercompany Group transactions and accounts between Group companies are eliminated. Where Group companies present accounts in accordance with principles other than those of the Group, these are converted to correspond to the Group's accounting principles before they are consolidated. The Group's accounts are presented in NOK and those of subsidiaries in foreign currency are translated to NOK at the exchange rate prevailing at the end of the reporting period. On consolidation of income statement items in foreign currency, average foreign exchange rates are used.

2.2.2 Associated companies

Associated companies are entities in which the Group has substantial influence without having control. If the Group is invested direct or indirect through a holding of 20 per cent or more, it is assumed that the Group has substantial influence unless stated otherwise. The following factors may be use to determine if the Groups has substantial influence:

- Representation in the board or similar organs in the invested company
- Participation in processes for determine principles, in ex. decisions regarding dividends
- Material transactions between the Group and the invested company
- Mutual exchange of key personnel, or
- Deliverance of important technical information

On the date of acquisition investments in associated companies are taken to account at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in associated companies is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the capitalized value of the investment becoming negative unless the Group has assumed liabilities on behalf of the associated company.

Where necessary accounting principles in associated companies are changed to achieve harmonization with the Group's accounting principles.

2.2.3 Joint arrangements

Joint arrangements are investments in which the Group has joint control with another company. "Joint control" is the contractually agreed sharing of control of a joint arrangement, which exists only when decisions about the relevant activities require unanimity between the parties sharing control.

According to IFRS 11, investments in joint arrangements are to be classified either as joint operating arrangements or joint ventures, depending on the contractual rights and obligations of each individual investor. The Group has considered its joint arrangements and reached the conclusion that they are joint ventures.

On the date of acquisition investments in joint arrangements are recognized at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in joint arrangements is taken to profit/loss and is added to the capitalized value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the capitalized value of the investment becoming negative unless the Group has assumed liabilities on behalf of the joint arrangement.

Where necessary accounting principles in associated companies and joint ventures are changed to achieve harmonization with the Group's accounting principles.

2.2.4 Structured units

Some funds have been consolidated in the Group's financial statement because they are considered to meet the definition of IFRS 10. These funds are in total owned by parent company KLP.

2.3 BUSINESS SEGMENTS

The Group's business segments have been defined in relation to business areas where risk and returns are differentiated from each other. The Group's business segments are grouped into public sector occupational pension and group life, enterprise (defined benefit) and defined contribution pension, non-life insurance, banking, asset management and other business. The segments are described in detail in Note 4.

2.4 TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

2.4.1 Functional currency and presentational currency

The consolidated financial statements are presented in NOK, which is the functional currency of the parent company.

2.4.2 Transactions and financial position statement items

Transactions in foreign currency have been translated to NOK by using the exchange rate on the date of the transaction. Exchange-rate gains and losses on transactions in foreign currency are recognized through profit or loss. This also applies to translation of money items (assets and liabilities) at the end of the reporting period.

Translation differences on monetary items are included as part of the gain and loss on valuation at fair value. Translation differences associated with non-monetary items, such as shares at fair value through profit and loss, are included as an element of value change taken to profit/loss.

2.4.3 Group companies

Entities that are consolidated and have functional currency other than the presentation currency are treated as follows:

- The financial position is translated at the exchange rate at the end of the reporting period
- The statement of income is translated at average exchange rate (if the average does not in general provide a reasonable estimate against use of the transaction rate, the transaction rate is used)
- Translation differences are taken to other comprehensive income.

2.5 TANGIBLE FIXED ASSETS

In the main, the Group's tangible fixed assets comprise office machinery, inventory, art and real estate used by the Group in its business.

Real estate used by the Group is revalued at fair value based on periodic valuations carried out by the Group, with deductions for depreciation. Valuation review is carried out regularly. The principles for valuation of properties are the same for investment property and are described in detail in connection with the principles for accounting treatment of investment property.

Other tangible fixed assets are recognized at cost of acquisition including costs that can be attributed directly to the fixed asset, with deduction for write-downs.

Subsequent costs relating to fixed assets are capitalized as part of the fixed asset if it is likely that the expenditure will contribute to future financial benefit for the Group and the cost can be measured reliably. Repair and maintenance are recognized through profit or loss during the period in which the expenses are incurred.

Depreciation is by straight-line so the acquisition cost of fixed assets or their reassessed value is depreciated to residual value over expected life, which is:

- Buildings: 50 years
- Office machinery: 3 - 5 years
- Vehicles: 5 year
- Inventory: 3 - 5 years

Buildings are divided into components if substantial parts have significantly different lifetimes. Each component is depreciated in accordance with that component's life.

The utilizable life of tangible fixed assets is assessed annually. Where there are indications of impairment in excess of residual value, the recoverable sum is calculated. If the recoverable sum is lower than the residual value, write-down is carried out to the recoverable sum.

2.6 INVESTMENT PROPERTY

Real estate not used by the Group is classified as investment property. If a property is partially used by the Group and partially leased to external tenants, the part that is leased to external tenants is classified as investment property if it can be subdivided out.

Investment property comprises buildings and sites, and is valued at fair value at the end of the reporting period. The Group uses a valuation model to estimate market value. The valuation method is based on discounting of the property's expected net cash flow by the market's return requirements.

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account for expected vacancy, expected maintenance/improvement costs and normal operating costs.

The expected cash is discounted by a return requirement that is determined on the basis of the risk-free interest rate (10-year Norwegian Government Bond interest rate) adjusted by a supplement for estimated 20-year risk-free interest rate. The estimate on the 20-year interest rate corresponds to the slope of the swap curve between 10 and 20 years. The risk-free interest is then accorded a general property risk to find the return requirement for prime properties. Finally a risk premium is added that is determined on the basis of the willingness of the investors in the property market to accept risk taking account of matters specific to the property such as for example geography, property type, contracts, tenants and technical state of the property.

A set selection of the Group property stock, the pilot portfolio, is valued quarterly by external, independent and qualified valuers. In the event of significant deviation from our own valuation of fair value the differences are analysed and the valuation model's parameters are adjusted if this proves necessary.

Changes in fair value are taken to profit/loss in the line "Net income from investment properties".

If an investment property is occupied by the Group, the property is reclassified as a tangible fixed asset. Fair value on the date of reclassification provides the cost price for the reclassified property.

If a property the Group has used is leased externally, the property is reclassified as investment property. Any difference between book value and fair value on the date of reclassification is taken to owners' equity as a revaluation.

2.7 INTANGIBLE ASSETS

The Group's intangible assets mainly comprise capitalized IT systems. Directly attributable costs capitalized on the purchase of a new IT system comprise those paid to the system supplier, as well as external consultancy support and internally accrued costs of having the system installed and readied for use.

On further development of IT systems both external and internal costs are capitalized in accordance with the above. System changes regarded as maintenance are taken to expenses as they occur.

Once an IT system is operational the capitalized costs are depreciated by straight line over the expected life. In the event of subsequent capitalization because of further development this is depreciated over the originally set life unless the expenditure increases the total expected life of the system.

If there are indications that the book value of a capitalized IT system is higher than the recoverable sum an impairment test is carried out. If the book value is higher than the recoverable sum (present value on continued use/ownership), the asset is written down to the recoverable sum.

2.8 FINANCIAL INSTRUMENTS

2.8.1 Classification

Financial instruments are classified on first recognition in one of the following categories:

Financial assets

- a. Financial assets at fair value through profit or loss
- b. Lending and receivables recognized at amortized cost
- c. Investments held to maturity recognized at amortized cost

Financial liabilities

- a. Financial liabilities at fair value through profit/loss.
- b. Other financial liabilities recognized at amortized cost

a) Financial assets and liabilities at fair value through profit or loss

Within this category it may be mandatory or chosen to recognize attribution at fair value with value changes through profit or loss.

- Financial assets held for trading are assets acquired primarily with a view to providing a profit from short-term price fluctuations. The Group's derivatives are included in this category unless they are included as an element of accounting hedging in accordance with the rules on hedge accounting.
- Financial instruments and liabilities opted to be recognized at fair value with value changes through profit or loss are classified in this category if the financial instruments are either managed as a group, and where their earnings are assessed and reported to management on the basis of fair value, or if the classification eliminates or reduces accounting inconsistencies in measurement.

The financial assets include shares and units/holdings, bonds, certificates and lending whilst the financial liabilities cover debt to credit institutions and derivatives.

b) Lending and receivables recognized at amortized cost

Lending and receivables are financial assets, with the exception of derivatives, with set or determinable payments, and that are not traded in an active market, with the exception of:

- Those which it is the Group's intention to sell on a short-term basis or which it has earmarked at fair value via the income statement (profit/loss)
- Those which the Group has earmarked as available for sale
- Those from which the holder will probably not be able to recover its whole original investment, other than weakened creditworthiness, and which are to be classified as available for sale.

Lending and receivables at amortized cost comprise:

- Loans and receivables linked to investment business
- Other loans and receivables including receivables from policyholders.

Loans and receivables in the investment business include debt instruments classified as loans and receivables i.e. bonds that are not priced in an active market as well as lending to local authorities, enterprises and retail customers.

c) Financial assets held to maturity at amortized cost

Financial assets held to maturity comprise financial assets that are not derivatives and that have set or determinable payments and a defined date of maturity and that the Group has the intention and the ability to hold to maturity with the exception of:

- Those the enterprise classifies on first recognition at fair value through profit or loss
- Those that the enterprise has earmarked as being available for sale
- Those that meet the definition of loans and receivables.

The category includes bonds recognized at amortized cost.

d) Other financial liabilities recognized at amortized cost

The category covers subordinated loans, covered bonds issued and debt to as well as deposits from customers.

2.8.2 Recognition and measurement

Purchases and sales of financial instruments are recognized at fair value on the trading date, i.e. when the Group has committed itself to buy or sell that financial instrument. Direct costs of purchase are included in acquisition cost except for purchase costs associated with financial instruments at fair value through profit or loss. For these instruments, purchase costs are taken to expenses directly. Recognition of financial assets ceases when the Group is no longer entitled to receive the cash flow from the asset or the Group has transferred all risk and entitlements associated with its ownership. Recognition of financial liabilities ceases when the underlying obligation in the contract has been met, been cancelled or expired.

a) Value measurement at fair value

The principles for calculating fair value related to the various instruments are shown in Note 6.

b) Value measurement at amortized cost

Financial instruments not measured at fair value are measured at amortized cost using the effective interest rate method. The internal rate of return is set through discounting contractual cash flows over expected duration. The cash flows include setting-up charges and direct transaction costs as well as any residual value on expiry of the expected duration. Amortized cost is the present value of these cash flows discounted by the internal rate of return.

c) Write-down of financial assets valued at amortized cost

In assessing whether there is impairment in value of a financial asset, weight is attached to whether the issuer/debtor has significant financial difficulties and whether there is breach of contract, including default. An assessment is made of whether it is probable the debtor will be bankrupted, whether there is an active market for the asset because of financial difficulties, or whether measurable reduction is being seen in expected cash flow from a group of financial assets. The assessment is based exclusively on historical data: future events are not considered, regardless of the degree of probability.

If there is objective proof of impairment, write-down is carried out. The write-down is calculated by comparing the new, anticipated cash flows with the original cash flows discounted by the original effective interest rate (assets with fixed interest) or by the effective interest rate at the time of measurement (assets with variable interest). The write-down reduces the asset's capitalized value and is included in the statement of income under "Current returns from financial assets".

Loss assessment and loss write-down is carried out quarterly on individual loans. Loans with unpaid repayments older than 90 days or credits with overdrafts older than 90 days are examined at the end of the reporting period. In addition continuous assessment is carried out of other lending engagements where there is objective proof of impairment.

Lending is also assessed by group. If there is objective proof of impairment in a group of loans, write-down is carried out.

2.8.3 Presentation in the financial position statement and income statement

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recognized in the financial position statement either as "Lending local government, enterprises & retail customers at fair value through profit/loss", "Debt instruments at fair value through profit or loss" or "Equity instruments at fair value through profit or loss". Interest income and share dividend are included in the line "Net return on financial assets". For the banking business, interest income is included in the line "Net interest income banking". Other value changes are included in the line "Net return on financial assets"

b) Loans and receivables at amortized cost

Loans and receivables at amortized cost are presented in the financial position statement either as "Debt instruments classified as loans and receivables", "Loans to local authorities, enterprises and retail customers", "Receivables" or "Cash and bank deposits". Interest income is included in the line "Net return on financial assets". For the banking business, interest income is included in the line "Net interest income banking". Value changes that can be linked to objective indications of impairment as well as foreign exchange changes are included in the line "Net return on financial assets".

c) Financial assets held to maturity

Financial assets held to maturity comprise bonds noted in an active market and are presented in the financial position statement as "Debt instruments held to maturity". Interest income in accordance with the effective interest rate method is included in the line "Net return on financial assets". Value changes that can be linked to objective indications of impairment as well as unrealized foreign exchange changes are included in the line "Net return on financial assets".

d) Liabilities to and deposits from customers

Liabilities to and deposits from customers are recognized at fair value in the financial position statement when the deposit has been recorded as transferred to the customer's account. In subsequent periods, liability to and deposits from customers with variable interest rates are accounted for at amortized cost in accordance with the effective interest rate method. The costs of interest are included in the line "Net interest income banking"

e) Subordinated loan issued

Subordinated loan is taken to account at fair value on subscription. On subsequent measurement subordinated loan is recognized at amortized cost using the effective interest rate method. The method is used to allocate the interest costs over a relevant period and is posted over income in the line "Interest costs and value change subordinated loan and hybrid Tier 1 securities".

Subordinated loan in foreign currency is translated to NOK at the end of the reporting period. Value change as a result of the foreign exchange change is posted through income and included in the line "Interest costs and value change subordinated loan and hybrid Tier 1 securities".

f) Hybrid Tier 1 securities issued

Hybrid Tier 1 securities are recognized at nominal on date of issue and valued subsequently at amortized cost. For hybrid Tier 1 securities hedged against exchange and interest rate changes (fair value hedging), book value is adjusted on value change in hedged risk. The value change is posted through income in the line "Net costs subordinated loan and hybrid Tier 1 securities".

g) Covered bonds issued

In the first instance covered bonds issued are recognized at fair value, i.e. nominal adjusted for any premium/discount on issue. On subsequent valuation the bonds are valued at amortized cost by the effective interest method. The costs of interest are included in the line "Net interest income banking" in the income statement.

Bonds issued with fixed interest are recognized in accordance with the rules on fair value hedging inasmuch as they are hedged against change in interest rate level.

h) Liabilities to credit institutions

Liabilities to credit institutions are capitalized at market value on take-up. On subsequent measurement fair value is used when this eliminates or reduces accounting inconsistency. The interest costs are included in the line "Net interest income banking" whereas other value changes are included in the line "Net value change on financial instruments" in the income statement.

i) Unit holders' interest in consolidated securities funds

Minority unit holders in the consolidated securities fund may ask to redeem their holdings, and as a result, the minority share of the funds is classified as a debt on the accounting line 'Unit holders' interest in consolidated securities funds'. The minority portion of value changes in securities funds is posted through profit and loss and included in the line 'Change of value for unit holders in consolidated securities funds'.

j) Derivatives and hedging

Financial derivatives are capitalized at fair value at the time they are contracted. On subsequent measurement the derivatives are recognized at fair value and are presented as an asset if the value is positive and a liability if the value is negative. Recognition of associated gains and losses depends on whether the derivative has been identified as an accounting hedge instrument and in which type of accounting hedge the derivative is included.

For derivatives not included in accounting hedge relationships, gains and losses are recognized through profit or loss as they arise in the line for "Net value change on financial instruments". These are included in the category "Financial assets at fair value through profit or loss".

In two cases the Group has used accounting hedging (hedge accounting). In one case the hedge accounting is used on hedging of hybrid Tier 1 securities issued (the hedging object) against value changes resulting from changes in interest rates and exchange rates (fair value hedging). The hedging instrument is a combined interest rate and currency swap (CIRCUS). The hedge relationship is documented and the effectiveness of the hedging is measured continuously. In the second instance is fair value hedging of fixed interest lending. The hedge relationship is documented and its effectiveness is measured continuously.

Change in fair value of the hedging instrument is included in the income statement at the line for "Net value change on financial instruments". Value changes in the hedging object that can be attributed to the hedge risk are booked as a correction of the hedging object's capitalized value and included in the income statement at the line for "Net costs subordinated loan and hybrid Tier 1 securities" and "Net interest income banking". In those instances in which a security has inbuilt derivatives that are not separated out, the value of the derivative will be included in the security's value as a whole.

2.9 NETTING

Financial assets and financial liabilities are only netted to the extent there is a legal entitlement to net asset against liability, and that it is the intention to carry out netting, as well as the maturity date of the asset corresponding with the date the liability is due payment.

2.10 CASH AND CASH EQUIVALENTS

Cash and bank deposits are defined as receivables from credit institutions without termination date. The amount does not include receivables from credit institutions that are linked to purchase and sale of securities in the management of the securities portfolios.

2.11 THE GROUP'S OWNERS' EQUITY

The Group owners' equity is divided into two main elements:

2.11.1 Owners' equity contributed

The Group's parent company is a mutual company owned by its customers. This means that customers participating in KLP's "Fellesordninger" (Joint Pensions - schemes for public sector occupational pensions) pay an owners' equity contribution on registration. The owners' equity contribution is set in proportion to the relative size of the customer measured in premium reserves.

The owners' equity contribution may be used to cover losses or deficits in current operation. It may only be repaid in connection with transfer of a customer's business from the Company after approval by the board of directors and in advance from the Financial Supervisory Authority of Norway. The member's share of the actual combined owners' equity contribution at the termination date calculated proportionately to the member's share of the Company's total premium reserves is subject to possible repayment.

Distribution of returns on owners' equity contributions depends on the Company's results.

The owners' equity contribution may not be traded.

2.11.2 Retained earnings

The Group's retained earnings comprise the risk equalization fund, the natural perils fund, the revaluation fund and other retained earnings.

Ordinary company law rules apply for any distribution or use of retained earnings. Use of the risk equalization fund must be according the rules of The insurance act.

2.12 RECOGNITION OF INCOME

2.12.1 Premium income

Premium income is taken to income by the amount falling due during the accounting year. Accrual of premiums earned is dealt with through provisions against unearned premiums. Reserves transferred in for the year are recognized through the income statement and included in the premium income. The share of the period's gross premium income accruing to reinsurers in connection with reinsurance is shown as a deduction from gross premium income.

2.12.2 Interest income/expenses

Interest income and interest expenses associated with all interest-bearing financial instruments is and valued at amortized cost are taken to income using the effective interest rate method. Setting-up fees for lending are included in the amortization and taken to income over the loan's expected duration.

Interest income for fixed-income financial investments measured at fair value is classified as "Net return on financial assets". For the banking business the interest income is included in the line "Net interest income banking", whereas other value changes are classified as "Net value change on financial instruments".

2.12.3 Rental income and other income

Income from leasing of real estate is taken to income by straight line accrual over the duration of the lease. The income is included in the line "Net income from investment properties". Fees for asset management are taken to income in proportion to the management carried out for the period up to the end of the reporting period. The income is included in the line "Other income". Other services are taken to income by straight line over the contract period.

2.13 TAX

The Group conducts taxable business.

For the life insurance business, the taxation of income and expenses related to assets in the common portfolio and the investment option portfolio shall be made in accordance with accounting legislation. It will therefore be the technical result, as presented in accounting figures at year end, that will be the basis to taxation. No permanent or temporary differences for tax purposes for the customers portfolio will occur. The non-technical result is mainly related to management of the corporate portfolio and follows ordinary tax rules.

According to the new tax rules of 2018, deductions will no longer be made for provisions for the natural disaster fund and guarantee scheme for the non-life insurance segment. These funds are subject to transitional rules, so that the total provisions for these funds at the end of the 2017 can be deposited in a separate account, where the account is first taxed on the liquidation of the non-life insurance business. In addition, the differences between the provisions for 2017 versus 2018 is deposited in a separate account. The account will be recognized as income on a straight-line basis by 10% each year.

For other business in the Group, there have been no changes in the tax rules.

Differences between accounting and tax valuations of assets and liabilities that will reverse at a later date provide the basis for calculating deferred tax assets or deferred tax liabilities in the financial statements. Deferred tax assets and deferred tax liabilities are netted inasmuch as they are assessed during the same period.

In presenting the consolidated financial statements, capitalization and of deferred tax is considered at Group level. Deferred tax and tax assets are calculated as differences between the accounting and taxation value of assets and liabilities. Deferred tax asset is capitalized to the

extent it can be shown probable that the companies in the Group will have sufficient taxable profit to exploit the tax asset. In assessing the probability, emphasis is placed on historic earnings and expected future taxable income.

For foreign subsidiaries, tax payable and deferred tax/deferred tax assets are taken to account in accordance with local tax rules. The tax cannot be set off against the parent company's deficit to be carried forward using Group contributions with tax effect. In the consolidated financial statements' financial position statement this tax is shown at the lines for "Deferred tax" and "Deferred tax assets". In the income statement the tax cost is shown as "Cost of taxes".

The Group includes some companies covered and some not covered by financial tax. In reporting deferred tax/tax assets in the consolidated financial statements, we therefore use the corporation tax rate applicable to the individual company within the Group.

The cost of taxes is further specified in Note 22.

2.14 INSURANCE CONTRACTS

In accordance with IFRS 4 significant insurance risk must be associated with the contract for it to be able to be defined as an insurance contract. The insurance products the Group offers satisfy the requirement for significant insurance risk and are recognized in accordance with IFRS 4. In accordance with IFRS 4, the insurance contracts are valued as a whole as an insurance contract even though this contains a financial element.

Adequacy testing has been carried out to check that the level of the liabilities on the insurance contracts recognized in the accounts is proportionate to the insurance customers' contractual entitlements. The Group's reserves satisfy the requirements of this test and IFRS 4 therefore imposes no further requirements for reserves. The Group has therefore used applicable Norwegian regulations to account for insurance contracts.

2.14.1 Sectors

The Group offers products to its customers in the following sectors:

- a. Group pension
- b. Group life
- c. Non-life insurance

a) Public group pensions predominantly comprise public service pension schemes that include retirement pensions, survivor pensions, disability pensions and a waiver of premiums during periods of incapacity for work.

All future retirement pension accruals for members born in 1963 or later will take place through a premium scheme in which each year of work results in pension contributions in a similar manner to the national insurance scheme. For these age groups, flexible rules are also introduced from the same date concerning the withdrawal of the retirement pension and the right to combine work with pension payments without income reductions. Pensions accrued through the premium scheme are adjusted prior to the withdrawal of the pension in line with the changes to the basic pension. This is also in line with the regulations set down for the national insurance scheme. The premium scheme is also a performance-based pension scheme and premiums and provisions will be taken on the basis of an unchanged basis of calculation.

For the age groups born before 1963, the gross scheme based on linear earnings will be continued. This means that the individual's earned benefits at all times constitute the proportionate part of the benefits he or she will be entitled to through continued service until retirement age. The proportionate portion is shown as the ratio between the person's service period that he or she has already earned and the total period of service he or she will obtain on continued service until retirement age, however, so that the latter size cannot exceed 40 years when calculating the proportionate portion. The schemes are based on the final pay principle. Adjustment of current pensions in line with the National Insurance Scheme and the regulation of defined rights in line with the basic amount are part of the defined benefit plan's defined benefit plan.

The scheme's benefits are determined in accordance with current public occupational pension rules, which include, among other things, coordination with the National Insurance benefits for the old age pension to ensure a defined gross pension level

The indexation of current pensions and accumulated pension entitlements is financed entirely by a special indexation premium. Some public sector peculiarities are not prefunded and are financed through single premiums at start-up and possibly through subsequent changes to the pension (guaranteed gross premium).

The net premium reserve in the pension schemes is set as a net single payment premium for the accumulated age, disability and survivors' pensions. In addition, an administration reserve has been set aside based on the Group's actual costs involved in the payment of pensions.

The premium reserve also comprises allocations to insured events that have occurred but are not yet settled, including a qualifying-period provision for disability risks.

b) Group life is mainly concentrated on local government group life and teacher group life covering only mortality/whole of life risk. Other cover exists for a small number of customers. In addition there is debt group life that covers whole life risk and for a large number of existing customers also covers disability risk.

The technical insurance provisions in group life insurance are based on risk theory methods. The claims reserve includes provisions for the expected payments on insured events that have occurred but are not yet settled regardless of whether or not these have been reported.

c) In non-life insurance the following products are offered:

Occupational Injury, Personal Accident and Accident

Insurance contracts cover the customers' employees for occupational injury within the scope of the Occupational Injury Act and the Basic Collective Agreement for the Civil Service. In addition, insurance contracts are taken out covering employees for accidents during leisure time.

Fire-Combined

Insurance contracts covering damage to customers' property and any loss incurred by the customer in the event of damage to or loss of the property. The product also includes mandatory natural disaster cover. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess of a certain amount per claim.

Motor Vehicle

Insurance contracts covering damage occurring through use of the customers' motor vehicles. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess of a certain amount per claim.

Third-party liability and individual 3rd party personal insurance

Insurance contracts that cover damage incurred by third parties as a result of the customers' activities. The cover applies both for property claims and personal injuries.

Travel

Insurance contracts that cover customers for injury and loss arising during travel.

Child insurance

Insurance contracts that cover expenses related to accidents or serious illness and loss of income (disability pension).

Group life

Insurance contracts that cover the customer in the event of death and disability.

The risk for the Group is reduced by taking out reinsurance contracts covering payments in excess of a set amount per claim in all of the sectors mentioned above except for group life. The Group is at all times to have technical reserves fully covering the technical liability and other risk emanating from the insurance business. In all cases and at all times, the Group's reserves are to meet the minimum requirement for reserves under regulation or law.

2.14.2 Provisions in insurance funds

The Group's most important insurance funds are described below:

a) Premium reserve

The premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administration reserve in accordance with the Group's calculation base, as well as provisions for incurred, not yet settled insurance claims, including waiting period provisions for disability risk.

b) Supplementary reserves

Supplementary reserves are presented in the income statement in the line "To supplementary reserves - life insurance" as obligatory reserves. Supplementary reserves are allocated to the customers conditionally and may be used to cover any shortfall in returns. Any negative return cannot be covered from supplementary reserves.

c) Premium fund

The premium fund contains premiums paid in advance and any surplus assets allocated to the individual customer's premium fund accounts. Premium fund assets may be used to cover future premiums.

d) Securities adjustment fund

The securities adjustment fund is defined in Norwegian insurance legislation and is associated with the common portfolio in life insurance.

The securities adjustment fund comprises net unrealized gains associated with short-term financial assets. If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss.

Unrealized securities valuation reserves associated with short-term financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

2.14.3 Base interest rate (returns guarantee)

For public service pension schemes, all new accruals will take place using the basic interest rate of 2.0 percent. Accruals prior to 1 January 2012 were made using a basic interest rate of 3.0 percent. The total average performance guarantee in the public group pension sector amounted to 2.32 percent at the end of 2021.

2.14.4 Mortality and disability

The price tariffs for disability are determined based experience in the Groups own population.

The price tariffs for mortality are equal to the calculation base K2013 with safety margins in accordance with the minimum standard laid down by the Financial Supervisory Authority of Norway. When it comes to the Pension Scheme for Nurses and the Joint Scheme for hospital doctors, a somewhat stronger basis is used.

2.15 RESULT ELEMENTS - LIFE INSURANCE

2.15.1 Returns result

Returns result of varieties on insurance contracts with returns guarantee. Returns result comprises actual return achieved less guaranteed return (base interest rate). A positive returns result is credited to the customer, whereas a negative returns result must be covered from the customers' supplementary reserves and/or from owners' equity. The Company invoices a special premium element (interest guarantee premium) to guarantee the interest guarantee. This premium element is included in the Group's/Company's results.

2.15.2 Risk result

The risk result is an expression of the difference between mortality and disability in the insured population during the period in question relative to what is assumed in the Company's price tariff. A positive risk result is returned to the customers, but it is possible to withhold up to half of a positive risk result in risk equalization funds. The risk equalization fund may only be used to cover subsequent risk result losses and may amount to a maximum of 150 per cent of risk premium for the year.

Any negative risk result must be covered by the risk equalization fund or owners' equity.

2.15.3 Administration result

The administration result is a result of how the Company's actual expenses deviate from the premium tariff. The administration result is credited entirely to the Company.

2.16 SURPLUS FUNDS ALLOCATED TO CUSTOMERS

Profit to customers are added to premium funds, and are included as part of the insurance obligations as the balance sheet date.

2.17 PENSION OBLIGATIONS - OWN EMPLOYEES

The Group's pension obligations are partially insurance-covered through KLP's public sector occupational pensions through membership of the joint pension scheme for municipalities and enterprises ("Fellesordningen"). Pension liability beyond these schemes is covered through operation. Pension costs are treated in accordance with IAS 19. The Company has a defined benefits based pension scheme for its employees

The accounting liability for defined benefit schemes is the present value of the obligation on the reporting date, with deduction for fair value of the pension assets. The gross obligation is calculated using the straight-line method. The gross obligation is discounted to present value using the interest rates on Norwegian high-quality bonds. Gains and losses arising on recalculation of the obligation as a result of known deviation and changes in actuarial assumptions are charged to owners' equity via other comprehensive income during the period in which they arise. The effect of changes in the scheme's benefits is taken to profit/loss immediately.

Presentation of the pension costs in the income statement is in accordance with IAS 1. This standard allows the option of classifying the net interest element either as an operating cost or as a financial cost. The option the Group adopts must be followed consistently for later periods. The Group has presented the pension cost under the accounting line "Operating expenses " and interest element under the accounting line "Current return on financial assets". The estimate deviation has been classified under "Items that will not be reclassified to income" in the accounting line "Actuarial gains and losses on defined benefits pension schemes".

The joint pension scheme (Fellesordningen) is a multi-enterprise scheme, i.e. the technical insurance risk is spread between all of the local authorities and enterprises participating in the scheme. The financial and actuarial assumptions underlying the calculation of net pensions liabilities are thus based on assumptions that are representative of the whole group.

Note 3 **Important accounting estimates and valuations**

The Group prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements.

It must be expected that the estimates will deviate from the final outcome and the areas where there is significant risk of substantial change in capitalized values in future periods are discussed below.

3.1 INSURANCE CONTRACTS

Life Insurance business

The biggest insurance risk in the Group is the risk of incorrect estimation of life expectancy. In determining the premium tariffs, the Group uses its own analyses of its policy-holders and analyses of the entire Norwegian population. Uncertainty over future life expectancy, which is based on estimates far ahead in time, provides a similar risk of a charge against equity capital because of the need for higher provisions, to cover payment over a longer period of time.

There will also be insurance risk linked to disability, but this risk is considerably lower. Uncertainty in calculating probabilities of disability may, as with increased longevity, result in decreased profit for owners, but here there is more scope for adjusting premiums, given that disability pensions have a shorter time horizon for the payments.

Insurance risks linked to mortality are considerably lower and must be seen in relation to insurance risks related to longevity. Increased mortality will result in a negative risk result for the risk of death, but will be counterbalanced by a positive risk result for longevity. The insurance benefits for spouse and child pensions, which make up the risk result for death, are also considerably lower than the benefits for old-age pensions (longevity risk).

Calculations of insurance provisions in the collective pension insurance sector are based on assumptions of disability risk based on KLP's experience from its own insured population. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the Financial Supervisory Authority of Norway (FSA of N).

In calculating technical provisions in the public sector occupational pensions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models. The models take account of experience based on reported changes in the insurance population.

We are currently in a special situation related to the corona pandemic. Currently there is no excess mortality in the population as a result of the pandemic. If the pandemic leads to a sustained increase in mortality, this will result in a higher risk result. At the same time, there are factors surrounding the pandemic situation that could affect the withdrawal of disability pension in the next few years, such as:

- Layoffs and downturns
- Home office (physical and mental)
- Extra work in the health trusts
- Lack of capacity for health workers in general
- After-effect illness

There has not been made any extra ordinary provisions in connections with the pandemic, but the development, especially related to disability, is being closely monitored.

Non-Life business

In calculating technical provisions in the non-life insurance industry individual claim provisions are made for all reported but not settled claims (RBNS). The provisions are continuously adjusted as claims are processed. All open claims should have a special assessment at least once a year. Provision for claims incurred but not yet reported to the Company (IBNR) is made using statistical models. The models take account of the historic reporting pattern in the different risk groups.

In non-life insurance, measurements and adjustments are also made of the total claim provisions (RBNS+IBNR) so the total level of provision is measured against changes in risk elements such as claim frequency, major claim occurrence, population mix and population size. The claims provisions are assessed at the expectation level, i.e. they contain no contingency margins. Claim provision is not discounted.

The claims reserve includes a provision for future indirect claims-handling expenses (also referred to as unallocated loss adjustment expenses - ULAE). This is estimated based on the magnitude of RBNS and IBNR.

In addition, no extraordinary provisions have been made relating to the pandemic. There is increased uncertainty associated with the pandemic, especially in the occupational injury sector. Going forward, the situation will be closely monitored, and the level of premiums and provisions will be assessed on an ongoing basis.

The sensitivity overview is specified in detail in Note 9.

3.2 INVESTMENT PROPERTIES

Buildings and other real estate are valued at fair value as defined in IFRS 13. Fair value means the amount for which buildings and other real estate can be sold in an arm's-length transaction between well-informed, voluntary parties. There is not considered to be an active market for trading the Group's investment properties.

As at 31 December 2021 buildings and real estate were valued using the Group's internal valuation model. The model is based on discounting of an estimated 20-year cash flow and the discounting rate used corresponds to the normal market's return requirement for similar properties. For the Norwegian properties as at 31 December 2021, a discounting factor was used in the interval 5.10 – 8.60 percent: for the Group's Swedish properties it was 5.40 – 7.15 percent; and for the Danish properties, 5.45 -7.80 percent.

The following main components are included in future cash follows:

- Currently applicable terms and conditions, contract expiry and assumed market rent
- Vacant areas with assumed market rent
- Parking income, parking area and number of places
- Estimated annual inflation
- Annual rent adjustment as a percentage of inflation
- General vacancy
- Normal annual operating costs
- Normal annual communal costs per square metre
- Upgrading costs per square metre on new lease
- Any further upgrading costs (year and amount)
- Number of months vacancy on each contract expiry
- Assumed final value Year 20
- Nominal return requirement

As part of the valuation, yield assessments are also carried out for the individual property and for the total portfolio. In addition to valuation using KLP Eiendom's value assessment model, external valuations are obtained for a selection of the properties. These are used to determine own calculation parameters and to quality-assure the internal valuations.

Minor changes in the return requirement will have relatively heavy impact on property values and it is also assumed that major changes in the "Assumed market rent" will also affect the accounting figures the most.

The sensitivity analysis below shows how the value of one of the Group's centrally located office properties in Oslo changes with certain changes in key parameters in the Group's valuation model. The analysis shows change in value (given as percentage change) for a given change in a parameter on the assumption that all other parameters stay unchanged. In reality there are

interdependencies between several variables, so that a change in one parameter will be accompanied by change in one or more other parameters. The sensitivity figures given do not capture such relationships with other variables and are shown only for illustrative purposes. The effects of changes in parameters will vary somewhat from property to property.

	Change in parameter	Change in value
Return Requirement	+100 bps	-13 %
Return Requirement	-100 bps	16 %
Market rent	+10 %	9 %
Market rent	-10 %	-9 %
Exit yield	+100 bps	-13 %
Exit yield	-100 bps	24 %
Inflation	+50 bps	8 %
Inflation	-50 bps	-7 %

In the analysis above the return requirement means the interest rate used in discounting future cash flows in the model. Market rent is understood as expected rent in the event of renegotiation of existing contracts or on change of tenant. Exit yield means the yield that is used to calculate the final value in the valuation model's final analysis period (Year 20).

After a long period of Covid19 pandemic where the uncertainty for tenants, banks, investors and others has become known, accepted and handled, various concerns have diminished significantly. A significant number of transactions have been carried out at sharp prices, and the risk premium has also fallen significantly in smaller cities and for somewhat more secondary locations. This has led to a strong pricing of objects that have been traded. At the same time, it is experienced that tenants write contracts on a large scale, and the length of the contracts is as it was before. To the extent that the tenants will need a different space requirement in the future, there are no signs so far that it has had a negative effect on the interest in writing contracts that are both long and for large areas - at strong prices.

After a long time in the home office, it can also look like there is a pent-up "need for travel" where interest and desire to travel appear strong. This was seen in periods of the year that were more like "normal", before the Omikron variant again entailed travel restrictions. This is perceived in the affirmative for the belief that large parts of the hotel market will return to more normal conditions again, although it is still somewhat uncertain how quickly this will happen.

In trade, the picture is still demanding, but very varied. Many of the support measures have now been phased out, at the same time as one experiences that the situation for part of the industry is demanding.

3.3 FAIR VALUE OF FINANCIAL ASSETS

The majority of the Group's assets recognised at fair value through profit and loss are assets traded on an active market, so the market value can be determined with a high degree of confidence.

In the case of the Group's pricing of unlisted securities, there will be uncertainty in this regard. This is especially true of securities which are priced on the basis of non-observable assumptions. Different valuation techniques are used to determine the fair value of these investments. Unlisted fixed-income securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models. The pricing methods and the accounts figures are discussed in more detail in Note 6.

3.4 LOSSES ON FINANCIAL ASSETS

Financial assets not measured at fair value are assessed for impairment at the end of the reporting period. The Group's lending portfolio is valued individually for loans on which default has been observed. If there is an objective event at the end of the reporting period that has influence on future cash flows, the loan is written down. In addition, lending with uniform risk profile is valued quarterly by group. This is described in more detail in Note 2.

When it comes to the Group's portfolio of long-term bonds, including long-term bonds held to maturity, the need for write-down is assessed individually each quarter. The write-down requirements are calculated as the difference in value of the original expected cash flows and the new expected cash flows. There will be uncertainty in calculating the new expected cash flows. Following the outbreak of Covid-19 and strong measures to limit the spread of the virus, the economic activity in the bond market has slowed down. At the same time, there have been a number of financial stimuli that have contributed to fairly stable conditions. For the Group, no factors or events have been found that would indicate impairment due to a predominant risk of loss in the company's portfolio of long-term bonds.

Note 4 Segment information

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking	
	2021	2020	2021	2021	2020	2021	2021	2020
Premium income for own account from external customers ¹	50 161	37 102	sold	313	1 865	1 658	0	0
Net financial income from investments	50 228	25 351	sold	-604	259	229	277	292
Other income	1 999	1 429	sold	2	2	2	78	77
Total income	102 388	63 881		-288	2 125	1 889	355	370
Claims for own account	-30 438	-28 360	sold	-45	-1 417	-1 375	0	0
Insurance provisions for own account	-31 246	-19 329	sold	331	-7	-2	0	0
Costs borrowing	103	-478	sold	0	0	0	0	0
Operating costs excluding depreciation	-1 147	-1 030	sold	-19	-298	-287	-229	-222
Depreciation	-162	-74	sold	0	-5	-5	-5	-4
Sale of business	0	0	sold	0	0	0	0	0
Other expenses	-1 425	-1 377	sold	0	0	0	-5	-7
Return to financial instruments attributable to minority interests								
Total expenses	-64 315	-50 649	0	267	-1 728	-1 668	-239	-233

NOK MILLIONS	Group pensions pub. sect. & group life		Group pensions private		Non-life insurance		Banking	
	2021	2020	2021	2021	2020	2021	2021	2020
Operating profit/loss	38 074	13 233	0	-22	398	220	116	137
Funds credited to insurance customers ²	-37 786	-11 944	sold	8	0	0	0	0
Pre-tax income	288	1 289	0	-14	398	220	116	137
Cost of taxes	125	-204	sold	0	-68	-42	0	-4
Income	413	1 085	0	-14	329	178	116	133
Change in other comprehensive income	56	-63	sold	-4	8	-7	5	-3
Total comprehensive income	469	1 021		-18	337	170	121	130
Assets	706 748	652 277	sold	sold	5 976	5 270	47 482	42 688
Liabilities	666 070	612 894	sold	sold	3 710	3 160	44 961	40 261

NOK MILLIONS	Asset management		Other		Eliminations		Total	
	2021	2020	2021	2021	2020	2021	2021	2020
Premium income for own account from external customers ¹	0	0	0	0	-25	-24	52 001	39 049
Net financial income from investments	2	6	0	0	21 263	10 247	72 029	35 522
Other income	608	547	12	12	-1 151	-932	1 547	1 136
Total income	610	554	12	12	20 086	9 291	125 577	75 707
Claims for own account	0	0	0	0	0	0	-31 855	-29 780
Insurance provisions for own account	0	0	0	0	0	0	-31 253	-19 000
Costs borrowing	0	0	0	0	0	0	103	-478
Operating costs excluding depreciation	-548	-517	-10	-12	182	247	-2 050	-1 839
Depreciation	-6	-6	0	0	-50	-42	-228	-132
Sale of business	0	0	0	0	0	-183	0	-183
Other expenses	0	0	0	0	138	125	-1 292	-1 258

NOK MILLIONS	Asset management		Other		Eliminations		Total	
	2021	2020	2021	2021	2020	2021	2021	2020
Return to financial instruments attributable								
to minority interests					-19 802	-11 074	-19 802	-11 074
Total expenses	-554	-523	-10	-12	-19 531	-10 927	-86 377	-63 744
Operating profit/loss	56	31	2	0	555	-1 636	39 200	11 964
Funds credited to insurance customers ²	0	0	0	0	-388	1 630	-38 173	-10 306
Pre-tax income	56	31	2	0	167	-6	1 027	1 657
Cost of taxes	-13	-7	0	0	-791	-602	-748	-860
Income	43	23	1	-1	-624	-608	279	797
Change in other comprehensive income	2	-7	0	0	140	322	211	238
Total comprehensive income	45	16	2	-1	-484	-285	490	1 035
Assets	636	579	9	8	140 419	106 339	901 270	807 161
Liabilities	256	245	3	3	145 537	111 182	860 538	767 745

The KLP Group's business is divided into the six areas: public sector occupational pension/group life, enterprise (defined benefit) and defined contribution pension, non-life insurance, banking, asset management and other. All business is directed towards customers in Norway.

PUBLIC SECTOR OCCUPATIONAL PENSION AND GROUP LIFE

Kommunal Landspensjonskasse offers group public sector occupational pensions.

ENTERPRISE (DEFINED BENEFIT) AND DEFINED CONTRIBUTION PENSION

KLP Bedriftspensjon AS offers products to enterprises within both the public and private sectors. The business was sold in 2020.

NON-LIFE INSURANCE

KLP Skadeforsikring AS offers property and personal injury products to employers within the public and private sectors. In addition a broad specter of standard insurance products is offered to the the retail market.

BANKING

KLP's banking business embraces the companies KLP Banken AS and its wholly-owned subsidiaries: KLP Kommunekreditt AS and KLP Boligkreditt AS. The banking business covers services such as deposits and lending to the retail market, credit cards, as well as lending with public sector guarantee.

ASSET MANAGEMENT

Asset management is offered from the company KLP Kapitalforvaltning AS. The company offer a broad selection of securities mutual funds both to retail customers and to institutional customers. The securities management has a socially responsible profile.

OTHER

Other segments comprises KLP Forsikringsservice AS which offers a broad specter of services to local authority pension funds.

Note 5 Net income from financial instruments

NOK MILLIONS	2021	2020
Interest income bank deposits	-31	-1
Interest income derivatives	125	327
Interest income debt instruments fair value	2 418	3 036
Total interest income financial assets at fair value	2 511	3 362
Interest income fixed-income securities amortized cost	6 126	6 184
Interest income lending amortized cost	1 171	1 633
Total interest income financial assets at amortized cost	7 297	7 816
Dividend/interest shares and holdings/units	5 051	3 968
Other income and expenses	-47	-353
Total other current expenses and income	5 004	3 615
Net return on financial assets	14 813	14 793
Interest income lending fair value	160	230
Total interest income financial assets at fair value	160	230
Interest income lending amortized cost	459	538
Total interest income financial assets at amortized cost	459	538
Interest costs debt to credit institutions	-27	-67
Interest costs covered bonds	-191	-282
Interest costs debt to and deposits from customers	-65	-109
Other income and expenses	-27	8
Total other income and expenses banking	-310	-450
Net interest income banking ¹	309	318
Value changes shares and units	37 176	-5 213
Value change derivatives	-9 687	4 859
Value change debt instruments at fair value	-4 961	1 840
Value change lending fair value	29	-27
Value change borrowing fair value	0	0
Total value change financial instruments at fair value	22 556	1 458
Value change loans at amortized cost	-167	451
Other unrealized values	-710	428
Total other unrealized values	-877	879
Net unrealized gain on financial instruments	21 680	2 337
Realized shares and holdings/units	12 082	17 853
Realized derivatives	12 236	-6 788
Realized debt instruments at fair value	2 190	1 893
Total realized financial instruments at fair value	26 508	12 958

NOK MILLIONS	2021	2020
Realized bonds at amortized cost ²	248	106
Realized loans at amortized cost	1	1
Total realized financial instruments at amortized cost	249	106
Other financial income and costs	-72	-70
Total other financial income	-72	-70
Net realized gain on financial instruments	26 685	12 994
Net value changes on financial instruments	48 365	15 331
Total net income from financial instruments	63 487	30 443

The note specifies net income from financial instruments.

Value changes resulting from change in credit risk are not included in this table because of system limitations.

¹ Net interest income banking is income and costs linked to banking activity.

² Realized values on bonds at amortized cost come from realized gain/loss on foreign exchange. Securities denominated in foreign currency are hedged, resulting in minimal net effect of exchange rate changes (reflected in value change/realized derivatives).

See Notes 8 and 11 for more information.

Note 6 Fair value of financial assets and liabilities

Fair value is to be a representative price based on what the equivalent asset or liabilities would be sold for under normal market terms and conditions. A financial instrument is considered as being listed in an active market if listed prices are easily and regularly accessible from a stock exchange, dealer, broker, commercial group, pricing service or regulatory authority, and such prices represent actual transactions that occur regularly at arm's length. If the market for the security is not active, or the security is not listed on a stock exchange or similar, the Group uses valuation techniques to determine fair value. These are based on information on transactions recently carried out on business conditions, reference to the purchase and sale of similar instruments and pricing by means of externally obtained interest-rate curves and interest-rate differential curves. Estimates are based to the greatest possible extent on external observable market data, and to a small degree on company-specific information.

In the case of this note, there are three different categories of financial instruments: balance sheet classification, accounts classification, and type of instrument. It is for this last category that information is provided about how fair value is derived.

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

This category includes:

- Investments held to maturity
- Bonds classified as loans and receivables
- Other loans and receivables
- Liabilities to and deposits from customers

- Subordinated loan capital (liabilities)
- Other debt issued (liabilities)

Financial instruments not measured at fair value are measured at amortised cost by using the effective interest rate method. The internal rate of exchange is determined by discounting contractual cash flows over their expected term. The cash flows include arrangement/up-front fees and direct transaction costs as well as any residual value on the expiry of the expected term. Amortised cost is the present value of these cash flows discounted by the internal rate of interest. This note contains information about the fair value of the financial instruments that are measured at amortised cost.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This category includes:

- Equity instruments
- Debt instruments at fair value
- Derivatives (assets and liabilities)
- Debt to credit institutions (liabilities)

Below is a list of which types of financial instrument come under the various accounts categories, and how fair value is calculated.

INVESTMENTS HELD TO MATURITY

BONDS CLASSIFIED AS LOANS AND RECEIVABLES

DEBT INSTRUMENTS MEASURED AT FAIR VALUE

a) Foreign fixed-income securities

Foreign fixed-income securities are generally priced based on prices obtained from an index provider. At the same time, prices are compared between several different sources to spot any errors.

The following sources are used:

- Barclays Capital Indices
- Bloomberg

Barclays Capital Indices have first priority (they cover foreign government and foreign credit respectively). Then comes Bloomberg based on Bloomberg's pricing service Business Valuator Accredited in Litigation (BVAL). BVAL has verified prices from Bloomberg.

b) Norwegian fixed-income securities – government

Nordic Bond Pricing is used as the primary source for pricing Norwegian Government Bonds. Prices are compared with prices from Bloomberg in order to uncover any errors.

c) Norwegian fixed-income securities – other than government ones

Norwegian fixed-income securities except government are mainly priced directly on prices from Nordic Bond Pricing. Securities that are not covered by Nordic Bond Pricing are priced theoretically. The theoretical price is based on the assumed present value on the sale of the position. A zero-coupon curve is used for discounting. The zero-coupon curve is adjusted upwards by means of a credit spread, which is to take account of the risk the bond entails. The credit spread is calculated on the basis of a spread curve taking account of the duration of the bond. Nordic Bond Pricing is the main source of spread curves. They provide company-specific curves and curves for Norwegian savings banks, municipalities and energy. Savings banks have various spread curves based on total assets. For companies where Nordic Bond Pricing do not deliver spread curves, the Group use spread curves from three Norwegian banks. When spread curves are available from more than one of these banks, an equal-weighted average is used. If a bond lacks an appropriate spread curve, spread from a comparable bond from the same issuer is used.

d) Fixed-income securities issued by foreign enterprises but denominated in NOK

Fair value is calculated on the same general principles as those applying for Norwegian fixed-income securities described above.

e) Receivables on credit institutions

The fair value of these is considered as being approximately the same as the book value since the terms and conditions of the contract are continually revised in accordance with changes in the market rates.

f) Loans to municipalities and enterprises with municipal guarantee

Receivables are valued by means of a valuation model using relevant credit premium adjustments obtained in the market. For guaranteed loans fair value is calculated as discounted cash flow based on the same interest-rate curves as direct loans, but the credit margin is adjusted to market values for the appropriate combination of guarantee category and type of guarantee. The guarantor is either a state, municipality or a bank.

g) Loans secured by mortgage

The principles for calculating fair value are subject to the loans having fixed-interest rates or not. Fair value of fixed-rate loans is calculated by discounting contractual cash flows by the market rate including a relevant risk margin on the reporting date. The fair value of loans with no fixed rate is approximately equal to book value since the terms and conditions of the contract are continually revised in accordance with changes in the market rates

- EQUITY INSTRUMENTS

h) Shares (listed)

Liquid shares are generally valued on the basis of prices from an index provider. At the same time, prices are compared between different sources in order to spot any errors.

The following sources are used for Norwegian shares:

- Oslo Børs/Oslo Stock Exchange (primary source)
- Morgan Stanley Capital International (MSCI)
- Bloomberg

The following sources are used for foreign shares:

- Morgan Stanley Capital International (MSCI) (primary source)
- Bloomberg

i) Shares (unlisted)

As far as possible, The Group uses the Norwegian Mutual Funds Association's industry recommendations. This basically means the following:

The last price traded has key priority. If the last price traded is outside of the bid/offer price in the market, the price is adjusted accordingly. This means that if the last price traded is below the offer price, the price is adjusted upward to the offer price. If it is above the bid price, it is adjusted downward to the bid price.

In cases where there is very little information about the shares, a discretionary assessment is carried out, such as a fundamental analysis of the company, or a broker assessment.

j) Private Equity

Most of the investment in Private Equity goes through funds. The funds' fair value is to be based on reported market values that follow from the International Private Equity and Venture Capital Valuation Guidelines ('IPEV Guidelines'). These guidelines are established by the European Venture Capital Association (EVCA) and are based on the principle of approximate market

assessment of the companies. Fair value is calculated on the basis of the funds' reported market value adjusted for payments in and out during the period between the fund's last reported market value and the period being reported on for the Group. Direct investments in Private Equity are treated in the same way as with current stocks, but valuation can be daily, quarterly or yearly. In cases where it's possible to obtain information on what co-investments are priced within the funds, it will be considered in the valuation process. Other direct investments are valued based on either cost prices, reported market values from companies or available trading prices.

-DERIVATIVES

k) Futures/FRA/IRF

All futures contracts for KLP are traded on the stock exchange. Bloomberg is used as a prices source. Prices are also obtained from another source in order to check that Bloombergs' prices are correct. Reuters acts as a secondary source.

l) Options

Bloomberg is used as a source for pricing options traded on the stockmarket. Reuters is a secondary source.

m) Interest-rate swaps

Interest-rate swaps are valued in a model that takes observable market data such as interest-rate curves and relevant credit premiums into account .

n) FX-swaps

FX-swaps with a one-year maturity or less are priced on curves that are built up from FX swap-points obtained from Reuters. The market is not considered particularly liquid for FX-swaps with a maturity of more than one year and basis-adjusted swap curves are used for pricing purposes.

- DEBT TO CREDIT INSTITUTIONS

o) Placements with credit institutions and deposits

Placements with credit institutions are made as short-term deposits. Fair value is calculated by discounting contractual cash flows by market rate including a relevant risk margin on the reporting date. Deposits are prices on swap curves.

-SUBORDINATED LOAN CAPITAL, OTHER DEBT ISSUED, AND DEPOSITS FROM CUSTOMERS

p) Fair value of subordinated loans

The observable price is used as the fair value of loans listed on an active stock exchange. In the case of other loans that are not part of an active market the fair value is based on an internal valuation model based on observable data.

q) Fair value of subordinated bond/perpetual bond issued

Fair value in this category is determined on the basis of internal valuation models based on external observable data.

r) Covered bonds issued

Fair value in this category is determined on the basis of internal valuation models based on observable data.

s) Deposits from customers

All deposits are without fixed-rate interest. The fair value of these is considered as approximately equal to book value since the contractual terms are continually revised in accordance with the market rate.

The tables below give a more detailed specification of the content of the different classes of assets and financial liabilities.

NOK MILLIONS	31.12.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
DEBT INSTRUMENTS HELD TO MATURITY - AT AMORTIZED COST				
Norwegian hold-to-maturity bonds	4 071	4 477	5 130	5 786
Foreign hold-to-maturity bonds	21 915	23 289	23 856	26 163
Total debt instruments held to maturity	25 985	27 766	28 986	31 950
DEBT INSTRUMENTS CLASSIFIED AS LOANS AND RECEIVABLES- AT AMORTIZED COST				
Norwegian bonds	53 339	54 373	51 396	54 805
Foreign bonds	111 136	115 067	102 738	111 115
Other receivables	9	9	47	47
Total debt instruments classified as loans and receivables	164 484	169 448	154 180	165 967
LENDING LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS AT FAIR VALUE THROUGH PROFIT/LOSS				
Loans to local government sector or enterprises with local government guarantee	79	79	589	589
Total loans to local government, enterprises & retail customers	79	79	589	589

NOK MILLIONS	31.12.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
LENDING TO LOCAL GOVERNMENT, ENTERPRISES & RETAIL CUSTOMERS – AT AMORTIZED COST				
Loans secured by mortgage	25 081	25 085	23 763	23 816
Loans to local government sector or enterprises with local government guarantee	86 486	86 641	81 335	82 668
Loans abroad secured by mortgage and local government guarantee	6 413	6 413	9 923	9 923
Loans creditcard	44	44	50	50
Total loans to local government, enterprises & retail customers	118 024	118 183	115 071	116 458
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Norwegian bonds	56 354	56 354	51 841	51 841
Norwegian certificates	7 805	7 805	6 094	6 094
Foreign bonds	87 026	87 026	92 025	92 025
Foreign certificates	405	405	549	549
Investments with credit institutions	36 582	36 582	43 305	43 305
Total debt instruments	188 172	188 172	193 814	193 814
EQUITY CAPITAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Shares	260 001	260 001	185 112	185 112
Equity funds	30 328	30 328	18 488	18 488
Property funds	4 147	4 147	1 382	1 382
Alternative investments	0	0	0	0
Total equity capital instruments	294 476	294 476	204 982	204 982
RECEIVABLES				
Receivables related to direct business	1 725	1 725	1 433	1 433
Receivables related to reinsurance agreements	304	304	176	176
Reinsurance share of gross claims reserve	0	0	0	0
Receivables related to securites	2 727	2 727	3 111	3 111
Prepaid rent related to real estate activities	245	245	212	212
Other receivables	374	374	1 246	1 246
Total other loans and receivables including receivables from policyholders	5 377	5 377	6 179	6 179
FINANCIAL LIABILITIES - AT AMORTIZED COST				
Hybrid Tier 1 securities	1 604	1 586	1 764	1 592
Subordinated loan capital	3 000	3 310	3 135	3 561
Debt to credit institutions	897	897	3 304	3 304
Covered bonds issued	31 015	30 591	24 997	25 105
Liabilities and deposits from customers	12 901	12 901	11 781	11 781
Total financial liabilities	49 417	49 284	44 980	45 342
FINANCIAL LIABILITIES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt to credit institutions	3 302	3 302	10 913	10 913
Total financial liabilities	3 302	3 302	10 913	10 913

NOK MILLIONS	31.12.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
FINANCIAL DERIVATIVES - AT FAIR VALUE THROUGH PROFIT OR LOSS				
Forward exchange contracts	2 019	3 077	9 140	384
Interest rate swaps	223	1 664	1 144	405
Interest rate and currency swaps	732	0	1 058	0
Share option	279	0	219	0
Total financial derivatives	3 253	4 740	11 561	789

Note 7 Fair value hierarchy

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	983	983
<i>Real estate fund</i>	0	0	3 572	3 572
<i>Buildings</i>	0	0	84 980	84 980
Investment property	0	0	89 535	89 535
Lending at fair value	0	79	0	79
<i>Certificates</i>	2 046	6 164	0	8 210
<i>Bonds</i>	24 164	102 021	0	126 186
<i>Fixed-income funds</i>	17 199	7 431	6 227	30 858
Bonds and other fixed-income securities	43 410	115 616	6 227	165 253
Loans and receivables	21 472	1 447	0	22 919
<i>Shares</i>	246 170	10 962	2 869	260 001
<i>Equity funds</i>	2 316	0	50	2 366
<i>Property funds</i>	0	1 133	3 013	4 147
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	27 962	27 962
Shares and units	248 486	12 096	33 895	294 476
Financial derivatives	0	3 253	0	3 253
Total assets at fair value	313 367	132 491	129 657	575 515
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	4 740	0	4 740
Debt to credit institutions ¹	2 061	1 241	0	3 302
Total financial liabilities at fair value	2 061	5 981	0	8 042

¹ The line «Debt to credit institutions» includes liabilities measured at fair value and amortized cost. This line is therefore not reconcilable against the Balance sheet. The liabilities measured at amortized cost amounted to NOK 897 million per 31.12.2021 and NOK 3 304 million per 31.12.2020.

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
ASSETS BOOKED AT FAIR VALUE				
<i>Land/plots</i>	0	0	996	996
<i>Real estate fund</i>	0	0	3 354	3 354
<i>Buildings</i>	0	0	77 136	77 136
Investment property	0	0	81 485	81 485
Lending at fair value	0	589	0	589
<i>Certificates</i>	1 058	5 585	0	6 643
<i>Bonds</i>	16 125	110 382	0	126 506
<i>Fixed-income funds</i>	17 437	7 141	4 250	28 828
Bonds and other fixed-income securities	34 621	123 108	4 250	161 978
Loans and receivables	31 106	730	0	31 836
<i>Shares</i>	179 469	2 939	2 704	185 112
<i>Equity funds</i>	2 245	0	55	2 300
<i>Property funds</i>	0	1 157	224	1 382
<i>Special funds</i>	0	0	0	0
<i>Private Equity</i>	0	0	16 188	16 188
Shares and units	181 714	4 097	19 171	204 982
Financial derivatives	0	11 561	0	11 561
Total assets at fair value	247 440	140 085	104 905	492 431
LIABILITIES BOOKED AT FAIR VALUE				
Financial derivatives	0	789	0	789
Debt to credit institutions ¹	9 999	914	0	10 913
Total financial liabilities at fair value	9 999	1 702	0	11 701

Changes in Level 3, Investment Property	Book value 31.12.2021	Book value 31.12.2020
Opening balance 1 January	81 485	74 545
Sold	0	-83
Bought	3 913	3 166
Unrealised changes	4 130	3 956
Other changes	7	-99
Closing balance 31.12.	89 535	81 485
Realised gains/losses	59	9

Changes in Level 3, Shares	Book value 31.12.2021	Book value 31.12.2020
Opening balance 1 January	2 704	2 211
Sold	-186	-91
Bought	163	487
Unrealised changes	189	97
Closing balance 31.12.	2 869	2 704
Realised gains/losses	7	8

Changes in Level 3, Equity funds	Book value 31.12.2021	Book value 31.12.2020
Opening balance 1 January	55	54
Sold	0	0
Bought	0	0
Unrealised changes	-5	1
Closing balance 31.12.	50	55
Realised gains/losses	0	0

Changes in Level 3, Private Equity	Book value 31.12.2021	Book value 31.12.2020
Opening balance 1 January	20 662	12 396
Sold	-4 441	-1 675
Bought	13 704	8 341
Unrealised changes	7 278	1 600
Closing balance 31.12.	37 203	20 662
Realised gains/losses	2 236	636
Closing balance 31.12.	129 657	104 905

Unrealised changes and realized gains / losses are reflected on the line "Net value changes on financial instruments" in the consolidated income statement.

The tables "Changes in level 3" shows changes in level 3 classified instruments in the period indicated.

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

Level 1:

Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities that the entity has access to at the reporting date. Examples of instruments at Level 1 are stock market listed securities.

Level 2:

Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is corresponding therefore not considered to be traded in an active market, as well as prices based on assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of yields curves.

Level 3:

Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered at Level 3 in the Group include unlisted shares and Private Equity.

No sensitivity analysis has been carried out on securities included in Level 3. A sensitivity analysis for investment property can be found in note 3. A change in the variables of the pricing is considered of little significance. On a general basis, a 5 percent change in the pricing would produce a change of NOK 6 483 million as of 31.12.2021 and NOK 5 245 million as of 31.12.2020. Everything related to investment property is included in Level 3. A sensitivity analysis of investment property is found in note 3.

During the period from 01.01.2021 to 31.12.2021, a net movement of NOK 1 144 millions in stocks has been moved from Level 1 to Level 2, NOK 46 millions moved from Level 1 to Level 3, NOK 893 million moved from level 2 to level 1 and NOK 2 million moved from level 2 to level 3. This is due to changes in liquidity, based on the guidelines above. There have been no other movements between the different levels in 2021.

The general principles related to the distribution between levels basically concern whether the asset or liability is listed or not and whether the listing can be stated to be in an active market. As regards shares, there is a further distinction between trading days and amount of trading which separates out listed securities that do not form part of an active market. The values at the end of the reporting period provide the basis for any movement between the levels.

Valuations related to items in the various levels are described in Note 6, investment property is described in note 3.

Fair value of assets and liabilities measured at amortized cost are given in note 6. The level placements for these debt instruments are as follows: assets classified as held to maturity would be level 1 and loan and receivables would be level 2. Liabilities measured at amortized cost, subordinated loan would be level 1 and hybrid tier 1 capital would be level 2 and debt to credit institutions would be level 1. Information on pricing of these liabilities can be found in note 6.

Note 8 **Risk management**

Through its activity, The group is exposed to both insurance risk and financial risk. The aim of the overarching risk management for The group is that the financial risk is managed in such a way that The group is able at all times to meet the liabilities the insurance contracts impose on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Units outside the line organization monitor that the risk-taking is carried out within the authorisations the line has.

8.1 INSURANCE RISK

An insurance contract according to IFRS 4 is defined as "A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". The uncertainty at the portfolio level is additionally affected by factors such as changes in law and court decisions. Insurance results will be more stable and predictable the more contracts there are in the portfolio

The group's insurance business is divided into the following sectors: group pension public sector and non-life insurance. As described in Note 2, the weightiest risks in group pension are disability risk and longevity risk, whereas risk of death/whole life is somewhat less weighty. Guidelines have been prepared for non-life insurance for regarding the kind of risks the Company accepts in its portfolio. Basically, it accepts risks from customers who are within The group's primary target groups in non-life insurance provided the scope of the insurance lies within the standard products The group offers. The total insurance risk will also be less diversified where the portfolio has geographical dispersion and is spread over different insurance products.

In non-life insurance, insurance risk is generally managed through provisions for future expected claims under existing contracts, pricing of the risk element in insurance premium, and through reinsurance contracts. In addition, more specific measures have been taken according to the insurance cover offered.

Insurance risk is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs.

8.1.1 Insurance provisions

The insurance provisions are set at the right level of expectation, with addition of safety margins. In group pension public sector, The group can add up to a half year's risk result to the risk equalization fund. This fund can be used to meet unexpected fluctuations in risk results.

For disability risks in the collective pension sector, assumptions are used based on The group's disability experience. For other risk elements in the collective pension sector, the assumptions from the calculation basis K2013 are used, with safety margins, according to the minimum standard set by the Financial Supervisory Authority of Norway in 2013. For men, The group uses its own life expectancy assumptions that assume a greater life expectancy improvement than K2013. In the Pension Scheme for Nurses, the same formulas and parameters are used but with an enhanced safety margin due to significantly longer life spans in these schemes. For the Pension Scheme for Hospital Doctors, K2013 is used with an enhanced safety margin for both genders.

We have over time been in a special situation related to corona. At present, there is no excess mortality in the population as a result of the pandemic. If the pandemic should lead to lasting increased mortality, this will give higher risk results. At the same time, there are factors related to the pandemic situation that could affect withdrawals of disability pensions in 2021 and the next few years, such as:

- Layoffs and recessions
- Home office (physically and mentally)
- Extra work in health enterprises

- Lack of capacity of health workers in general
- After-effects of disease

8.1.2 Setting the premium

Development in The group's insurance risk is continuously monitored. Risk result and future expectations of development in insured risk are based on observations and prognoses set by the SSB (Statistic Central Bureau). These create the basis for pricing of the risk element in the premium.

In the sector for group pension, public sector The group has a large population, which provides a high degree of predictability and stability in its tariffs. Normally they will therefore stay the same for several years at a time.

In the non-life insurance business, guidelines have been drawn up for the types of risk that the Company accepts in its portfolio. Risks are generally accepted from customers from within the Company's primary target groups, provided that the scope of the cover falls within the standard products the Company offers. Premiums are differentiated based on the individual customer's risk. In borderline cases, special decision procedures are followed before the risk can be taken on.

In the non-life insurance business, the pandemic has led to increased uncertainty, especially within occupational injuries. In the time ahead, the situation will be closely monitored, and the level of premiums and provisions will be assessed on an ongoing basis.

8.1.3 Reinsurance and reinsurance program

a) Group pension public sector

The way the insurance contracts have been established, the current risk is generally within the framework of The group's risk-bearing capacity. Collective Pension Public only has products without the possibility to choose the scope of the insurance cover for the individual insured. Based on this limitation, the size of the company and resulting great risk-bearing ability, the overall assessment is that the need to have reinsurance in The group is small. There is no reinsurance cover for collective pensions in The group today.

b) Non-life insurance

The company reduces its underwriting risk, including concentration risk, by reinsurance cover that limits the company's retention per claim. Guidelines have been set to minimise counterparty risk in the reinsurance contracts in non-life insurance. A maximum limit is set for the individual reinsurer and a minimum level is defined for the reinsurers' credit ratings.

8.1.4 Sensitivity calculations

8.1.4.1 Sensitivity calculations in group public sector pensions

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers be NOK 358 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be an increase of NOK 726 million.

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 307 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 10,786 million.

The group's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

8.1.4.2 Sensitivity calculations in non-life insurance

The table below shows the profit/loss effect of a 1 per cent change in costs, premium levels, claim payments and claims reserve:

- 1 per cent change in the costs NOK 4.0 million
- 1 per cent change in premium level NOK 19.4 million
- 1 per cent change in claim payments NOK 12.5 million
- 1 per cent change in claims reserves NOK 24.2 million

8.2 FINANCIAL RISK

The group's financial goal is to achieve a competitive and stable return, at the same time as solvency satisfies external and internal requirements. The group has a long-term investment strategy in which risk-taking is at all times matched to The group's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

The group's financial risk comprises liquidity risk, market risk and credit risk.

8.2.1 Liquidity risk

Liquidity risk is the risk that The group does not have sufficient liquidity to cover short-term debt, uncalled residual liabilities that may fall due and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity

risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

Uncalled residual liability of NOK 28,754 million comprises mainly committed, not paid in sums against private equity, real estate funds and approved loans that have not been paid out. The total is specified in detail in Note 34 Contingent liabilities. The agreements govern solvency requirements among other things, so that the drawing can be approved for payment.

8.2.2 Market risk

Market risk is the risk of losses resulting from changes in market prices of various assets such as shares, bonds, property and other securities. The market risk depends on how large an exposure there is to the various assets and on the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for The group's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk concerning assets, equity exposure is the largest financial risk factor, but also the market risk associated with interest, credit (spread) and property has a significant loss potential. The group's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the liabilities' future transition to market value, annual pricing of the interest rate guarantee will mean that the customers will bear the risk of the interest rate level being lower than the base interest rate. Since The group mainly provides pension schemes to the public sector, The group will price the interest rate guarantee right up until the insured dies, which means the interest rate risk arising from the insurance obligations is limited.

The group exchange rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. As a rule, all of The group's fixed-income investments and property investments in foreign currency are hedged back to NOK. For equity investments in foreign currencies, the hedging ratio in 2021, was about 60 per cent with permissible fluctuations between 50 and 70 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through specifying a benchmark with the index for each portfolio.

To reduce the risk of negative results from asset management, The group uses CPPI rules for customer portfolios for daily monitoring the market risk. This strategy helps to ensure that the risk is adjusted to The group's risk capacity. The CPPI rules gives a return profile, which fits the

overall target to protect owners' equity and preserve the risk capacity over time. In addition, The group has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns.

Derivatives are principally used for risk reduction for cost and time-effective implementation of changes in risk and for currency hedging.

Through the life company, the equity risk is by far the largest market risk in The group. As measured by stress tests, this is in excess of 50 per cent. The rest of the market risk is spread equally between property risk, interest rate and credit risk. The fact that large parts of the interest rate and credit exposure are posted at amortised cost changes the relative picture of market risk. Equity and property risk then make up more than 80 per cent of the total market risk

Sensitivity analysis - market risk

In connection with the parent company's (KLP) own risk and solvency assessment (ORSA), several scenario analyzes and forecasts for capital adequacy have also been carried out this year. Analysis shows that KLP will be well capitalized through the whole forecast period (2025). In scenarios with negative market development it is presumed that KLP according to internal rules will reduce the allocation in shares in the common portfolio. These scenarios also show how the ancillary own funds (Group 2) will contribute in situations with low reserves so that the capital adequacy not will be reduces below the target ratio of 150 per cent.

Calculation of solvency margin (SCR ratio)

The European rules for calculation of solvency margin, SCR ratio, main target is to protect and ensure the interest of the insurance customers. The group performs quarterly calculations of the SCR ratio.

According to the standard method of calculation in Solvency II, The group has a solvency capital coverage of xxx per cent, which is slightly higher than at the end of 2020 when it stood at 261 per cent. Financial calculatoin of Solvency II-SCR ratio as of 31.12.2020 gives a Solvency II-ratio of 261%. This is a reduction of 3% compared to previously reported. The solvency capital coverage is well above The group's target of 150 per cent. The regulatory minimum requirement is 100 per cent.

Several sensitivity analyses linked to solvency capital coverage have been carried out. The solvency capital is calculated to increase by 6 percentage per 50 basis points interest rate increase, and to be reduced by 7 percentage per 50 basis points interest rate decrease. This may be considered low, at least compared to private occupational pensions, and is mainly due to the fact that public-sector occupation pensions avoid the problem of paid-up policies. A 25 per cent

fall in the stock market reduces capital adequacy by something under 50 percentage points when the rules are taken into account. This is a significant drop, but the level of capital adequacy will still be above the level at which action has to be considered.

Previous estimates have shown that, with the safety margins in The groups's tariffs and with the current level in the risk equalisation fund, solvency capital coverage is not very sensitive to changes in longevity and disability risk.

8.2.3 Credit- and concentration risk

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up.

The group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. 39 per cent of The group's total credit exposure is invested with issuers with an AA- rating or better. The group has a separate international government bonds portfolio and the element of government bonds is also substantial in the Norwegian bonds portfolio.

The group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main, The group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to NOK 25.4 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

The group has limited concentration risk. Because no exposures exceed the threshold values defined in the Solvency II regulations, The group has no capital requirements for concentration risk under the standard method. The way in which the fixed interest and equity portfolios are managed will generally help to limit concentration risk through extensive use of index management. The group sets explicit limits for lending which restrict concentration on specific individuals and groups. Sector concentration is monitored via monthly and quarterly reporting.

Although The group's investments are well diversified, there is a clear preponderance of investments in Norway. This is a deliberate and a natural consequence of dealing mainly with public-sector occupational pensions.

8.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK FOR THE GROUP

The group's total maximum exposure to credit risk comprises book values of financial assets and liabilities (see note 13 for more information regarding The group's credit risk). The book classes of securities are specified in detail in Note 6 Fair value of financial assets and liabilities.

Note 9 **Liquidity risk**

The table in this note specifies the Company's financial liabilities classified according to maturity structure.

The amounts in the table are non-discounted contractual cash flows.

2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Hybrid tier 1 securities ¹	0	64	257	321	1 298	1 941
Subordinated loans	0	125	573	658	4 725	6 082
Covered bonds issued	0	3 921	26 930	1 003	0	31 855
Debt to credit institutions	1 685	312	608	0	0	2 605
Liabilities to and deposits from customers	12 901	0	0	0	0	12 901
Accounts payable	42	0	0	0	0	42
Contingent liabilities	28 754	0	0	0	0	28 754
Total	43 382	4 422	28 368	1 983	6 023	84 178
Financial derivatives						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	3 739	3 366	248	295	216	7 864
Total	3 739	3 366	248	295	216	7 864

¹ In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 754 million, payables to credit institutions maturing within one month are reduced with NOK 335 million and derivatives maturing between 1 to 12 months are reduced with NOK 237 million. Total amount of the financial liabilities for the Group are after these adjustments NOK 90 716 million.

2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Hybrid tier 1 securities ¹	0	62	249	312	1 452	2 075
Subordinated loans	0	131	592	687	5 073	6 484
Covered bonds issued	18	1 423	26 618	587	0	28 646
Debt to credit institutions	1 351	2 410	610	0	0	4 370
Liabilities to and deposits from customers	11 781	0	0	0	0	11 781
Accounts payable	123	0	0	0	0	123
Contingent liabilities	27 659	0	0	0	0	27 659
Total	40 931	4 025	28 070	1 587	6 525	81 139
Financial derivatives						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 396	2 381	116	-266	-294	4 333
Total financial derivatives	2 396	2 381	116	-266	-294	4 333

¹ In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

If the minority interests are taken out of account, derivatives maturing within one month are reduced with NOK 29 million, payables to credit institutions maturing within one month are reduced with NOK 140 million, derivatives maturing between 1 to 12 months are reduced with NOK 1 million. Derivatives maturing between 1 to 5 years and 5 to 10 years, increased by NOK 2 million in both periods. Total amount of the financial liabilities for the Group are after these adjustments NOK 85 306 million.

The table above shows financial liabilities the Group has, grouped by interest payments and repayment of principal, based on the date payment falls due. The banking business contains the largest proportion of the financial liabilities in the Group.

The risk that the Group would not have adequate liquidity to meet its current liabilities and current operations is very small since a major part of the Group's assets is liquid. The Group has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. The Group's liquidity strategy involves the Group always having adequate liquid assets to meet the Group's liabilities as they fall due without accruing significant costs associated with releasing assets.

Asset composition in the Group's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise. KLP Kapitalforvaltning has the day-to-day responsibility and reports on the Group's liquidity. Internal parameters have been established for the size of the liquidity holding. The Group's risk management unit monitors and reports developments in the liquidity holding continuously. The Group Board determines an asset management and liquidity strategy for the Group annually. The liquidity strategy includes parameters, responsibilities, risk measurement and an emergency plan for liquidity management.

The biggest obligations in the Group are those related to insurance, essentially applying to pension obligations. These obligations are fully founded and the liquidity management is handled in the same way as other obligations. Please see the table below, which shows the expected payment profile based on the assumptions for the period.

EXPECTED PAYMENT PROFILE PENSION OBLIGATIONS

The table below shows expected disbursement profile based on expectations for the period.

2021 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	22 535	91 830	155 037	351 614	330 305	251 699	154 457	125 833	1 483 310

2020 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	20 772	83 831	128 955	299 545	308 771	270 816	192 522	167 168	1 472 379

The payment profile for insurance liabilities is based on non-discounted values and applies to life insurance and non-life insurance.

Insurance liabilities related to the life insurance businesses are discounted in the financial statements and show the present value at the end of the reporting period. The claims reserves are not discounted in the non-life insurance financial statements.

Note 10 Interest rate risk

31.12.2021 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2021 -31.12.2021	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	33	-1	-1	53	-209	2	-122	-99
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	16	16	0
Bonds and other fixed-return securities	-46	-55	-1 128	-1 553	-2 018	293	-4 508	-3 780
Fixed income fund holdings	-1 321	0	0	0	0	0	-1 321	-1 321
Lending and receivables	0	-1	0	0	0	85	84	187
Lending	0	0	0	0	0	819	819	819
Cash and bank deposits	0	0	0	0	0	34	34	34
Contingent liabilities ¹	0	0	0	0	0	41	41	41
Total assets	-1 334	-57	-1 129	-1 501	-2 227	1 290	-4 957	-4 119
LIABILITIES								
Deposit	0	0	0	0	0	-133	-133	-133
Liabilities created on issue of securities	0	0	0	0	0	-318	-318	-318
Financial derivatives classified as liabilities	1	1	20	26	0	14	62	48
Hybrid capital, subordinated loans	0	0	0	43	77	0	119	119
Debt to credit institutions	0	0	0	0	0	-41	-41	-41
Total liabilities	1	1	20	69	77	-479	-311	-325
Total before tax	-1 334	-55	-1 109	-1 432	-2 150	811	-5 268	-4 444
Total after tax	-1 000	-41	-831	-1 074	-1 612	609	-3 951	-3 333

31.12.2020 NOK MILLIONS								
	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Changes in cash flow 01.01.2020 -31.12.2020	Total	Adjusted for the unit holders' interests in consolidated securities funds
ASSETS								
Financial derivatives classified as assets	12	-4	-86	-59	-245	-22	-405	-353
Debt instruments classified as loans and receivables – at amortised cost	0	0	0	0	0	6	6	0
Bonds and other fixed-return securities	-44	-48	-1 153	-1 914	-2 460	320	-5 299	-4 336
Fixed income fund holdings	-1 329	0	0	0	0	0	-1 329	-1 329
Lending and receivables	0	-1	0	0	0	273	272	218
Lending	0	0	0	0	0	797	797	797
Cash and bank deposits	0	0	0	0	0	28	28	28
Contingent liabilities ¹	0	0	0	0	0	52	52	52
Total assets	-1 362	-53	-1 239	-1 974	-2 705	1 453	-5 879	-4 925
LIABILITIES								
Deposit	0	0	0	0	0	-120	-120	-120
Liabilities created on issue of securities	0	0	0	0	0	-288	-288	-288
Financial derivatives classified as liabilities	6	11	84	53	0	18	171	167
Hybrid capital, subordinated loans	0	0	0	51	93	0	143	143
Debt to credit institutions	0	0	0	0	0	-72	-72	-72
Total liabilities	6	11	84	103	93	-461	-165	-169
Total before tax	-1 356	-42	-1 155	-1 870	-2 612	992	-6 043	-5 094
Total after tax	-1 017	-32	-866	-1 403	-1 959	744	-4 533	-3 820

¹ Contingent liabilities are lending agreements that are not yet materialized.

The note shows the effect on profits if market interest rates were to increase by one percent, for fair value risk and variable interest risk.

Change in fair value (fair value risk) is shown in the first five columns and is calculated by the change in fair value of interest bearing instruments if interest rates had been one percent higher at the end of the period. The column change in cash flow shows the change in cash flows if the interest had been one percent higher over the year being reported on. The sum of these results reflects the overall effect that the scenario had given the group during the period being reported on.

The fair value risk applies to fixed interest securities where the market value of the securities is affected by market interest rates. Floating rate risk applies to securities with floating interest rates, where a change in market interest rates affects the cash-flow from the interest bearing securities.

The following securities are included in the note; securities measured at fair value through profit or loss (floating and fixed interest rates), investments held to maturity (only those with floating interest rates) and loans and receivables (only those with floating interest rates). The group has no securities classified as available for sale.

The Group's total interest rate risk is limited as a significant portion of the investments are bonds with fixed interest rates that are classified as held to maturity and loans and receivables, or fixed rate lending, measured at amortized cost. A change in market interest rate does not affect profit or loss for these assets.

Insurance contracts with guaranteed return does not change the accounting value even if interest rates change. Changes in interest rates also has no impact on the guaranteed return, but will have an impact on the achieved return to cover the guaranteed return. This is because that insurance funds partly invested in debt instruments whose cash flows should help to meet the guaranteed return.

Note 11 Currency risk

31.12.2021	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	NOK
US dollar	20 936	-53	9 587	-22 639	8,818	30 523	-22 692	69 053	37 041
Euro	5 732	-185	3 556	-7 572	10,028	9 288	-7 758	15 344	9 671
Swedish krone	27 381	0	22 488	-42 909	0,974	49 869	-42 909	6 779	2 106
Japanese yen	200 259	-295	89 745	-210 275	0,077	290 004	-210 569	6 083	3 146
British Pound	1 644	0	1 085	-2 362	11,944	2 728	-2 362	4 373	2 386
Danish kroner	12 544	-69	9 384	-19 064	1,348	21 928	-19 133	3 769	1 170
Canadian dollar	1 332	0	491	-1 305	6,981	1 823	-1 305	3 611	2 212
Hong Kong dollar	5 044	0	1 925	-4 104	1,131	6 969	-4 104	3 241	1 517
Swiss franc	701	0	227	-603	9,678	928	-603	3 145	1 461
Indian rupi	18 768	0	0	0	0,119	18 768	0	2 226	1 479
Taiwan new dollar	9 462	0	0	-3 423	0,319	9 462	-3 423	1 925	961
Australian dollar	709	0	333	-756	6,411	1 041	-756	1 826	989
Korean won	313 470	0	0	-122 730	0,007	313 470	-122 730	1 415	651
Chinese Yuan	675	0	0	0	1,384	675	0	934	656
Brazilian real	438	0	0	0	1,583	438	0	694	455
South African rand	1 036	0	0	0	0,553	1 036	0	573	378
Other currencies								2 751	1 845
Total short-term foreign currency positions								128 730	68 853

31.12.2021	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	NOK
Swedish krone	3 014	0	0	-2 957	0,974	3 014	-2 957	56	56
Korean won	0	0	0	0	0,007	0	0	0	0
Australian dollar	0	0	0	0	6,411	0	0	0	0
Danish kroner	14	0	0	0	1,348	14	0	19	19
Swiss franc	0	0	0	0	9,678	0	0	0	0
British Pound	173	0	2	-169	11,944	175	-169	70	70
Euro	1 477	-301	0	-854	10,028	1 477	-1 155	3 235	3 235
US dollar	3 506	-82	0	-3 159	8,818	3 506	-3 241	2 340	2 340
Japanese yen	15 875	-11 529	0	0	0,077	15 875	-11 529	333	333
Canadian dollar	0	0	0	0	6,981	0	0	0	0
Total long-term foreign currency positions								6 053	6 053
Total pre-tax currency positions								134 783	74 906
Total currency positions after tax								101 087	56 179

31.12.2020	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	NOK
US dollar	16 359	-64	7 449	-18 364	8.562	23 807	-18 427	46 063	25 858
Euro	5 473	-911	2 290	-5 889	10.476	7 763	-6 800	10 088	6 463
Japanese yen	173 569	-259	79 087	-193 125	0.083	252 656	-193 385	4 915	2 700
British Pound	1 510	0	1 217	-2 430	11.704	2 727	-2 430	3 470	2 134
Swedish krone	19 659	0	17 020	-33 644	1.043	36 679	-33 644	3 164	776
Hong Kong dollar	3 569	0	1 103	-2 448	1.104	4 672	-2 448	2 456	1 156
Danish kroner	9 973	-62	7 753	-16 050	1.407	17 726	-16 112	2 271	818
Canadian dollar	997	0	382	-1 045	6.721	1 379	-1 045	2 245	1 398
Swiss franc	484	0	159	-431	9.686	644	-431	2 062	1 020
Australian dollar	562	0	433	-792	6.607	995	-792	1 342	791
Korean won	215 563	0	0	-67 610	0.008	215 563	-67 610	1 166	484
Indian rupi	9 432	0	0	0	0.117	9 432	0	1 105	646
Taiwan new dollar	5 553	0	0	-1 957	0.305	5 553	-1 957	1 096	454
South African rand	1 123	0	0	0	0.583	1 123	0	654	362
Chinese Yuan	474	0	0	0	1.309	474	0	621	405
Brazilian real	354	0	0	0	1.648	354	0	584	330
Other currencies								2 751	1 845
Total short-term foreign currency positions								86 055	47 639
US dollar	3 080	-92	0	-2 815	8.562	3 080	-2 906	1 488	1 488
Japanese yen	16 254	-11 779	0	0	0.083	16 254	-11 779	371	371
British Pound	189	0	3	-184	11.704	192	-184	98	98
Danish kroner	12	0	0	0	1.407	12	0	16	16
Euro	904	-301	2	-604	10.476	906	-905	16	16

31.12.2020	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position	Net position in NOK adjusted for the minorities share
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK	NOK
Swedish krone	1 674	0	0	-1 664	1,043	1 674	-1 664	11	11
Korean won	487	0	0	0	0,008	487	0	4	4
Australian dollar	8	0	89	-97	6,607	97	-97	1	1
Swiss franc	0	0	0	0	9,686	0	0	0	0
Canadian dollar	0	0	0	0	6,721	0	0	0	0
Total long-term foreign currency positions								2 004	2 004
Total pre-tax currency positions								88 059	49 644
Total currency positions after tax								66 045	37 233

¹ The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the actual currency risk the KLP Group had at the end of the period in NOK. The net position excluded the minority share shows the real currency risk the Group has at the end of the period, because the column is directly related to actual ownership and risk in the Group. Other sums are in local currency. The table shows a hedging ratio for foreign currency at 77 and 82 per cent for 2021 and 2020 respectively.

The Group currency-hedges the majority of investments made in foreign currency. Financial hedging of currency exposure is done through derivatives. In principle all of the Group's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging.

As of 31 December 2021, the hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was 60 percent with possible fluctuations between 50-70 percent. Other currencies, i.e., less liquid currencies in developed markets and currencies in emerging markets with the exception of the most liquid currencies, are not currency hedged. The reason for this is that these currencies do not have a large enough market and / or liquidity that it is appropriate to hedge currency. This reduction in the hedging of shares, as well as unsecured foreign equity funds, increases the net positions in foreign currencies.

If all currency positions were to change by 1 per cent at the same time and in the same direction this would affect the pre-tax result by NOK 1 348 million. For 2020 the effect on the pre-tax result of a 1 per cent change in the foreign exchange rates would have been NOK 881 million.

Note 12 Credit risk

31.12.2021 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	24 553	36	0	0	0	0	1 396	25 985	25 985
Debt instruments classified as loans and receivables at amortized cost	142 017	0	377	1 683	0	0	20 406	164 484	164 484
Debt instruments at fair value - fixed-return securities	117 047	1 454	5 295	3 835	0	0	14 196	141 827	116 454
Fixed-income funds	0	0	0	0	0	0	23 426	23 426	23 426
Loans and receivables	21 934	0	0	985	0	0	0	22 919	15 955
Financial derivatives classified as assets	3 253	0	0	0	0	0	0	3 253	2 908
Cash and bank deposits	3 320	0	0	67	0	0	0	3 388	3 388
Lending	0	0	90 582	0	23 025	2 329	2 167	118 103	118 103
Total	312 124	1 490	96 253	6 570	23 025	2 329	61 592	503 384	470 702

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 168	2 797	6 989	3 598	24 553
Debt instruments classified as loans and receivables at amortized cost	20 632	25 034	60 915	35 437	142 017
Debt instruments at fair value - fixed-return securities	33 523	14 839	34 861	33 823	117 047
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	9 433	11 881	621	21 934
Financial derivatives classified as assets	0	706	2 545	2	3 253
Cash and bank deposits	0	2 672	648	0	3 320
Lending	0	0	0	0	0
Total	65 323	55 481	117 840	73 480	312 124

31.12.2020 NOK MILLIONS									
	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Bank and finance	Mortgage < 80% ¹	Mortgage > 80% ¹	Other	Total	Adjusted for the unit holders' interest in consolidated securites funds
Debt instruments held to maturity at amortized cost	27 554	35	0	0	0	0	1 397	28 986	28 986
Debt instruments classified as loans and receivables at amortized cost	130 769	0	377	0	0	0	23 034	154 180	154 180
Debt instruments at fair value - fixed-return securities	109 855	1 690	4 208	8 592	0	0	12 745	137 089	117 540
Fixed-income funds	0	0	0	0	0	0	24 889	24 889	24 889
Loans and receivables	31 536	0	0	300	0	0	0	31 836	25 170
Financial derivatives classified as assets	11 561	0	0	0	0	0	0	11 561	9 108
Cash and bank deposits	2 703	0	0	69	0	0	0	2 772	2 772
Lending	-	0	88 746	0	21 108	2 972	2 834	115 660	115 660
Total	313 979	1 725	93 331	8 960	21 108	2 972	64 899	506 973	478 305

¹ These two columns provide information on the proportion of loans with mortgage security within 80% of base value and loans that exceed 80% mortgage of base value.

SPECIFICATION OF INVESTMENT GRADE NOK MILLIONS	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	12 029	4 063	9 063	2 400	27 554
Debt instruments classified as loans and receivables at amortized cost	22 528	19 734	59 503	29 004	130 769
Debt instruments at fair value - fixed-return securities	31 049	8 886	36 354	33 566	109 855
Fixed-income funds	0	0	0	0	0
Loans and receivables	0	22 806	7 628	1 102	31 536
Financial derivatives classified as assets	0	3 838	7 692	31	11 561
Cash and bank deposits	0	2 002	701	0	2 703
Lending	0	0	0	0	0
Total	65 606	61 328	120 942	66 103	313 979

Credit risk means the risk of the counterparty not being able to meet its own obligations toward the KLP Group. In this table the credit risk is measured through the rating agencies' estimates of how high the creditworthiness of the various issuers of securities is. Not rated assets that are placed in other categories that describe the credit risk, such as sector and guarantees.

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up by KLP Kapitalforvaltning AS.

The Group has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes.

The Group can be said to have a high concentration of debt instruments directed at the Norwegian public sector, however this does not imply concentration risk in the ordinary meaning since the counterparty risk is considered to be minimal.

The rating above are gathered from Standard & Poor's, Moody's, Fitch, Scope Ratings and Nordic Credit Rating. The rating is converted to S & P 's rating table , where AAA is linked to securities with the highest creditworthiness . The lowest rating of the five is used and all five rating agencies are equal as the basis for investments in fixed income securities. ♦Other♦ is mainly securities issued by power companies and other corporate bonds; this amounted to NOK 62 billion per 31.12.2021. KLP Group has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the ♦Other♦ category.

The lines in the note coincide with the financial position statement layout. The exceptions are debt instruments at fair value, which are divided into three categories in the note and lending which is shown combined in the note, but is shown in two lines in the financial position statement (fair value and amortized cost).

The consolidated accounts includes all the units that KLP Group is considered to have control over. This gives an impression of a higher risk than the actual one, since the risk that the Group does not actually carry appears in the accounts. The outer column includes actual ownership and credit risk of the Group companies and investment funds held by KLP Group at the end of the period.

NOK MILLIONS	31.12.2021		31.12.2020	
	Consolidated	Adjusted for the unit holders' in consolidated securites funds	Consolidated	Adjusted for the unit holders' in consolidated securites funds
10 LARGEST COUNTERPARTIES				
Counterparty 1	15 032	11 995	15 388	14 159
Counterparty 2	14 514	11 891	13 120	9 013
Counterparty 3	10 578	7 482	12 585	8 160
Counterparty 4	8 586	6 660	8 744	8 034
Counterparty 5	7 828	6 377	7 409	7 208
Counterparty 6	7 706	5 830	6 155	5 622
Counterparty 7	6 377	5 548	5 857	5 604
Counterparty 8	5 878	4 928	5 622	4 710
Counterparty 9	5 548	4 698	4 768	4 698
Counterparty 10	4 698	4 506	4 747	3 915
Total	86 745	69 916	84 395	71 123

The table above shows the 10 largest counterparties to which the KLP Group has exposure. The amounts stated are book value. ♦Adjusted for the minority holding♦ includes only that which is in the Group's ownership and where the Group retains actual credit risk. The majority of the 10 largest counterparties are either finance institutions or counterparties covered by a public sector guarantee (central or local government guarantee).

PREMIUM RECEIVABLES AND RECEIVABLES IN CONNECTION WITH REINSURANCE

NOK MILLIONS	2021	2020
Premium receivables	1 484	1 067
Write-downs of premium receivables	0	1
Total	1 484	1 067

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accordance with detailed rules. The Group may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement's regulations.

CHANGE IN FAIR VALUE AS A RESULT OF CHANGE IN CREDIT RISK

NOK MILLIONS	100% ownership in funds	Adjusted to real ownership in funds
Change in fair value as a result of change in credit risk	328	270

This is not an accurate calculation, but our best estimate. Actual change in fair value depends on both changes in risk-free interest rates and credit spreads. This estimate is an attempt to isolate the change in fair value due to the fact that the credit spread on the bonds has changed during the year. The estimate is calculated by looking at the change in credit spread for each individual bond throughout the year and the bond's cash flow weights remaining maturity (duration) for the bond at the time of reporting. There are many reasons why the credit spread changes, like for example that the credit spread becomes lower when the bond matures, that an issuer is considered more or less risky or that the market demands a higher or lower risk premium for credit bonds in general. If the change in fair value is positive (negative), it indicates that the duration- and value-weighted credit spread has decreased (increased).

The calculation is based on owned assets per. 31.12.21, and is made for bonds and index bonds that are valued at fair value. Government funds and government portfolios have been removed from the calculation basis.

Note 13 **Presentation of assets and liabilities that are subject to net settlement**

31.12.2021 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	3 253	0	3 253	-2 375	-1 753	-709	281	281
Repos	1 200	0	1 200	-1 200	0	0	0	0
Total	4 453	0	4 453	-3 575	-1 753	-709	281	281
LIABILITIES								
Financial derivatives	4 740	0	4 740	-2 375	-367	-669	1 363	1 301
Repos	1 241	0	1 241	0	0	0	1 241	41
Total	5 982	0	5 982	-2 375	-367	-669	2 605	1 342

31.12.2020 NOK MILLIONS				Related amounts not presented net				
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount	Adjusted for the unit holders' interest in consolidated securities funds
ASSETS								
Financial derivatives	11 561	0	11 561	-771	-9 516	0	1 570	1 276
Repos	1 759	0	1 759	-914	0	0	845	845
Total	13 320	0	13 320	-1 685	-9 516	0	2 415	2 121
LIABILITIES								
Financial derivatives	789	0	789	-771	-72	0	18	18
Repos	914	0	914	0	0	0	914	0
Total	1 702	0	1 702	-771	-72	0	932	18

The purpose of the note is to show the potential effect of netting agreements at the KLP Group; what possibilities the KLP Group has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized.

The note shows derivative positions and repo agreements in the financial position statement. Repos are a part of the line "Debt to credit institutions" in the balance sheet.

The consolidated figures includes all units the KLP Group is considered to have control over. In addition, the outer line shows which de facto net amount remains if all the groups netting agreements are set off; which only includes subsidiaries and units, where the group carries the risk.

Note 14 **Mortgage loans and other lending**

NOK MILLIONS	Local government administration	State and local authority owned enterprises ¹	Private organizations and enterprises	Employees, pensioners and similar	Total 31.12.2021	Total 31.12.2020
Agder	4 252	255	5	803	5 315	4 981
Innlandet	8 488	183	172	1 567	10 410	9 896
Møre og Romsdal	5 539	335	69	863	6 806	6 494
Nordland	6 706	551	40	1 062	8 359	8 063
Oslo	175	0	1 541	2 585	4 300	4 174
Rogaland	3 791	188	103	1 902	5 983	6 101
Svalbard	88	0	0	8	95	107
Troms og Finnmark	5 348	1 100	414	1 290	8 152	7 552
Trøndelag	10 226	333	288	1 400	12 248	11 414
Vestfold og Telemark	4 802	321	99	2 195	7 417	6 944
Vestland	7 955	1 272	179	2 444	11 850	12 020
Viken	19 123	1 027	1 400	8 891	30 440	27 536
Foreign	0	0	6 413	10	6 423	9 984
Not allocated	0	0	0	36	36	49
Accrued interests	253	11	6	0	269	275
Value adjustment					0	71
Total	76 743	5 575	10 730	25 055	118 103	115 660

¹ This category covers local authority business operations, as well as enterprises owned by central and local government

The Group has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main the Group provides loans secured on housing with a loan-to-value ratio of less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to about NOK 25.1 billion. The sector diversification of Group lending is very small, since a very high proportion of the loans are provided for the public sector. However the concentration risk this suggests can hardly be perceived as a real risk since the loans are covered by government (central/local) guarantee, representing an extremely low counterparty risk.

In the financial position statement the two lending-related lines must be taken into account to find amounts corresponding to those in the note.

NOK MILLIONS	2021	2020
INDIVIDUAL WRITE-DOWNS ON LOANS AT AMORTIZED COST		
Number of loans ¹	5	5
Total principal before write-downs	3,9	2,5
Write-downs	1,7	1,5
Total principal after write-downs	2,2	1
INDIVIDUAL WRITE-DOWNS		
Write-down on individual loans 01.01.	1,5	2,1
Known losses for the period where individual write-down has been carried out previously	0,5	1,1
Write-down on individual loans for the period	1,3	0,8
Reversal of write-down on individual loans for the period	0,6	0,3
Write-down on individual loans 31.12.	1,7	1,5
GROUP WRITE-DOWNS		
Write-down on group of loans 01.01.	5,5	4,9
Write-down on group of loans for the period	-0,5	0,6
Write-down on group of loans 31.12.	5	5,5

NOK MILLIONS	2021 Remaining debt	2020 Remaining debt
LOANS OVERDUE, NOT WRITTEN DOWN		
Overdue		
30-90 days	34	27
over 90 days	61	55
Total overdue loans	95	82

¹ The numbers are absolute figures, the amounts are given in NOK million. Defaulted loans are loans measured at amortized cost. All write-downs are in regard to housing mortgage lending.

Note 15 Investment property

NOK MILLIONS	2021	2020
Net rental income	3 037	2 890
Net finance income	3	3
Net value adjustment	5 444	2 177
Realised gains	59	9
Net income from investment properties	8 543	5 080
Currency translate foreign properties (taken to other comprehensive income)	-1 314	1 778
Net income from investment properties included currency translate	7 229	6 858

NOK MILLIONS	2021	2020
Investment property 01.01.	81 485	74 545
Addition through purchase	3 723	2 043
Addition through activation	919	1 127
Reductions through sale	- 723	- 83
Additions through reclassification	0	- 102
Net write-up/down resulting from change in fair value including currency translation	4 130	3 956
Investment property 31.12.	89 535	81 485

Note 16 Subordinated loan capital and hybrid Tier 1 securities

2021 NOK MILLIONS	Loan amount currency ³	Loan amount NOK	Book value 31.12.2021	Due date
BORROWINGS ¹				
Juni 2015	EUR 294	2 530	3 000	2045
Total subordinated loan capital		2 530	3 000	
April 2004	JPY 15 000	984	1 604	Perpetual
Total hybrid Tier 1 securities		984	1 604	
Total subordinated loan capital and hybrid Tier 1 securities		3 513	4 604	

2020 NOK MILLIONS	Loan amount currency ³	Loan amount NOK	Book value 31.12.2020	Due date
BORROWINGS ¹				
Juni 2015	EUR 294	2 530	3 135	2045
Total subordinated loan capital		2 530	3 135	
April 2004	JPY 15 000	984	1 764	Perpetual
Total hybrid Tier 1 securities		984	1 764	
Total subordinated loan capital and hybrid Tier 1 securities		3 513	4 898	

2021 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2021	Due date
Bonds ³	EUR 292	2 524	16	396	2 936	2025
Total hedging transactions		2 524	16	396	2 936	

2020 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2020	Due date
Bonds	EUR 292	2 524	16	524	3 065	2025
Total hedging transactions		2 524	16	524	3 065	

¹ Interest costs on the two subordinated loans were NOK 124 million (NOK 555million) and NOK 64 million (NOK 67 million) for the hybrid tier 1 securities in 2021. Figures in brackets are 2020 figures.

² Amount in local currency (millions)

EUR 294: The interest on the loan is fixed at 4.25 per cent p.a. The loans was issued the 10th of June 2015 and is due in 2045. The loan can be redeemed by KLP after 10 years, and at every interest payment date that follows. The loan is currency hedged with EUR denominated bonds as shown in the table below. This arrangement is not subject to hedge accounting.

JPY 15 000: The interest on the loan is fixed USD interest of 5.07 per cent p.a. The loan is perpetual but the Group has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in Note 18.

Note 17 Investments in associated companies and joint ventures

NOK MILLIONS	Office and business address	Organization number	Holding %	Owners equity on first acquisition	Acquisition cost	Book value 31.12.2020	Additions/ disposals	Value adjustment	Profit / loss share	Equity transactions	Dividend	Book value 31.12.2021
Norfinanse AS	Fridtjof Nansens plass 4 0160 Oslo	912764729	46.5%	92.30	486.83	501.45	46.50	0.00	144.96	0.00	-3.16	689.76
Norsk Pensjon AS	Hansteens gate 2 0253 Oslo	890050212	25.0%	5.00	2.50	1.77	0.00	0.00	0.00	0.00	0.00	1.77
Fylkeshuset AS	Fylkeshuset, 6404 Molde	930591114	48.0%	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.05
KLP Norfund Investments IS	Fridtjof Nansens plass 4 0160 Oslo	999548636	49.0%	0.05	698.57	710.59	85.06	0.00	83.41	0.00	0.00	879.05
KLP Norfund Investments India AS	Fridtjof Nansens plass 4 0160 Oslo	926888455	49,0 %	0.01	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.01
Tensio AS	Kjøpmannsgata 7A 7500 Stjørdal	922828172	20.0%	1 652.60	1 352.60	1 102.33	-150.00	0.00	97.67	0.00	-57.20	1 050.01
Odal Vind AS	Pausvegen 6 1927 Rånåsfoss	924824905	41.5%	329.75	425.10	276.86	146.57	0.00	-1.21	0.00	0.00	422.22
Runde Holdco AS	Vestre Strømkaien 7 5008 Bergen	923101284	20.6%	400.00	400.00	398.57	0.00	0.00	22.07	0.00	0.00	420.64
Neas AS	Industriveien 1	960684737	33.3%	356.50	352.50	314.92	0.00	0.00	25.65	0.00	-4.00	336.57

NOK MILLIONS	Office and business address	Organization number	Holding %	Owners equity on first aquisition	Aquisition cost	Book value 31.12.2020	Additions/ disposals	Value adjustment	Profit / loss share	Equity transactions	Dividend	Book value 31.12.2021
	6517 Kristiansund N											
Copenhagen Infrastructure III GP APS	Nørregade 21		33.3%	0.02	0.02	0.02	-0.06	0.00	0.03	0.00	0.00	0.00
	1165 København K., Danmark											
SR Energy AB	Rosenlundsg.3 Box 7123		30.0%	600.17	858.74	858.74	262.77	0.00	-48.29	0.00	0.00	1 073.23
	402 33 Göteborg											
Skaftåsen Bidco AB	BOX 16285		23.2%	85.70	74.54	74.54	0.00	0.00	-13.38	0.00	0.00	61.16
	103 25 Stockholm											
Total in associated companies and joint ventures					4 851.09	4 239.85	390.87	0.00	310.92	0.00	-7.16	4 934.47

All shares have equal voting proportions.

KLP Norfund Investment IS is a joint venture, while the remaining companies are associated companies.

Note 18 **Hedge accounting**

31.12.2021 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value 31.12.2021
KOMMUNAL LANDSPENSJONSKASSE			
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-621	-1 604
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	620	620
Hedge effectiveness as at 31.12.2021		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING GROUP			
HEDGED OBJECT			
Loans to retail customers fixed interest in NOK	32	-3	29
HEDGING INSTRUMENT			
Interest rate swap loans to retail customers fixed int. rate NOK	18	2	2
Hedge effectiveness as at 31.12.2021		84 %	
Hedge effectiveness through the year		84 %	

31.12.2020 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value 31.12.2020
KOMMUNAL LANDSPENSJONSKASSE			
HEDGED OBJECT			
Hybrid tier 1 securities	-984	-780	-1 764
HEDGING INSTRUMENT			
Combined interest rate and currency swap (CIRCUS)	984	779	779
Hedge effectiveness as at 31.12.2020		100 %	
Hedge effectiveness through the year		100 %	
KLP BANKHOLDING GROUP			
HEDGED OBJECT			
Loans to retail customers fixed interest in NOK	73	-1	72
HEDGING INSTRUMENT			
Interest rate swap loans to retail customers fixed int. rate NOK	109	1	1
Hedge effectiveness as at 31.12.2020		182 %	
Hedge effectiveness through the year		182 %	

The note shows the financial instruments in the Group subject to hedge accounting, with associated hedging instruments. As at 31 December 2021 the Group has three hedge relationships: one in Kommunal Landspensjonskasse and two in KLP Bankholding Konsern. The

hedge effectiveness stands at 100 and 84 per cent on the hedge relationships as at 31 December 2021, which means relatively small effects on everything subject to hedge accounting in the Group.

Hybrid Tier 1 securities in foreign currency with fixed interest

The hybrid Tier 1 securities loan is hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is brought to account in accordance with the rules on fair value hedging. In practice the hedging involves a swap of currency terms (JPY 15 billion against NOK 0.984 billion) and interest terms (fixed interest at 5.07 per cent against NIBOR +2.6475 per cent) on the borrowing and the combined interest and currency swap respectively. The hedge effectiveness is measured by looking at the change in fair value of the hedged object and the hedging instrument.

The hedge effectiveness is valued retrospectively each month and is then considered effective if the change in fair value between hedged object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Lending with fixed interest

The hedging of lending is done with an interest rate swap in which the Group pays variable and receives fixed. The hedging is brought to book in accordance with the rules on fair value hedging and the purpose of this hedging is to hedge the interest-rate risk on the lending. The hedged object and the hedging instrument are struck on the same terms and conditions. The hedge effectiveness is measured by comparing accumulated value change on the hedging instrument to accumulated value change on the hedged object.

The hedge effectiveness is assessed retrospectively and is then considered effective if the change in fair value between hedging object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Other hedging relationships

Other hedging relationships in this context involves KLP Banken AS Group and have a effectiveness of 100%. For more details - see note 7 and 9 in KLP Banken AS Group's annual report for 2021.

General

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized in profit/loss. See also Note 2 for a detailed description of the hedge accounting in the accounts.

Note 19 **Borrowing**

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2021	Book value 31.12.2020
FIXED – TERM SUBORDINATED LOAN						
Kommunal Landspensjonskasse	2 530	EUR	Fixed ¹	2045	3 000	3 135
Total subordinated loan capital	2 530	-	-	-	3 000	3 135
HYBRID TIER 1 SECURITIES						
Kommunal Landspensjonskasse	984	JPY	Fixed ²	2034	1 604	1 764
Total hybrid Tier 1 securities	984	-	-	-	1 604	1 764
COVERED BONDS						
KLP Kommunekreditt AS	0	NOK	Floating	2021	0	260
KLP Kommunekreditt AS	0	NOK	Fixed	2021	0	8
KLP Kommunekreditt AS	1 996	NOK	Floating	2022	1 999	5 004
KLP Kommunekreditt AS	5 000	NOK	Floating	2023	5 009	5 006
KLP Kommunekreditt AS	5 000	NOK	Floating	2024	5 006	2 502
KLP Kommunekreditt AS	5 000	NOK	Floating	2025	5 003	2 053
KLP Kommunekreditt AS	1 000	NOK	Floating	2026	1 002	0
KLP Kommunekreditt AS	500	NOK	Fixed	2027	508	508
KLP Boligkreditt AS	0	NOK	Floating	2021	0	585
KLP Boligkreditt AS	1 904	NOK	Floating	2022	1 904	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2023	2 501	2 501
KLP Boligkreditt AS	2 500	NOK	Floating	2024	2 500	2 500
KLP Boligkreditt AS	2 500	NOK	Floating	2025	2 500	1 497
KLP Boligkreditt AS	2 500	NOK	Floating	2026	2 504	0
KLP Boligkreditt AS	500	NOK	Floating	2027	501	0
Other	-	-	-	-	78	73
Total covered bonds	30 900	-	-	-	31 015	24 997

NOK MILLIONS	Nominal in NOK	Currency	Interest	Due date	Book value 31.12.2021	Book value 31.12.2020
DEBT TO CREDIT INSTITUTIONS						
KLP Banken AS	0	NOK	Floating	2021	0	2 704
KLP Banken AS	300	NOK	Floating	2022	300	300
KLP Banken AS	300	NOK	Floating	2023	300	0
KLP Banken AS	300	NOK	Floating	2024	300	300
KLP Fond	0	NOK/EUR/USD	Floating	2021	0	4 140
KLP Fond	0	NOK/EUR/USD	Fixed	2021	0	914
KLP Fond	385	NOK/EUR/USD	Floating	2022	385	0
KLP Fond	1 241	NOK/EUR/USD	Fixed	2022	1 241	0
Kommunal Landspensjonskasse	0	NOK/EUR/USD	Floating	2021	0	5 859
Kommunal Landspensjonskasse	1 651	NOK/EUR/USD	Floating	2022	1 651	0
Other	-	-	-	-	21	-1
Total liabilities to credit institutions	4 176	-	-	-	4 199	14 216
LIABILITIES AND DEPOSITS FROM CUSTOMERS ³						
Retail	11 212	NOK	-	-	11 212	10 311
Business	1 650	NOK	-	-	1 650	1 441
Foregin	39	NOK	-	-	39	30
Liabilities to and deposits from customers	12 901	-	-	-	12 901	11 781
Total financial liabilities	51 490	-	-	-	52 719	55 893

¹ The loan has an interest change date in 2025.

² The loan has an interest change date in 2034.

³ There is no contractual maturity date on deposits.

The note shows financial liabilities the Group had at the end of the reporting period; where the majority is funding for KLP Bank Group. The companies above are the issuers of the financial debt. Deposits belongs to KLP Banken AS.

Note 20 **Technical matters**

Insurance liabilities distributed by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group annuity and pension insurance, including group annuity and pension insurance for association members	Accident insurance and other non-life sectors	Group life	Total 31.12.2021	Total 31.12.2020	Change 2021
Premium reserve and pension capital	486 276	0	0	0	486 276	457 533	28 743
Supplementary reserves	48 812	0	0	0	48 812	43 460	5 352
Securities adjustment fund	77 194	0	0	0	77 194	55 487	21 706
Premium fund	41 268	0	0	0	41 268	38 588	2 680
Other technical provisions for the non-life insurance operation	0	0	2 863	160	3 023	2 729	294
Total insurance liabilities 31.12.2021	653 551	0	2 863	160	656 573	597 797	58 775
Total insurance liabilities 31.12.2020	595 068	0	2 600	129		597 797	

Insurance liabilities per subsegment. Subsegment of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options	Occupational pensions schemes with investment options	Total 31.12.2021	Total 31.12.2020	Change 2021
Premium reserve and pension capital	484 727	1 549	486 276	457 514	28 762
Supplementary reserves	48 626	186	48 812	43 460	5 352
Securities adjustment fund	77 194	0	77 194	55 487	21 706
Premium fund	40 769	499	41 268	38 588	2 680
Total insurance liabilities 31.12.2021	651 316	2 234	653 551	595 050	58 500
Total insurance liabilities 31.12.2020	592 973	2 077		595 050	

Insurance liabilities in main sector accident insurance and other non-life sectors, and group life

NOK MILLIONS	Accident insurance and other non-life sectors	Group life	Total 31.12.2021	Total 31.12.2020	Change 2021
Premium reserve	561	42	603	531	71
Claims reserve	2 303	117	2 420	2 198	222
Total technical provisions for the non-life insurance operation 31.12.2021	2 863	159	3 023	2 729	294
Total technical provisions for the non-life insurance operation as at 31.12.2020	2 600	129		2 729	

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities under contracts with contractual obligations

NOK MILLIONS	Premium reserve	Supplementary reserves	Securities adjustment fund	Premium fund	Technical provisions for the non-life insurance operation	Total 2021	Total 2020
Insurance liabilities 01.01	456 036	43 325	55 487	38 124	2 729	595 702	567 789
Changes in insurance liabilities taken to income	0	0	0	0	0	0	0
Net reserves taken to profit/loss	27 666	-611	21 706	684	294	49 739	19 942
Surplus on returns result	0	5 940	0	8 781	0	14 721	12 320
Risk result assigned to insurance contracts	0	0	0	588	0	588	0
Release of premium reserves related to new public pension	1 065	0	0	2 436	0	3 502	44
Total changes taken to profit/loss	28 731	5 329	21 706	12 489	294	68 549	32 306
Adjustment of the insurance liabilities	0	0	0	0	0	0	0
Termination of KLP Bedriftspensjon AS	0	0	0	0	0	0	-1 743
Changes in insurance liabilities not taken to profit/loss							
Transfer between funds/allocated to premium payment	-41	-29	0	-9 350	0	-9 420	-2 678
Receipts/payments on transfer	0	1	0	-494	0	-493	27
Total changes not taken to profit/loss	-41	-28	0	-9 844	0	-9 913	-4 393
Total changes in insurance liabilities	28 691	5 301	21 706	2 645	294	58 636	27 913
Insurance liabilities 31.12	484 727	48 626	77 194	40 769	3 023	654 338	595 702

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options

NOK MILLIONS	Premium reserve	Supplementary reserves	Premium fund	Total 2021	Total 2020
Insurance liabilities 01.01	1 478	135	464	2 077	7 604
Changes in insurance liabilities taken to income	0	0	0	0	0
Net reserves taken to profit/loss	74	0	7	81	0
Surplus on returns result	0	59	77	136	30
Risk result assigned to insurance contracts	0	0	1	1	-44
Other assignment of surplus	-3	0	7	4	0
Total changes taken to profit/loss	71	59	92	223	-487
	0	0	0	0	0
Adjustment of the insurance liabilities	0	0	0	0	0
	0	0	0	0	-4 906
Changes in insurance liabilities not taken to profit/loss	0	0	0	0	0
Transfer between funds/allocated to premium payment	0	-7	-57	-65	-87
Receipts/payments on transfers	0	-1	0	-1	-48
Total changes not taken to profit/loss	0	-8	-57	-65	-5 041
	0	0	0	0	0
Total changes in insurance liabilities	71	51	35	158	-5 528
Insurance liabilities 31.12	1 549	186	499	2 234	2 077

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options continued

NOK MILLIONS	Technical provisions for the non-life insurance operation		Total 2021	Total 2020
	Accident insurance and other non-life sectors	Group life		
Insurance liabilities 01.01	2 600	129	2 729	2 604
Changes in insurance liabilities taken to income	0	0	0	0
Net reserves taken to profit/loss	264	30	294	125
Surplus on returns result	0	0	0	0
Risk result assigned to insurance contracts	0	0	0	0
Other assignment of surplus	0	0	0	0
Total changes taken to profit/loss	264	30	294	125
	0	0	0	0
Changes in insurance liabilities not taken to profit/loss	0	0	0	0
Transfer between funds/allocated to premium payment	0	0	0	0
Receipts/payments on transfers	0	0	0	0
Total changes not taken to profit/loss	0	0	0	0
	0	0	0	0
Total changes in insurance liabilities	264	30	294	125
Insurance liabilities 31.12	2 863	159	3 023	2 729

Technical accounts by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Accident insurance and other non-life sectors	
	2021	2020	2021	2020	2021	2020
Premium income	50 161	37 075	0	313	1 601	1 463
Net income from investments	49 951	24 243	0	-603	0	0
Other insurance-related income	1 274	1 192	0	4	3	2
Claims	-30 438	-28 353	0	-45	-1 232	-1 173
Change insurance liabilities	-58 713	-27 300	0	340		0
Funds assigned to insurance contracts	-9 415	-4 111	0	-2	0	0
Insurance-related operating expenses	-1 372	-1 171	0	-19	-258	-259
Other insurance-related costs	-1 286	-1 206	0	-3	-6	0
Technical result	162	370	0	-14	107	34

Technical accounts by main sectors continued

NOK MILLIONS	Group life		Total	
	2021	2020	2021	2020
Premium income	239	197	52 001	39 049
Net income from investments	0	1	49 951	23 641
Other insurance-related income	0	0	1 276	1 198
Claims	-185	-209	-31 855	-29 780
Change insurance liabilities	0	0	-58 713	-26 960
Funds assigned to insurance contracts	0	0	-9 415	-4 113
Insurance-related operating expenses	-36	-34	-1 666	-1 482
Other insurance-related costs	0	0	-1 292	-1 209
Technical result	18	-45	287	344

Technical accounts by sub-sectors - main sector accident insurance and other non-life sectors and main sector group life and has no sub-sectors. Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2021	2020	2021	2020	2021	2020
Premium income	50 026	37 502	135	-426	50 161	37 075
Net income from investments	49 770	24 169	181	74	49 951	24 243
Other insurance-related income	1 272	1 190	2	2	1 274	1 192
Claims	-30 358	-28 272	-81	-81	-30 438	-28 353
Change insurance liabilities	-58 536	-27 786	-177	487	-58 713	-27 300
Funds assigned to insurance contracts	-9 369	-4 111	-46	0	-9 415	-4 111
Insurance-related operating expenses	-1 361	-1 165	-11	-5	-1 372	-1 171
Other insurance-related costs	-1 283	-1 204	-2	-2	-1 286	-1 206
Technical result	160	322	2	48	162	370

Sub-sectors in group annuity and pension insurance, including group annuity and pension insurance for association members

NOK MILLIONS	Company pension schemes without investment options		Risk coverage		Paid-up policies without investment options	
	2021	2020	2021	2020	2021	2020
Premium income	0	11	0	13	0	3
Net income from investments	0	1	0	0	0	2
Other insurance-related income	0	4	0	0	0	0
Claims	0	-7	0	-3	0	-10
Change insurance liabilities	0	-4	0	-12	0	6
Funds assigned to insurance contracts	0	-2	0	0	0	0
Insurance-related operating expenses	0	-2	0	0	0	-3
Other insurance-related costs	0	-3	0	0	0	0
Technical result	0	-2	0	-2	0	-2

Sub-sectors in group annuity and pension insurance, including group annuity and pension insurance for association members continued

NOK MILLIONS	Defined contribution pension schemes with investment options		Pension capital certificates with investment options		Total	
	2021	2020	2021	2020	2021	2020
Premium income	0	178	0	108	0	313
Net income from investments	0	-338	0	-268	0	-603
Other insurance-related income	0	0	0	0	0	4
Claims	0	-2	0	-23	0	-45
Change insurance liabilities	0	196	0	155	0	340
Funds assigned to insurance contracts	0	0	0	0	0	-2
Insurance-related operating expenses	0	-11	0	-3	0	-19
Other insurance-related costs	0	0	0	0	0	-3
Technical result	0	23	0	-31	0	-14

Result analysis by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group annuity and pension insurance, including group annuity and pension insurance for association members	Accident insurance and other non-life sectors	Group life	Total 2020	Total 2019
Returns result to customers						
Returns result	14 857	0	0	0	14 857	12 352
Risk result excluding profit element - customer share	588	0	0	0	588	0
Total result to insurance customers	15 446	0	0	0	15 446	12 352
	0	0	0	0	0	0
Increased reserves because of greater longevity	0	0	0	0	0	0
Transferred to supplementary reserves	5 999	0	0	0	5 999	8 238
Allocated to the customers' premium fund	9 447	0	0	0	9 447	4 114
Total result allocated to customers	15 446	0	0	0	15 446	12 352
	0	0	0	0	0	0
Result to insurance providers	0	0	0	0	0	0
Share of returns result	277	0	0	0	277	260
Risk result excluding profit element	0	0	0	0	0	-401
Administration result	35	0	0	0	35	161
Consideration for interest guarantee and profit element	251	0	0	0	251	497
Other	0	0	132	18	150	-17
Rebooking from equity	-1 304	0	0	0	-1 304	0
Result to insurance provider	-742	0	132	18	-592	501
Group elimination	903	0	-25	0	878	-157
Technical result Group	162	0	107	18	287	344

Result analysis by sub segments - main sector accident insurance and other non-life sectors and main sector group life and has no sub-sectors

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Defined contribution pension schemes with investment options	Pension capital certificates with investment options	Total 2020	Total 2019
Returns result to customers				
Returns result	14 720	136	14 857	12 350
Risk result excluding profit element - customer share	-722	0	-722	0
Total result to insurance customers	15 310	136	15 446	12 350
Increased reserves because of greater longevity	0	0	0	0
Transferred to/from supplementary reserves	5 940	59	5 999	8 238
Allocated to the customers' premium fund	9 370	77	9 447	4 112
Total result allocated to customers	15 310	136	15 446	12 350
Result to insurance providers				
Share of returns result	277	0	277	260
Risk result excluding profit element	0	0	0	-395
Administration result	35	0	35	171
Consideration for interest guarantee and profit element	251	0	251	494
Other	0	0	0	0
Rebooking from equity	-1 304	0	-1 304	0
Result to insurance provider	-742	0	-742	530
Group elimination	903	0	0	-160
Technical result Group	162	0	-742	370

Claims by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Accident insurance and other non-life sectors	
	2021	2020	2021	2020	2021	2020
Claims paid in accordance with insurance agreements	-22 092	-20 701	0	-45	-1 232	-1 173
Claims paid in under repurchase	0	0	0	0	0	0
Total	-22 092	-20 701	0	-45	-1 232	-1 173

Claims by main sectors continued

NOK MILLIONS	Group life		Total	
	2021	2020	2021	2020
Claims paid in accordance with insurance agreements	-185	-209	-23 509	-22 086
Claims paid in under repurchase	0	0	0	0
Total	-185	-209	-23 509	-22 086

Transfer by main sectors

	Group pension insurance for municipalities, including institutions with similar pension plans		Group annuity and pension insurance, including group annuity and pension insurance for association members		Group life	
NOK MILLIONS	2021	2020	2021	2020	2021	2020
Funds transferred in						
Premium reserve	0	2 850	0	329	0	0
Funds received taken through profit or loss	0	2 850	0	329	0	0
Premium fund	0	561	0	1	0	0
Supplementary reserves to fund	0	0	0	0	0	0
Total funds received	0	3 411	0	330	0	0
Number of contracts	0	10	0	20	0	0
Funds transferred out						
Premium reserve	6 882	6 408	0	177	0	0
Strengthening reserves	23	0	0	0	0	0
Supplementary reserves	611	490	0	0	0	0
	830	758	0	0	0	0
Funds paid out taken through profit or loss	8 346	7 656	0	177	0	0
Premium fund	494	78	0	2	0	0
Total funds paid out	8 840	7 734	0	179	0	0
Number of contracts	32	53	0	58	0	0

New subscription

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2021	2020	2021	2020	2021	2020
New subscription	12	25	0	0	12	25
Number of contracts	51	45	0	0	51	45

Note 21 Tangible fixed assets

	2021				2020			
NOK MILLIONS	Property for own use	Vehicles	Machines/ inventory	2021	Property for own use	Vehicles	Machines/ inventory	2020
Book value 01.01.	2 466	3	88	2 557	1 990	2	81	2 072
Acquisition cost 01.01.	1 226	16	350	1 591	1 100	14	331	1 445
Accum. depreciation prev. years	-313	-13	-263	-589	-272	-12	-251	-534
Accum. value adjustm. prev. years	1 554	0	0	1 554	1 161	0	0	1 161
	0	0	0	0	0	0	0	0
Acquisition	206	0	27	234	126	2	24	151
Assets held for disposal	0	0	-9	-9	0	0	-5	-5
Value adjustments	0	0	0	0	392	0	0	392
Depreciation	-50	-1	-17	-67	-42	-1	-12	-55
Currency impact	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	0	0
Acquisition cost 31.12.	1 432	16	368	1 816	1 226	16	350	1 591
Accumulated depreciation 31.12.	-363	-13	-280	-657	-313	-13	-263	-589
Accumulated value adjustment 31.12.	1 554	0	0	1 553	1 554	0	0	1 554
Book value 31.12.	2 623	2	89	2 714	2 466	3	88	2 557
Economic life	50 years	5 years	3 - 5 years		50 years	5 years	3 - 5 years	
Depreciation method	Straight-line	Balance/ Straight-line	Balance/ Straight-line		Straight-line	Balance/ Straight-line	Balance/ Straight-line	

Note 22 Tax

NOK MILLIONS	2021	2020
Pre-tax income	1 027	1 657
Other comprehensive income excl. tax	274	317
DIFFERENCES BETWEEN ACCOUNTING AND TAX INCOME		
Unit holders value change in consolidated securities funds	19 802	11 074
Reversal of value reduction, financial assets	-23 757	1 536
Reversal of value increase financial assets	-55	-656
Accounting loss on realization of shares and other securities	2 947	9 674
Book gain on realization of shares and other securities	-18 743	-22 882
Tax gain on realization of shares and other securities	2	1
3% tax base after the exemption method	43	32
Share of taxable income in partnerships	25	25
Liquidation of security reserve	54	54
Other permanent differences	-1 392	-1 044
Correction of carryforward deficit that can not be compensated	-1 864	323
Correction of pay-as-you-earn tax	30 278	4 389
Change in differences affecting relationship between book and taxable income	-7 796	-2 665
Taxable income	844	1 834
Taxable income, basic for payable tax	844	1 834
Deficit carryforward allowable from previous years	-8 172	-7 850
Change for the year in carryforward deficit	1 864	-323
Total carryforward deficit and allowance 31.12.	-6 308	-8 172
RECONCILIATION OF BASIS OF DEFERRED TAX		
TAX-INCREASING TEMPORARY DIFFERENCES:		
Gains and losses account	1 373	1 597
Buildings and other real estate	207	5 139
Risk equalization fund	4 154	4 154
Natural disaster fund	164	164
Guarantee scheme	49	49
Reinsurance	3	3
Security reserve	324	378
Securities	1 477	2 322
Securing loans	21	10
Shares in partnerships	309	262
Lending to customers and credit enterprises	0	57
Claims provisions	45	52
Total tax-increasing temporary differences	8 125	14 187

NOK MILLIONS	2021	2020
TAX-REDUCING TEMPORARY DIFFERENCES:		
Fixed assets	0	-1
Long-term receivables	-982	-1 272
Financial instruments	-29	-55
Pension obligation	-224	-234
Other liabilities	-56	-45
Securities	0	0
Adjusted for 20% of transition regulation 01.01.2018	-21	-25
Hedging	0	-26
Total tax-reducing temporary differences	-1 313	-1 659
Net temporary differences	6 813	12 528
Difference not included in the basis for deferred taxes ¹	-4 370	-4 370
Other differences that are not included in the calculation of deferred tax	-6 829	-4 584
Carryforward deficit	-6 308	-8 172
Basis for deferred tax and tax assets	-10 694	-4 598
25% deferred tax assets	-2 673	-1 149
Write-down of deferred tax assets	4 008	2 514
Net deferred tax and tax assets	1 335	1 364
BOOK DEFERRED TAX/ -TAX ASSETS		
- Of which deferred capitalized tax assets	52	61
- Of which capitalized referred tax assets exempt from equalisation	1 387	1 425
Change in deferred tax assets taken to profit/loss	-8	-1
Change in deferred tax taken to profit/loss	38	-178
Tax payable taken to profit/loss	-539	-459
Withholding tax taken to profit/loss	-302	-302
Cost of taxes	-812	-939
TAX TAKEN TO PROFIT/LOSS		
Cost of taxes	-748	-860
Tax on items that will not be reclassified against the comprehensive income statement	-12	19
Tax on items that will be reclassified to income later	-52	-98
Total tax taken to profit/loss	-812	-939

¹According to the new rules deductions will no longer be made for provisions for risk equalization fund, natural disaster fund and guarantee scheme. These funds are subject to transitional rules, so that the total provisions for these funds at the end of the 2017 income year can be deposited in a separate account, where the account is first taxed on the liquidation of the non-life insurance business. The group presents the accounts during continued operations, and assumes that the present value of the liability will be 0.

Note 23 **Transferred assets with restrictions**

Transferred assets that are still capitalised

All assets transferred are recognised in the financial position statement if the Group is still exposed to changes in the fair value of the asset. This applies to repurchase agreements and agreements concerning securities lending.

Repurchase agreements are a form of borrowing with collateral, whereby the Group sells securities with an agreement to repurchase those securities at a predetermined price. Cash received is recognised as a deposit (debt). Securities transferred in connection with the repurchase agreement are not deducted in the financial position statement.

Agreements regarding securities lending are transactions whereby the group lends securities to a counterparty and receives a commission for it.

Since both repurchase agreements and securities lending result in the securities being returned to the Group, the risk of value changes rests with the Group. However, the securities are not available to the Group while being transferred.

The securities still reported in the financial position statement, and related debt, are assessed at fair value.

NOK MILLIONS	31.12.2021	31.12.2020
REPURCHASE AGREEMENTS		
Certificates and bonds	1 258	939
Paid in by credit institutions ¹	1 200	1 759
SECURITIES LENDING		
Shares	11 578	9 817
Total assets transferred that are still capitalised	14 036	12 515

LIABILITIES RELATED TO THE ASSETS

NOK MILLIONS	31.12.2021	31.12.2020
REPURCHASE AGREEMENTS		
Paid in by credit institutions	1 241	914
SECURITIES LENDING		
Paid in by credit institutions	219	416
Certificates and bonds	5 555	3 649
Shares	6 547	6 377
Total liabilities	13 562	11 356

All the assets in the table above are subject to resale or collateral with the counterparty.

ASSETS TRANSFERRED THAT ARE NOT DEDUCTED, AND RELATED LIABILITIES

The Group receives collateral under reverse repurchase agreements and agreements related to securities borrowing, which it is permitted to sell or pledge under the agreement.

Transactions are carried out in accordance with standard agreements employed by the parties in the financial market. The agreements normally require additional collateral if the values fall below a predetermined level.

According to the agreements, the recipient of the collateral has the unlimited right to sell or pledge the collateral in return for providing corresponding collateral on the date of settlement.

SECURITIES RECEIVED THAT ARE PERMITTED TO BE SOLD OR PLEDGED

NOK MILLIONS	31.12.2021	31.12.2020
REVERSE REPURCHASE AGREEMENTS		
Certificates and bonds ¹		
<i>Of which sold or pledged</i>		
SECURITIES BORROWING		
Shares	563	413
<i>Of which sold or pledged</i>	563	413
Total assets transferred and still capitalised	563	413

¹ A correction has been made in previously published figures as of 31.12.2020 where NOK 1 755 million was on the line "Certificates and bonds" under "Reverse repurchase agreements". The correct value is NOK 1 759 million and is now placed on the line "Paid in by credit institutions" which belongs to the category "transferred assets that are still capitalized".

Adjusted for the unit holders' interests in consolidated securities funds, meaning that only the KLP Group de facto ownership and risks are taken into account; assets are reduced by NOK 6 375 million and liabilities associated to the assets are reduced by NOK 4 487 million as of 31.12.2021.

Note 24 Intangible assets

NOK millions	IT-systems	Other	2021	IT-systems	Other	2020
Book value 01.01.	669	18	684	444	18	460
Acquisition cost 01.01.	2 002	25	2 028	1 697	25	1 722
Total additions	290	0	290	317	0	317
of which internally developed	0	0	0	2	0	2
of which bought	290	0	290	315	0	315
Disposals	0	-4	-4	-11	0	-11
Acquisition cost 31.12.	2 293	22	2 315	2 002	25	2 028
Accumulated depreciation and write-downs prev.years	-1 334	-8	-1 343	-1 252	-8	-1 262
Ordinary depreciation for the year	-97	-2	-99	-79	-2	-81
Impairment	-75	0	-75	0	0	0
Accumulated depreciation and write-downs 31.12.	-1 508	-10	-1 517	-1 334	-10	-1 343
Book value 31.12.	785	12	797	669	16	684
Depreciation period			3 to 20 years		3 to 20 years	

1) Intangible assets contains IT-systems 1 to 20 years

2) At the end of 2021 there were identified several IT-systems where the book value exceeded the estimated recoverable amount. Estimated recoverable amount is calculated by estimating future earnings with book value. Essentially, some of the investments have no longer value. There are several reasons for this. Among other things, linking it to the outdated functionality due to rule changes and/or technological developments. This resulted in the following assessment:

NOK MILLIONS	2021	2020
Book value before impairment	534	0
Recoverable amount	459	0
Impairment	75	0

The impairment is included in "Operating costs" in the financial statement.

Note 25 **Return on capital for life insurance segment**

COLLECTIVE PUBLIC PENSION

PERCENT	2021	2020	2019	2018	2017
TOTAL OF COMMON PORTOFOLIO					
Return I - Book ¹	5.0	4.8	4.5	3.5	3.9
Return II - Value-adjusted ²	8.4	4.2	8.5	1.5	6.7
SUB-PORTFOLIOS OF THE INVESTMENT OPTION PORTOFOLIO					
Balanced portfolio 1					
Return I - Book ¹	5.1	4.9	4.5	3.5	3.9
Return II - Value-adjusted ²	8.4	4.2	8.6	1.4	6.7
Balanced portfolio 2					
Return I - Book ¹	4.7	4.7	4.4	3.5	4.0
Return II - Value-adjusted ²	8.3	4.2	8.5	1.5	6.8
Moderate portfolio					
Return I - Book ¹	N/A	N/A	N/A	3.8	3.1
Return II - Value-adjusted ²	N/A	N/A	N/A	1.7	6.0
The Moderat portfolio was closed at 30.06.2019 and from 01.07.2019 the Moderat Portfolio was included in the Balanced portfolio 1					
INVESTMENT OPTION PORTOFOLIO	8.9	4.2	9.9	0.6	7.5
CORPORATE PORTOFOLIO	3.4	3.1	4.3	4.2	4.0

¹ Return I = Book return.

² Return II = Value-adjusted return. This is the book return +/-unrealized value changes charged to the securities adjustment fund.

Note 26 **SCR ratio**

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 287 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 313 per cent.

	31.12.2021	31.12.2020
Solvency II - SCR ratio	287 %	261 %

NOK BILLIONS	31.12.2021	31.12.2020
Simplified Solvency II Financial Position Statement		
Assets, book value	710	655
Added values - hold-to-maturity portfolio/loans and receivables	6	15
Added values - other lending	0	1
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	716	671

NOK BILLIONS	31.12.2021	31.12.2020
Simplified Solvency II Financial Position Statement		
Best estimate	649	598
Risk margin	13	14
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities ¹	12	18
Deferred tax liabilities	1	1
Total liabilities - solvency II	679	637
Excess of assets over liabilities	36	34
- Deferred tax asset	0	0
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	38	35
Total eligible tier 1 own funds	38	35
Subordinated loans	3	4
Tier 2 basic own funds	3	4
Ancillary own funds	12	11
Tier 2 ancillary own funds	12	11
Deduction for max. eligible tier 2 own funds	-8	-7
Total eligible tier 2 own funds	7	8
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	45	43
Solvency capital requirement (SCR)	16	16
Solvency II- SCR ratio	287 %	261 %

Note 27 **Pensions obligations, own employees**

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"). The Group also offers a pension scheme in addition to "Fellesordningen". This obligation is covered through operation. "Fellesordningen" is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions (obligatorisk tjenstepensjon or OTP). The Group has a contractual early retirement (AFP) scheme.

The accounting treatment of pension obligations is described in more detail in Notes 2.

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
PENSION COST						
Present value of accumulation for the year	149	10	159	126	10	136
Administration cost	3	0	3	3	0	3
Planchanges	0	0	0	0	0	0
Social security contributions - Pension costs	21	1	23	18	0	18
Corporate activity tax - Pension costs	7	0	7	6	1	7
Pension costs incl. social security, corporate activity tax and administration cost taken to income	180	12	192	152	11	164
NET FINANCIAL COSTS						
Interest cost	43	5	48	49	5	55
Interest income	-33	0	-33	-37	0	-37
Management costs	2	0	2	2	0	2
Net interest cost	12	5	16	14	5	19
Social security contributions - net interest cost	2	1	2	2	1	3
Corporate activity tax - net interest cost	1	0	1	1	0	1
Net interest cost including social security contributions and corporate activity tax	14	5	20	17	6	23
ESTIMATE DEVIATIONS PENSIONS						
Actuarial gains (losses)	-88	16	-71	49	25	74
Social security contributions	-12	2	-10	7	4	10
Corporate activity tax	-4	1	-3	2	1	3
Actuarial gains (losses) including social security contributions and corporate activity tax	-103	20	-84	58	30	88
Total pension costs including interest costs and estimate deviation	90	37	127	227	47	274

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
PENSION OBLIGASTIONS						
Gross accrued pension obligations	2 664	283	2 946	2 391	257	2 648
Pension assets	2 212	0	2 212	1 860	0	1 860
Net liability before social security costs	451	283	734	530	257	788
Social security contributions	59	36	95	70	33	103
Corporate activity tax	25	16	41	28	15	43
Gross accrued obligations incl. social security costs and corporate activity tax	2 747	335	3 082	2 489	305	2 794
Net liability incl. social security costs and corporate activity tax	535	335	870	628	305	934

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
RECONCILIATION PENSION OBLIGASTIONS						
Capitalized net liability/(assets) 01.01.	628	305	934	523	267	790
Pension costs taken to profit/loss	180	12	192	152	11	164
Financial costs taken to profit/loss	14	5	20	17	6	23
Actuarial gains and losses included social security contributions and corporate activity tax	-103	20	-84	58	30	88
Social security contributions paid in premiums/supplement	-29	-2	-31	-13	-1	-14
Capital activity tax contribution paid in premiums/supplement	-7	0	-7	-4	0	-4
Premium/supplement paid-in including admin	-148	-5	-153	-96	-6	-102
Business sold in 2020	0	0	0	-9	-2	-11
Capitalized net liability/(assets) 31.12. this year	535	335	870	628	305	934

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
CHANGE IN PENSION OBLIGASTIONS						
Gross pension assets 01.01. after planchanges	2 489	305	2 794	2 135	267	2 401
Present value of accumulation for the year	149	11	159	125	10	135
Interest cost	43	5	47	49	5	54
Actuarial losses (gains) gross pension obligation	100	20	119	228	30	257
Social security contributions - pension costs	21	1	23	18	1	19
Social security contributions - net interest cost	2	1	2	2	1	3
Social security contributions paid in premiums/supplement	-22	-1	-23	-13	-1	-14
Corporate activity tax - pension costs	7	0	7	6	0	6
Corporate activity tax - net interest cost	1	0	1	1	0	1
Corporate activity tax paid in premiums/supplement	-7	0	-7	-4	0	-4
Payments	-34	-6	-41	-30	-6	-36
Business sold in 2020	0	0	0	-27	-2	-28
Gross pension obligation 31.12.	2 747	335	3 082	2 489	305	2 794

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
CHANGE IN PENSIONS ASSETS						
Pension assets 01.01	1 860	0	1 860	1 611	0	1 611
Interest income	33	0	33	37	0	37
Actuarial (loss) gain on pension assets	203	0	203	174	0	174
Administration cost	-3	0	-3	-3	0	-3
Financing cost	-2	0	-2	-2	0	-2
Premium/supplement paid-in including admin	155	6	162	95	6	102
Payments	-34	-6	-41	-30	-6	-36
Business sold in 2020	0	0	0	-22	0	-22
Pension assets 31.12	2 212	0	2 212	1 860	0	1 860

Pension scheme's over-/under-financing

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
PENSION SCHEME'S OVER-/UNDER-FINANCING						
Present value of the defined benefits pension obligation	2 747	335	3 082	2 489	305	2 794
Fair value of the pension assets	2 212	0	2 212	1 860	0	1 860
Net pensions liability	535	335	870	628	305	934

	31.12.2021	31.12.2020
FINANCIAL ASSUMPTIONS (COMMON TO ALL PENSION SCHEMES)		
Discount rate	1.90%	1.70 %
Salary growth	2.75%	2.25 %
The National Insurance basic amount (G)	2.50%	2.00 %
Pension increases	1.73%	1.24 %
Social security contribution	14.10 %	14.10 %
Corporate activity tax	5.00 %	5.00 %

The assumptions as at 31 December 2020 have been applied to measurement of the cost of pension for 2021, whilst for calculation of the pension obligation on 31 December 2021, the assumptions and membership numbers as at 31 December 2021 have been applied. The assumptions are based on the market situation as at 31 December 2021 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

ACTUARIAL ASSUMPTIONS

KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"):

An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations. KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) (per cent in relation to remaining employees):

The costs of AFP depend on how many in each year-group take AFP. On reaching 62 years there are 42.5 per cent who retire with an AFP pension. It is only those who are employed and working right up to retirement who are entitled to AFP. This is taken into account in the calculation of the AFP obligation.

Voluntary termination for “Fellesordning” (in %)						
Age (in years)	<24	24-29	30-39	40-49	50-55	>55
Turnover	25%	15%	7.5%	5%	3%	0 %

PENSIONS VIA OPERATIONS

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for "Fellesordningen".

Number	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
MEMBERSHIP STATUS						
Number active	1 041	49	1 090	1 023	51	1 074
Number deferred (previous employees with deferred entitlements)	875	31	906	821	32	853
Number of pensioners	307	58	365	289	56	345

	2021	2020
Composition of the pension assets:		
Property	13.8%	13.3 %
Lending	11.9%	12.9 %
Shares	30.9%	24.2 %
Long-term/HTM bonds	27.7%	28.9 %
Short-term bonds	13.8%	16.9 %
Liquidity/money market	1.9%	3.9 %
Total	100.0 %	100.0 %

The pension funds are based on KLP's financial funds in the common portfolio. The table shows percentage placing of the pension funds

administered by KLP at the end of the year. Value-adjusted return on the assets was 8.36 per cent in 2021 and 4.23 per cent in 2020.

Expected payment into benefits plans after cessation of employment for the period 1 January – 31 December 2022 is NOK 193.7 million.

Sensitivity analysis as at 31 December 2021	
The discount rate is reduced by 0.5 %	Increase
Gross pension obligation	10.8%
Accumulation for the year	17.8%
Salary growth increases by 0.25%	Increase
Gross pension obligation	0.6%
Accumulation for the year	1.4%
Mortality is strengthened by 10 %	Increase
Gross pension obligation	2.8%
Accumulation for the year	2.1%

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 18.3 years.

Note 28 **Number of employees**

	2021	2020
Number of permanent employees 31.12.	1 048	1 018
Number of temporary employees 31.12.	34	34
Total number of employees 31.12.	1 082	1 052
Number of full time equivalents permanent employees 31.12.	999	997
Number of full time equivalents temporary employees 31.12.	31	32
Total number of full time equivalents 31.12.	1 030	1 029

Note 29 **Salary and obligations towards senior management etc.**

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board. The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Senior employees are defined as the senior management team of the Kommunal Landspensjonskasse Group. This comprises the Group Chief Executive Officer, the KLP Group executive vice presidents and managing directors of certain subsidiaries.

Senior employees who were members of the Group senior management before 1 May 2013, are pensionable at the age of 65, but may choose to change this to aged 70. None of those senior management have chosen to avail themselves of the opportunity to change the retirement age as of 31.12.2021. Persons who were appointed to Group senior management as of 1 May 2013, are pensionable at the age of 70.

All employees of the KLP Group in Norway are registered in KLP's pension scheme for municipalities and companies. The employees earn pension rights in this scheme for salaries up to 12G.

Employees in the KLP Group with salaries above 12 G and for employees with lower retirement age than 67 years, also earn pension benefits for salaries above 12G if they were employed before 2 May 2013 and had a salary above 12G at that time. Full retirement pension in this additional cover amounts to 66% of salary above 12G, and is achieved after at least 30 years of earnings in the scheme. Employees with a special agreement for a lower pension age than 67 years are ensured an old-age pension corresponding to 66% of all pensionable salary up to 67 years. This add-on was closed May 2, 2013 and does not apply to employees who started after that date. Nor does the scheme apply to employees who were employed at this time in KLP, but who only receive salary above 12G after this date.

The Group CEO has severance pay corresponding to one year's salary including supplementary benefits in the event of termination of employment. There are no obligations to provide the Chairman of the Board special consideration or other benefits on termination or change of the appointment. KLP pays directors' liability insurance for members of its Board of Directors.

The KLP Group offers loans for various purposes. There are separate loan terms for employees, and no senior executives have terms that deviate from this. Loans to external members of the Board of Directors and external members of the Corporate Assembly are only granted under ordinary loan terms.

Benefits and loans to deputies and observers are not specified in this note. It has been paid out a total of 441 thousand kroner to observers and deputies in 2021. This group of people consists of five persons.

All benefits are shown without the addition of social security contributions and capital activity tax. For Board members elected by and among the employees stated that only about compensation and loans that can be linked to their directorship.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at klp.no.

2021						
NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2021	Paymentsplan ¹
SENIOR EMPLOYEES						
Sverre Thornes, <i>Group CEO</i>	4 383	240	1 485	20 000	1,00	HC
Marianne Sevaldsen	2 925	184	1 182	4 021	1,00	A43
Aage E. Schaanning	3 758	165	1 269	6 390	1,00	HC
Gro Myking	2 749	188	357	7 669	1,00	A30/A41
Rune Hørnes	2 801	156	296	-	-	-
Kirsten Grutle	1 075	114	61	-	-	-
Tore Tenold	3 175	162	1 175	3 000	0,90	HC
Håvard Gulbrandsen	3 427	213	1 086	6 177	1,00	HC
Gunnar Gjørtz	3 375	157	1 163	6 000	1,00	HC
Leif Magne Andersen	2 268	174	765	4 952	1,00	A51
THE BOARD OF DIRECTORS ²⁾						
Egil Johansen, <i>Chair</i> (9 of 10)	392					
Jenny Følling (10 of 10)	297					
Odd Haldgeir Larsen (9 of 10)	242			1 924	1,55	A35
Karianne Melleby (9 of 9)	316					
Øyvind Brevik (10 of 10)	291					
Cathrine M. Lofthus (5 of 5)	172					

2021						
NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2021	Paymentsplan ¹
Cecilie Dae (1 of 1)	0					
Susanne Torp-Hansen, <i>elected by and from the employees</i> (5 of 5)	133					
Freddy Larsen, elected by and from the employees (5 of 5)	172					
Vibeke Heldal, <i>elected by and from the employees</i> (5 of 5)	119					
Erlig Bendiksen, elected by and from the employees (5 of 5)	100					
CORPORATE ASSEMBLY						
Total Corporate Assembly, including employee representatives	765			92 663		
EMPLOYEES						
Loan to employees in the Group at subsidized interest rate				1 968 767		
Loan to employees in the Group at ordinary terms and conditions				65 077		

1) A=Annuity loan, last payment, HC = Housing Credit

2) The numbers in brackets represents the number of meetings attended by the total number of meetings held during the period in which the person has been on the board.

2020						
NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Paymentsplan ¹
SENIOR EMPLOYEES						
Sverre Thornes, <i>Group CEO</i>	4 240	291	1 433	11 120	1.00	A45
Marianne Sevaldsen	2 848	209	1 120	4 187	1.00	A43
Aage E. Schaanning	3 659	209	1 222	5 179	1.00	HC
Gro Myking	2 619	204	470	6 088	1.00	A30
Rune Hørnes	2 692	165	384	-	-	-
Kirsten Grutle	726	44	519	-	-	-
Mona Refsdal	1 061	122	329	2 632	1.00	HC/A42
Tore Tenold	3 087	181	1 032	961	1.00	HC
Håvard Gulbrandsen	3 331	222	1 055	5 680	1.00	HC
Gunnar Gjørtz	3 285	173	1 171	497	1.00	HC
Leif Magne Andersen	2 207	197	775	3 947	1.00	A44

2020						
NOK THOUSANDS	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Paymentsplan ¹
THE BOARD OF DIRECTORS ²⁾						
Egil Johansen, <i>Chair</i> (12 of 12)	391					
Jenny Følling (12 of 12)	288					
Odd Haldgeir Larsen (12 of 12)	233			2 072	1.70	A35
Karianne Melleby (12 of 12)	313					
Øyvind Brevik (12 of 12)	289					
Cathrine M. Lofthus (11 of 12)	289					
Susanne Torp-Hansen, <i>elected by and from the employees</i> (12 of 12)	233					
Freddy Larsen, <i>elected by and from the employees</i> (12 of 12)	289					
CORPORATE ASSEMBLY						
Total Corporate Assembly, including employee representatives	725			40 777		
EMPLOYEES						
Loan to employees in the Group at subsidized interest rate				1 832 779		
Loan to employees in the Group at ordinary terms and conditions				59 960		

1) A=Annuity loan, last payment, HC = Housing Credit

2) The numbers in brackets represents the number of meetings attended by the total number of meetings held during the period in which the person has been on the board.

NOK THOUSANDS	2021	2020
The period costs related to lending terms and conditions for employees.	11 639	14 583

Note 30 Auditor's fee

NOK MILLIONS	2021	2020
Ordinary audit	7,2	7,8
Certification services	0,6	0,6
Tax advisory services	0,4	1,3
Non-audit services	0,4	0,4
Total auditor's fee	8,7	10,0

The sums above include VAT.

Note 31 Operating expenses

NOK MILLIONS	2021	2020
Personnel costs	1 138	1 131
Depreciation and writedowns	228	132
Other operating expenses	912	708
Total operating expenses	2 278	1 971

Note 32 Other income and – expenses

NOK MILLIONS	2021	2020
Supplement contractual early retirement scheme (ERS)	1 265	1 189
Other income ¹	282	-52
Total other income	1 547	1 136

¹ Other income includes investment from associated and joint ventures companies, so the results can be both negative and positive.

NOK MILLIONS	2021	2020
Supplement contractual early retirement scheme (ERS)	-1 265	-1 189
Other expenses	-27	-70
Total other expenses	-1 292	-1 258

Note 33 Other current liabilities

NOK MILLIONS	31.12.2021	31.12.2020
Short-term payables trade in securities	3 645	3 029
Incurred not assessed taxes	560	1 489
Advance tax-deduction pension scheme	491	447
Accounts payable	226	270
Pre-called contribution to insurance	699	576
Other current liabilities	1 187	1 049
Total other current liabilities	6 808	6 859

Note 34 Contingent liabilities

NOK MILLIONS	31.12.2021	31.12.2020
KLP guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	24 615	22 365
Approved, not paid out KLP Group loan pledge	4 136	5 292
Total contingent liabilities	28 754	27 659

Note 35 Retained earnings

NOK MILLIONS	Revaluation fund	Risk equalization fund	Nat.per.pool fund	Other retained earnings	Retained earnings
Capitalized value 01.01.2020	1 233	5 547	79	13 941	20 800
Income		-136	-13	334	186
Changes related to sales of business		-7		7	
<i>Other comprehensive income:</i>					
Items that will not be later reclassified to income				-57	-57
Items that will be reclassified to income later when particular conditions are met	392			-98	294
Capitalized value 31.12.2020	1 625	5 404	66	14 127	21 223
Income		-1 034	39	463	-532
<i>Other comprehensive income:</i>					
Items that will not be later reclassified to income				56	56
Items that will be reclassified to income later					
Items that will be reclassified to income later when particular conditions are met	206			-52	155
Capitalized value 31.12.2021	1 831	4 370	105	14 595	20 901

Note 36 Change in liabilities from financing activities

NOK MILLIONS	31.12.2020	Cash flow from financing activities	Cash flow from operating activities	Non-cash changes	31.12.2021
Subordinated loan capital	3 135	0	0	-135	3 000
Hybrid Tier 1 securities	1 764	0	0	-159	1 604
Debt to credit institutions	14 216	574	-10 591	0	4 199
Covered bonds issued	24 997	0	6 018	0	31 015
	44 112	573	-4 573	-294	39 818

Note 37 Change in fair value IFRS 9

31.12.2021 NOK MILLIONS	Financial assets at amortized cost ¹ Passed SPPI
Fair value 31.12.2020	197 917
Bought	21 486
Sold	-2 530
Held to maturity	-9 335
Change in fair value	-10 324
Fair value 31.12.2021	197 214

¹ Investments held to maturity and bonds classified as loans and receivables

31.12.2021 NOK MILLIONS	Financial assets valued at fair value ²
Fair value 31.12.2020	292 805
Bought	157 335
Sold	-144 787
Change in fair value	22 550
Fair value 31.12.2021	327 902

² Financial assets for companies that have performed the SPPI test: group public pension and non-life insurance.

31.12.2021 NOK MILLIONS	Other loans and receivables at amortized cost Passed SPPI	Other loans and receivables at amortized cost Not passed SPPI	Other loans and receivables at amortized cost Total
Fair value 31.12.2020	116 458	1 393	117 851
Bought	25 132	0	25 132
Sold	-24 067	-1 104	-25 171
Change in fair value	660	-34	627
Fair value 31.12.2021	118 183	255	118 439

In accordance with the notes requirements, the entity has conducted an SPPI test on the portfolio at amortized cost.

The preliminary assessment is that all investments except two loans passes the test.

Also refers to note 6 Fair value of financial assets and liabilities and note 13 Credit risk.

Note 38 **Events after the reporting period**

Storm Gyda, which ravaged the Norwegian coast in January 2022, is defined as a natural peril and is consequently covered through the Norwegian Natural Perils Pool. The total costs for the entire industry are distributed according to the market shares of the individual companies within property insurance. The Group's non-life business share is just under 5%. It is too early to predict the total extent of the damage, but provisional estimates indicate it is in excess of NOK 100 million. The company's share will therefore be just under NOK 5 million. There will also be some storm-related claims that are not covered by the natural perils pool, e.g. in relation to cars. The extent of these is not yet known, but it is not thought that these amounts will be significant for the company.

The Group's insurance operations and the KLP funds decided in February 2022 to freeze all investments in Russia. Twenty-two Russian companies were excluded, and active efforts will be made to dispose of these investments. The investments amount to around NOK 350 million in all. The decision is based on due diligence as there is an unacceptable risk of complicity in breaches of KLP's guidelines from the activities of these companies. KLP does not generally exclude at the country level, and the assessments should relate to the specific companies. However, this was an exceptional case, and after an overall assessment it was decided to exclude all investments in Russia. The risk of human rights violations in war and conflict situations, the introduction of a comprehensive sanctions' regime, and the decision by the Norwegian government to withdraw SPU (Government Pension Fund Global) investments were all crucial to this decision.

The Norwegian Competition Authority is investigating whether KLP has violated the Competition Act

In February 2022, the Norwegian Competition Authority carried out unannounced securing of evidence with the groups' insurance operations (KLP) because they believe there is reasonable reason to assume that KLP has violated the Norwegian Competition Act. It is the provision in section 11 of the Norwegian Competition Act on undue exploitation of a dominant position that the Norwegian Competition Authority investigates whether KLP has breached, and the securing of evidence was carried out on the basis of a decision from Hordaland District Court.

KLP has given the Norwegian Competition Authority access to everything they have requested and is prepared to cooperate with the Norwegian Competition Authority in the further investigation.

KLP's sustainability accounts 2021

Introduction

KLP's purpose is to provide secure and competitive pension savings in a way that contributes to the realisation of the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement's climate goals. Our ambition is to be among the leaders in our sector for corporate responsibility.

Corporate responsibility is integrated into KLP's corporate governance and is a key aspect of our corporate strategy. All business areas and subsidiaries have a duty to operationalise this through the development of their own goals and initiatives for corporate responsibility. In this sustainability report, we give an account of how KLP engages in the field of corporate responsibility and sustainability, the topics we have focused on particularly in the past year and the results we have achieved.

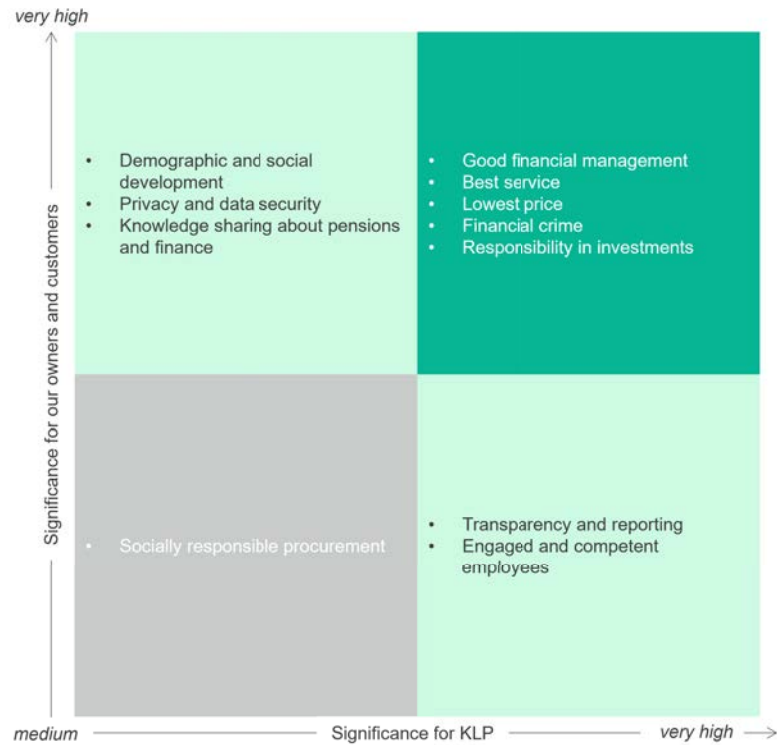
Our sustainability reporting rests on KLP's core values:

- **Open:** KLP is as open and transparent as possible, because we think this makes our endeavours more influential and effective. We are therefore open about both our positive and negative impacts.
- **Clear:** KLP reports clearly and in ways that are understandable for our stakeholders. We define clearly and explain what we mean by the terms we use.
- **Responsible:** KLP will report responsibly and present our results accurately, focusing on the areas that are material for KLP.
- **Committed:** KLP considers openness an important contributor to and a precondition for further development in the financial sector. We therefore seek to report in a way that is comparable with other entities, and we base our reporting on best practice and existing standards.

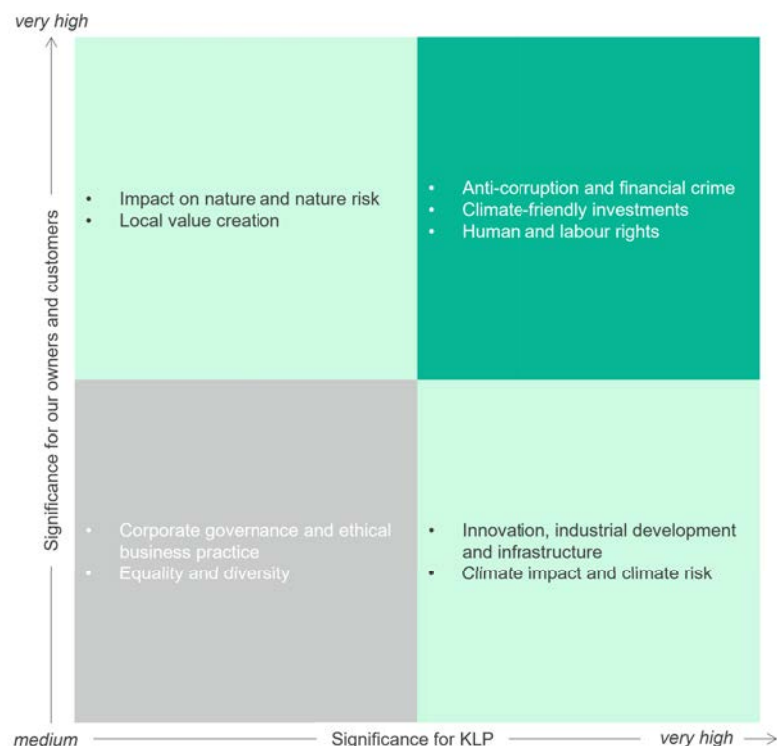
Materiality matrix

As a pensions provider and investor, we work with a broad range of topics and issues relating to corporate responsibility. KLP has drawn up two materiality matrices linked to corporate responsibility. These matrices will help us to systematise topics and prioritise between them. One matrix considers materiality for KLP as a pension company, while the other looks at KLP as a responsible investor. For KLP, all aspects included in the matrices are important. However, those in the dark green boxes are those we have paid particular attention to in the past year.

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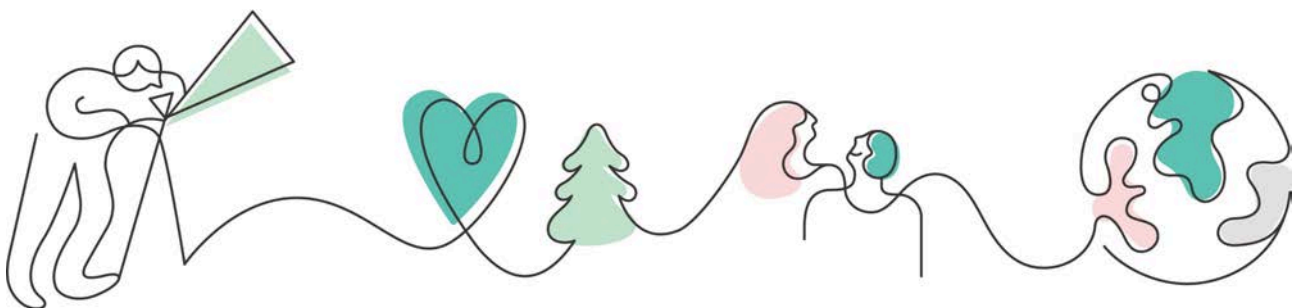
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KLP's most important stakeholders are our owners and customers, which consist of municipalities, county municipalities, and the healthcare sector in Norway. Their values and priorities are therefore decisive for KLP's priorities. We are in constant contact with mayors and

other local politicians, municipal administrators and health trust executives to obtain input for our work and our priorities. Of equal importance, our owners help set KLP's course through their representation in all our governing bodies.

In the spring of 2021, we also conducted a stakeholder analysis among our owners, focusing on corporate responsibility and sustainability. Our objective was to get a snapshot of what our owners want of us, as a pensions provider and corporate citizen, and whether they perceive endeavours in the field of sustainability to be valuable and important. Among our main findings was that sustainability and responsible asset management are extremely important for our owners, and something they consider natural that KLP should engage in. KLP's primary focus should always be our main purpose, which is to provide high-quality pension services. They also pointed out that KLP has great insight and data that the municipal sector could make greater use of.



Engaged and responsible owner

KLP aims to be an engaged and responsible owner. This is stated in KLP's corporate strategy and corporate responsibility strategy, as well as its asset management strategy and associated investment principles. This is also embedded in key guidelines, such as the [*Guidelines for KLP as a Responsible Investor*](#), [*KLP's Expectations as an Investor*](#) and *KLP and the KLP Funds' Voting Guidelines*.

Our strategies and guidelines are based on international norms and conventions intended to promote human rights and decent working conditions, reduce harm to the climate and the environment, and contribute to sustainable development. We have committed to doing so through the *UN's Global Compact* and *Principles for Responsible Investment (PRI)*, and the *OECD Guidelines for Multinational Enterprises* and *guidance to institutional investors*.

As a responsible investor and owner, we utilise the following tools in our work:

- We integrate sustainability factors in our investment analyses and decision-making processes.

- We try to influence companies, business sectors and markets to engage in sustainable value creation through the exercise of active ownership.
- We exclude companies that violate our criteria and that show neither a willingness nor an ability to change.

Together, these measures give us considerable leeway in our efforts to prevent, limit and halt adverse effects or reduce material risk. In the [Annual report on responsible investments](#) you can read more about how KLP has worked as a responsible investor in 2021 (Norwegian only).

By monitoring our investments, we identify and assess the risk of KLP's guidelines being breached. Monitoring is wide-ranging, since our portfolio comprises a wide range of investments in a large number of companies in many countries and business sectors. Risk assessments are made in line with our guidelines and exclusion criteria and are based on information from a wide selection of sources, including government authorities, the media, company disclosures and dialogue with company representatives. Nevertheless, there is a risk that KLP, through its investments, could contribute to the violation of fundamental rights. In those instances where we uncover a risk that KLP's guidelines and fundamental rights are being breached, we consider how we can minimise or eliminate the risk through a variety of responses.

KLP has engaged with companies on various topics in relation to human and labour rights in 2021. Prioritised areas among other topics have included labour rights for migrant workers, the right to organize, and scrapping of ships, as well as human rights in war and conflict situations. Among the companies KLP has followed up on these topics are;

- Telenor regarding the company's telecom operations in Myanmar and implications on human rights due to the military coup. It is an on-going dialogue due to implications of the sale as Telenor is waiting for the final confirmation.
- Yara regarding their production in Belarus and the risk of human and labour rights violations. During the dialogue Yara concluded not to extend the contract.
- Top Glove regarding alleged forced labour in Malaysia. During KLP's dialogue with Top Glove, sanctions against Top Glove were lifted.
- Amazon regarding employees' lack of right to organize and thus violation of employee rights.
- Follow-up of a total of 18 hotel chains in Qatar in connection with an extensive increase in hotel development because of the 2022 World Cup.
- Follow-up, as well as advising, of a total of five companies in connection with shipwrecking in Alang, India due to the risk of violations of human and employee rights.

KLP's investment strategy is to have a diverse investment portfolio that reflects the global economy. However, our basic philosophy is not merely to select only the best. Instead, our endeavours in the field of responsibility and sustainability are intended to contribute to a steady improvement in the level of corporate responsibility in the business world and thereby reduce the risk of violations in an international market.

We have adopted criteria for the kinds of companies we will not invest in. Our investment universe is screened against these ethical guidelines to identify companies that fulfil our exclusion criteria. We communicate regularly with companies about various challenges and follow up on incidents and cases. If we discover that any of the companies we are invested in commits serious and/or systematic violations of our ethical guidelines, and they show no willingness or ability to adopt more sustainable practices, we exclude them. This helps to reduce the risk to which we are exposed.

Stakeholders can report suspicions of wrongdoing via the reporting channels and complaints mechanisms that have been established by the companies in which KLP invests. Complaints relating to fund and investment services are, however, reported directly to KLP. Customers who are unhappy about the outcome of the complaint's procedure are entitled to pursue the matter by filing a complaint with the Norwegian Financial Services Complaints Board.

KLP is completely transparent about how we vote at general meetings of shareholders, which companies we are talking to on which issues, and which companies have been excluded on what grounds. [Read more here.](#)

Goals

- KLP aimed to vote at 95 per cent of general meetings in Norway and abroad.
- KLP aimed to follow up 240 companies in 2021.

Active ownership

	2021	2020	2019	2018	UN SDGs	Targets
Individual companies KLP has engaged in direct dialogue with on ESG issues	294	362	191	103	All SDGs	3.a, 8.7, 12.6, 16.2, 16.4, 16.5,
General meetings of Norwegian companies at which KLP has voted (number/percentage)	98 (85 %)	112 (97 %)	102 (97 %)	106 (98 %)	n/a	n/a
General meetings of foreign companies at which KLP has voted (number/percentage)	8 779 (98 %)	8 052 (96 %)	7 512 (97 %)	6 408 (97 %)	n/a	n/a
General meeting agenda items on which KLP voted against management's recommendations	15 %	16 %	18 %	18 %	n/a	n/a

Comments on performance in 2021

KLP voted at 98 per cent of the general meetings of shareholders in non-Norwegian companies and thereby reached its target. KLP voted at 85 per cent of general meetings in Norwegian companies, which is less than the 95 per cent target. This may, in part, be explained by a shortage of capacity in the department responsible for active ownership during the period. Occasionally, insufficient notice was given of a company's general meeting, which resulted in KLP being unable to cast its vote in time. In some cases, companies have been too late in sending out documentation. In these cases, KLP has subsequently met with the company concerned to explain our expectations with respect to general meetings.

At the close of the year, KLP had followed up a total of 294 companies on issues relating to environmental, social and governance (ESG) issues. These include human rights in areas of war and conflict, shipbreaking ("beaching"), tax and transparency, labour rights in China and the Gulf States, environmental damage, sustainable aquaculture, climate risk and the rights of children. KLP has followed up these matters through direct dialogue with companies and through investor alliances of which KLP is a member.

Case: Why KLP excludes companies operating in the West Bank

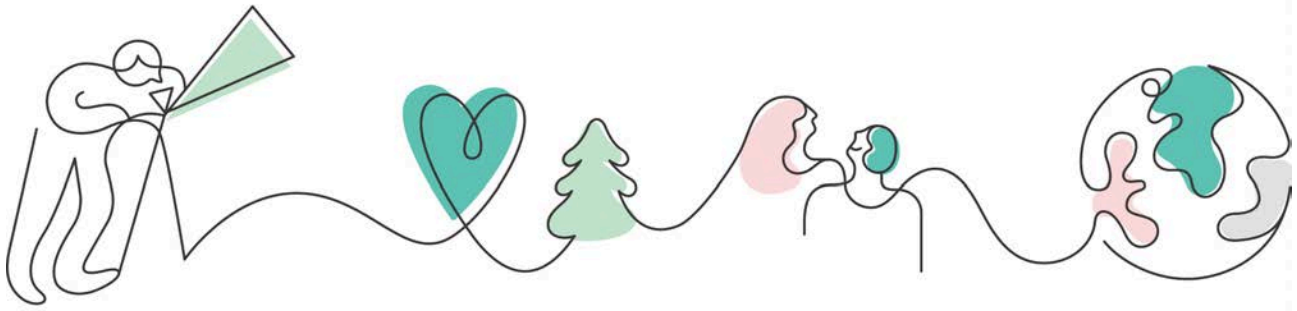
In 2021, we decided to exclude a further 16 companies from KLP's investment portfolio due to their links to Israeli settlements in the West Bank. These settlements are deemed to violate international law, pursuant to the rules on occupation in the Hague Regulations and the Fourth Geneva Convention.

We performed a thorough assessment after the United Nations High Commissioner for Human Rights published a list of companies with operations linked to the Israeli settlements in the occupied Palestinian Territory. Our conclusion was that the excluded companies' association with the Israeli settlements in the occupied West Bank constituted an unacceptable risk of contributing to the violation of human rights in situations of war and conflict.

The companies excluded operated in the banking, construction, infrastructure, and telecommunications sectors in the West Bank. The banks have been excluded because they contribute to the development, expansion, or maintenance of the settlements through the provision of financing. Construction companies were excluded on the grounds of their deliveries of materials and infrastructure. Telecommunications companies were excluded because telecoms services are deemed to be a fundamental infrastructure. KLP had investments worth NOK 275 million in these companies at the time the decision to exclude them was taken.

Exclusions

	2021	2020	2019	2018	UN SDGs	Targets
Companies excluded from investment	657	560	534	189	All SDGs	3.a, 8.7, 12.6, 16.2, 16.4, 16.5
Companies reincluded as investments	9	4	13	2	All SDGs	3.a, 8.7, 12.6, 16.2, 16.4, 16.5
Percentage excluded from the MSCI World Index	6.3 %	6.3 %	7.9 %	new	n/a	n/a
Percentage excluded from Bloomberg Barclays Global Corporates Index	9.6 %	9.4 %	9.5 %	new	n/a	n/a



Climate, environment and nature

In the longer term, climate change and the impoverishment of nature and the environment will affect KLP's opportunities to create a good return on the pension assets we manage. We have worked systematically on climate risk over several years to enable us to analyse, manage and report climate risk as a financial risk. At the same time, we have a responsibility to minimise the impact we have on the climate, the environment and nature – directly through our own activities and indirectly through our customers, partners, suppliers and investments. We set specific targets for those areas where we have a materially negative impact or the potential to have a positive impact. Consideration for the climate, the environment and nature are included in our corporate governance and decision-making, choice of suppliers and investments.

Climate goals and climate-friendly investments

KLP's biggest impact on the climate and the environment comes through our investments. The [Guidelines for KLP as a Responsible Investor](#) describe how KLP takes account of the climate and nature in all our investments and how we follow up with the companies in which we invest. We use the approaches described in the chapter [Engaged and responsible owner](#). By screening companies against our guidelines and following up through dialogue, we reduce the risk of having a negative impact on the climate and the environment.

If the world is to keep global warming below 1.5C, global emissions must reach net zero by 2050. Thus, KLP has a goal of aligning our investments to this target and reach net zero in our portfolio as well. We have developed our own roadmap, which describes how KLP will assess each individual investment against an emission pathway compatible with the 1.5C target, and how we will work towards and measure our contribution to the goals set out in the Paris Agreement. In the roadmap, we develop the *Paris Alignment Percentage*, which shows the share of our investments that have emissions in line with the 1.5C target. [Read more about our climate goals here.](#)

Huge investments are needed if the world is to reach the Paris Agreement's climate targets and succeed in transitioning to a low-emission society. One important aspect of KLP's climate goals is to increase our climate-friendly investments. Climate-friendly investments are those which

contribute directly to emission reductions or otherwise contribute to the green transition in Norway or around the world. We distinguish between two different categories of climate-friendly investments:

- **Zero-emission investments** – These are investments involving zero or almost zero emissions from operations (not including Scope 3 emissions). The category includes renewable energy, sustainable forestry, and zero-emission transport. These are the same zero-emission investments that are 100 per cent Paris aligned in KLP's climate goals.
- **Transitional investments** – These are investments that contribute to a reduction in emissions and the development of new technologies, or that help sectors that would find it hard to reach zero emissions to reduce their emissions and become more sustainable. This is achieved through green lending and bonds, green buildings, and infrastructure.

Goals

- That KLP's investments are 100 per cent Paris aligned
- That KLP's investments reach net zero emissions by 2050
- That KLP increases its climate-friendly investments by NOK 6 billion per year

Climate goals for the portfolio

Paris Alignment Percentage (PAP)	2021	2020
Zero-emission investments	100 %	100 %
<i>Percentage of portfolio</i>	6 %	5 %
High-emission sectors	45 %	37 %
<i>Percentage of portfolio</i>	18 %	21 %
Other investments	53 %	66 %
<i>Percentage of portfolio</i>	53 %	55 %
Without data	0 %	0 %
<i>Percentage of portfolio</i>	23 %	19 %
Paris Alignment Percentage (PAP) for the entire portfolio	42 %	46 %

Comments on performance in 2021

Companies must meet strict requirements if they are to operate in line with the goals of the Paris Agreement. This is also clear from KLP's Paris Alignment Percentage (PAP). Expanding the measurement horizon from one to two years means that carbon intensity must be reduced by more than seven per cent per annum over two years, instead of over one year. The market has also developed, changing the weighting such that sectors with a high PAP have become a smaller percentage of the portfolio, while sectors with a low PAP have gained ground. The reduction in KLP's PAP is therefore attributable to companies not doing enough in relation to the goals of the Paris Agreement and to changes in the market.

Climate-friendly investments

NOK MILLION	New in 2021	2021	2020	2019	UN SDGs	Targets
Zero-emission investments	1 484	32 340	32 687	29 748		
Renewable energy	943	29 800	32 687	29 748	7. 9. 17.	7.1, 7.2, 7.a, 9.a, 17.3
<i>As a percentage of KLP's investments</i>	-	4 %	5 %	5 %	7.	7.1, 7.2
<i>Renewable energy in Norway</i>	- 80	20 051	23 074	23 258	7.	7.2
<i>Renewable energy internationally</i>	894	8 581	6 698	3 127	7.	7.2, 7.a
<i>Renewable energy in developing countries</i>	129	1 168	932	725	7. 9. 17.	7.1, 7.2, 7.a, 9.a, 17.3
Sustainable forestry	541	1 880	-	-	13. 15.	n/a
Zero-emission ferries	-	660	-	-	9. 11. 13.	n/a
Transitional financing	11 094	19 612	21 482	15 382		
Green buildings in the property portfolio	5 414	10 367	13 273	14 197	9.	9.4.
<i>As a percentage of the portfolio's market value</i>	-	12 %	16 %	19 %	n/a	n/a
<i>As a percentage of the portfolio in square metres</i>	-	14 %	17 %	18 %	n/a	n/a
Green bonds	4 290	5 813	1 881	890	n/a	n/a
Green lending	488	2 541	2 087	-	6. 9. 11. 13.	n/a
Infrastructure	902	891	4 241	295	9.	n/a
Total climate-friendly investments	12 578	51 952	52 186	42 493		
<i>As a percentage of KLP's investments</i>	-	7 %	8 %	7 %	n/a	n/a
Fossil energy	-	12 441	7 818	10 823	n/a	n/a
<i>As a percentage of KLP's investments</i>	-	2 %	1 %	2 %	n/a	n/a

Comments on performance in 2021

In 2021, KLP invested over NOK 12 billion in climate-friendly investments in Norway and around the world and reached the target by a good margin. Investments included renewable energy projects, renewable energy funds, a new forestry fund, two investment partnerships for sustainable infrastructure worldwide, and four new green buildings. The new green buildings are in Trondheim and Copenhagen and constitutes a significant share of new investments. When disregarding these, climate-friendly investments increased by around NOK 7.2 billion.

To improve our reporting, we changed the reporting routine for climate-friendly investments in 2021 and adjusted the definition of certain indicators. This is explained in more detail in the notes [Climate-friendly investments](#).

In line with the proposed criteria in the EU's taxonomy, KLP has changed its definition with respect to green buildings. There is still uncertainty concerning the criteria and what buildings will meet the taxonomy's specifications. We have therefore sorted our properties by energy class and included those that meet energy class A, since these buildings are certain to meet the taxonomy's criteria (the 15 per cent most energy-efficient buildings in the country). If we include buildings with the energy classifications A and B, the market value comes to NOK 20.6 billion, which corresponds to 23 per cent of the portfolio's value and 22 per cent measured in square meters.

Case: Collaboration to develop a green infrastructure fund

In 2021, we searched for opportunities to boost investment in green infrastructure, in the form of long-term debt. When we did not find an investment product that was sufficiently green, the solution was to develop one ourselves, in partnership with Macquarie Asset Management.

The investment collaboration will focus on long-term investments in accordance with the EU taxonomy, such as solar, wind and hydropower, as well as sustainable energy storage. The investments will be made within a framework that makes it possible to show and verify that they contribute to the fulfilment of international climate goals

KLP's property portfolio

As one of the Nordic region's largest property companies, KLP aims to help create meeting places where people thrive and can realise their potential. We seek to reduce the property sector's carbon footprint and have a long-term perspective with respect to our properties. For this reason, we strive to reduce our energy consumption and improve the way we manage our waste.

Goals

- To reduce the property portfolio's energy consumption to 180 kWh per square meter.
- To sort more than 65 per cent of our waste at source on average, with a minimum sorting rate of 50 per cent at each individual property in the portfolio.

Carbon footprint KLP's property portfolio

	2021	2020	2019	2018	UN SDGs	Targets
Greenhouse gas emissions from KLP's property portfolio (tonnes CO ₂ e)	5 343	7 866	9 402	10 560	12. 13.	n/a
Scope 1	1	1	71	114	12. 13.	n/a
Scope 2	4 499	6 965	8 024	9 054	12. 13.	n/a
Scope 3	842	901	1 308	1 392	12. 13.	n/a
Total emissions from the property portfolio per m ²	0.005	0.008	0.009	0.011	12. 13.	n/a
Renewable energy production in KLP's property portfolio (MWh)	748	619	403	195	7. 9.	7.2, 9.4
Energy consumption in KLP's property portfolio (kWh per m ²)	161	164	190	200	9.	9.4
Volume of waste in KLP's property portfolio (tonnes)	3 967	4 296	5 553	5 760	11. 12.	11.6, 12.5
Percentage of waste sorted at source in KLP's property portfolio	62 %	62 %	55 %	54 %	11. 12.	11.6, 12.5
Water consumption in KLP's property portfolio (million litres)	299	258	436	442	6.	6.4

Comments on performance in 2021

Emissions from KLP's real estate portfolio decreased from 7,866 tonnes in 2020 to 5,343 tonnes in 2021, which corresponds to a reduction of 32 percent. The reduction is due to a large decrease in emissions from energy consumption (scope 2), and also a reduction in emissions from waste (scope 3). Energy consumption per square meter in 2021 was 161 kWh, which is a small reduction from 2020 and well within the target of 180 kWh per square meter. The sorting rate of waste is at the same level as last year and is still below target.

The infection control measures during the pandemic have affected the activity in the buildings in KLP's property portfolio throughout the year, which, among other things, has contributed to lower energy consumption and less waste, but this is expected to increase somewhat as society reopens.

Climate risk

KLP has a responsibility to help limit the extent of climate change and for contributing to the world achieving its climate targets. At the same time, climate change and the transition to a zero-emission society represents a financial risk for KLP that must be managed.

We have worked systematically with climate risk since 2017. We strive to identify and assess various different outcomes when we evaluate whether KLP's strategy is robust in the face of climate-related change. Climate risk is a challenging field because it is difficult to determine with any precision whether a risk will be high or low. In addition to being a consequence of physical changes in the climate, climate risk can also arise as a result of new political policies, technology and market developments, constraints on access to resources and intangible changes in values and attitudes. All of these factors affect KLP and what is expected of KLP. However, this does not solely imply financial risk, but also represents opportunities.

To be able to analyse, manage and report on climate risk as a financial risk, we have worked systematically since 2017 to strengthen our competence in this area and steadily improve the way we integrate climate risk into our asset management strategy and established risk management processes. Competence enhancement is achieved particularly through KLP's in-house efforts to identify and analyse climate risk, and through partnerships with third parties.

With regard to working on climate risk our goals are to:

- increase our knowledge about climate risk within the company and among KLP's external stakeholders.
- develop scenarios and climate risk data to assess material risk factors and opportunities.
- integrate climate risk in established investment and risk management processes in a more systematic way.
- influence companies in which KLP is invested to develop good climate risk management

processes and set climate goals in line with the Paris Agreement.

- increase the volume of climate-friendly investments by NOK 6 billion per year.

We structure our climate risk reporting in accordance with the recommendations of the Task-Force on Climate Related Financial Disclosure (TCFD). The TCFD recommends reporting on how climate risk is integrated in 1. governance, 2. risk management, 3. strategy, and 4. metrics and targets.

1. Climate risk and corporate governance

KLP's starting point is that climate risk must be handled in accordance with the ordinary allocation of roles and established strategy and risk management processes. Through the year, the board of directors works on strategic issues to determine KLP's overarching goals and strategies. The board also approves the overarching group strategy and other group-wide strategies, such as strategies for asset management and corporate responsibility, which both address climate risk as a prioritised topic. Furthermore, climate risk is addressed in the board's treatment of risk. Several risk-related matters are also tabled for discussion at board meetings and are dealt with in more detail in the board's risk or audit committees. In sum, therefore, climate-related issues are discussed numerous times a year at board level, and the board is continuously involved in KLP's efforts to identify climate risk and raise the company's competence on this issue. It is also involved in how the company plans to work with respect to climate risk in the years to come.

Group management is responsible for implementing the adopted strategies and managing climate risk. Each year, group management reviews and makes decisions on how the company is to implement the strategy adopted by the board of directors. An important aspect of this work is to increase the extent to which climate risk is integrated in KLP's risk management and control functions. As part of this, a review of all board-approved guidelines was performed in 2021. The objective was to explicitly incorporate references to climate risk and sustainability risk, to make it plain that these types of risks must be prioritised and to allocate responsibility for this more clearly.

2. Management of the climate as a risk factor

According to KLP's *Guidelines for Risk Management and Internal Control*, all material risk factors must be taken into consideration. We consider climate risk to be a material risk factor and are working to analyse and to integrate this to a greater extent in our established risk management and investment processes. The Financial Supervisory Authority of Norway (FSAN) has put climate risk on the agenda in connection with its monitoring of the financial sector. Going forward, we expect new and more specific requirements with regards to climate risk to be included in key regulations to which KLP is subject. For the third year in succession, climate risk

was part of KLP's ORSA report to the FSAN in 2021. In this report, we give an account of our approach to climate risk and the results of our climate analyses on the property portfolio as well as investments in listed companies and bonds.

In 2021, we began working with the firm of analysts that supplies the analysis model KLP uses in connection with ORSA. The objective is to update the model to include climate risk. In this connection, KLP has aligned itself with the climate risk scenarios created by the *Network of Central Banks and Supervisors for Greening the Financial System* (NGSF). We have also looked to the NSGF, among others, to keep track of developments in the methods and data used to perform climate risk analyses.

KLP has updated its climate risk analysis for listed companies and bonds on the basis of the scenarios published by *The Inevitable Policy Response* project. According to this study, KLP's risk exposure is in line with the outcome of previous studies KLP has performed since 2018.

Climate risk analyses must gradually improve if they are to be usable as the basis for decision-making. Nevertheless, we are working to integrate climate risk more systematically into various parts of the organisation, based on the analyses we perform and the understanding of climate risk that we and the business sector develop.

KLP works with third parties like investors, research communities and multilateral organisations to develop better data and knowledge about climate risk. One example is the "Climate Futures" research project in which KLP participates.

3. Climate risk as part of the business strategy

According to the analyses of KLP's investments in listed companies and bonds that have been performed, the total risk exposure seems to be relatively low. Furthermore, KLP's broadly composed investment portfolio successfully diversifies the risk – as it is intended to – in terms of climate risk as well. However, the analyses contain a high degree of uncertainty. We believe therefore that they do not so far provide sufficient credibility to draw conclusions about whether, in reality, KLP's asset management strategy effectively manages climate risk. Nevertheless, we assume that KLP's asset management strategy could have a positive impact on its climate risk exposure.

As it stands today, the most important priority relating to climate risk is to constantly improve our climate risk analyses and increase our understanding thereof in-house.

Through KLP's goal of aligning its investment portfolio with the Paris Agreement's 1.5C target, we will work to influence companies in the portfolio to make changes in line with the needs defined by the Intergovernmental Panel on Climate Change (IPCC). We hope that KLP's influence in this respect can help to reduce climate risk exposure in companies and markets.

4. How we measure climate risk

In line with the TCFD's recommendations, we measure annual emissions and carbon intensity in our listed shareholdings and bonds investments. These indicators enable us to compare how well KLP's investments are doing against a representative index (figures in brackets in the table). For more information on how these results are calculated, please see the notes [Climate, environment and nature](#).

To reduce emissions and combat climate change, having good reporting systems in place is crucial. We believe that companies' current emission reporting gives a relatively slim foundation for assessing climate risk. Going forward, emission data should be seen in the context of other indicators, as part of a broader assessment of different kinds of climate risk. KLP currently reports on emission indicators based on the TCFD's recommendations. However, we feel that they do not necessarily provide a good expression of climate risk. Hence, we will also consider whether there are other and better ways of quantifying and reporting climate risk.

The investments' climate profile (indicators recommended by TCFD)

	2021	2020
Scope 1 and 2		
Weighted average carbon intensity (tonnes CO ₂ e per USD million)	109 (137)	115 (188)
Carbon intensity (tonnes CO ₂ e per USD million revenues)	161 (148)	171 (204)
Carbon footprint (tonnes CO ₂ e per USD million invested)	57 (44)	68 (85)
Greenhouse gas emissions (tonnes CO ₂ e)	1 256 368	1 506 364
Scope 1, 2 and 3		
Weighted average carbon intensity (tonnes CO ₂ e per USD million)	435 (658)	493 (717)
Carbon intensity (tonnes CO ₂ e per USD million revenues)	675 (852)	641 (712)
Carbon footprint (tonnes CO ₂ e per USD million invested)	238 (254)	256 (297)
Greenhouse gas emissions (tonnes CO ₂ e)	5 262 303	5 648 610

Share of sustainable activities – reporting under the EU Taxonomy

The EU's classification system, also known as the EU taxonomy, is the EU's new mechanism for determining whether an economic activity may be performed in a sustainable manner, and what is then required.

In addition to criteria for what constitutes sustainable activities, the taxonomy imposes requirements on financial institutions like KLP to report on the percentage of their lending and investments associated with sustainable activities.

The EU has adopted a simplified reporting arrangement for the first few years, to take account of the Taxonomy's complexity and the substantial gaps in the data that financial institutions like KLP must use to assess their investments pursuant to it. Under the simplified reporting arrangement, companies must first report on the percentage of activities *covered* by the Taxonomy (i.e. have been given criteria for that type of activity). Later, companies will have to report on whether activities are *in compliance with* the taxonomy regulation. The Norwegian authorities have also encouraged companies to report on their performance in 2021, even though the regulations have not yet come into force in Norway.

Because the regulations are relatively new and the data from companies is lacking, it is not yet possible for KLP to produce any precise report pursuant to the EU's taxonomy. However, our own analyses and use of indicators provided by our data supplier may give an indication:

- **Securities investments:** We estimate that 20–25 per cent of KLP's securities investments may be *covered* by the Taxonomy. This figure indicates that far from all activities have been or will be given criteria. We have also made a rough estimate of the percentage of investments that could be *in compliance with* the taxonomy regulations. Here, the indication is that just under 5 per cent of KLP's investments *comply* with the taxonomy regulations. This estimate is supported by research carried out by the EU on the European bond and share market.
- **Lending:** KLP lends primarily to municipalities and entities owned by municipalities, which are not covered by the reporting requirement and can therefore not be covered by the taxonomy regulations. However, lending to private individuals with security in real property is covered by the taxonomy regulations. These loans account for 21 per cent of KLP's lending.
- **Property investments:** All revenue from the letting of property will be covered by the Taxonomy. As a result, all of KLP's investments in real property, and associated revenues, will be covered.
- **Non-life insurance:** KLP's revenues from non-life insurance premiums may be covered by the Taxonomy. Here, KLP is participating in a working group to clarify how the taxonomy regulations should be interpreted in light of specific Norwegian conditions.

Regardless of reporting challenges, the EU Taxonomy represents a paradigm shift for the financial sector. The scientifically based and official definition of what is and what is not sustainable has long been sought after, and the Taxonomy will be a guiding star for KLP and the rest of the financial sector into the future.

KLP's own operations

KLP is responsible for reducing the impact we have on the climate, the environment and nature. For this reason, we are working to reduce the footprint from our own operations. The document *How KLP reduces its environmental impact* sets out how KLP must work to reduce its environmental impact. It will also help KLP's employees when they are making assessments relating to the environment and sustainability in their daily work.

Procurement is a particularly important area with respect to KLP's environmental impact. KLP's Principle for responsible supplier conduct describes how we have clear requirements and expectations to our suppliers. We have also developed a questionnaire to obtain information from our suppliers about how they are working with respect to the climate and environment, and what goals they have set. This information is used to weight corporate responsibility in the procurement process, so that this can be assessed as a separate component. KLP gives priority to environmentally certified suppliers which report on their greenhouse gas emissions.

Goals

- To halve greenhouse gas emissions from our own operations by 2030, compared to emissions in 2010
- To prioritise environmentally certified suppliers ahead of other suppliers

In addition, we have adopted goals relating to energy consumption, air travel and waste sorting. We also have several goals relating to procurement. These include assessing sustainability in all procurement processes, giving priority to suppliers which report on their greenhouse gas emissions in climate accounts, and calculating the emissions relating to our largest procurements.

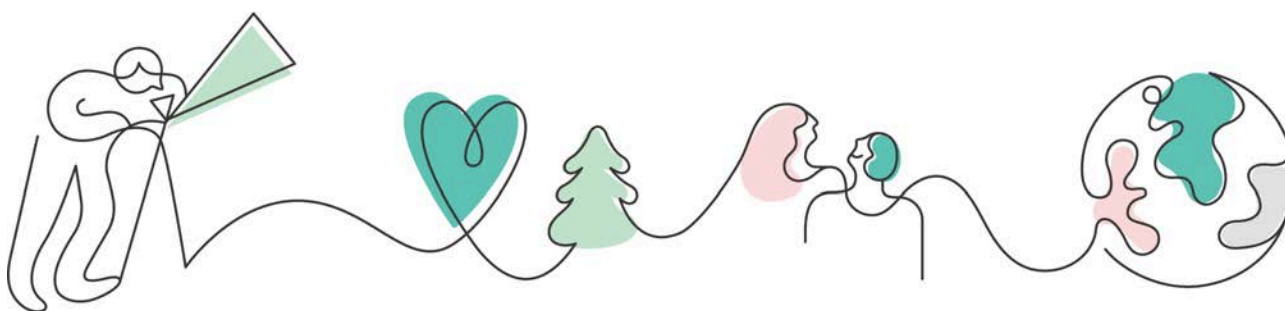
Carbon footprint KLP's own operations

	2021	2020	2019	2018	UN SDGs	Targets
Greenhouse gas emissions from KLP's own operations (tonnes CO2e)	197	280	989	1073	12. 13.	n/a
Scope 1	1.4	2	5	7	12. 13.	n/a
Scope 2	95	81	99	123	12. 13.	n/a
Scope 3	101	197	885	943	12. 13.	n/a
– Air travel (tonnes / tonnes per FTE)	90 / 0.09	154 / 0.15	810	865	12. 13.	n/a
– Business travel by car (tonnes / tonnes per FTE)	4 / 0.004	20 / 0.02	48	53	12. 13.	n/a
– Waste (tonnes / tonnes per FTE)	7 / 0.007	23 / 0.02	27	26	12. 13.	n/a
Number of flights (total / per FTE)	864 / 0.9	1 302 / 1.3	6 483 / 6.6	6 661 / 6.8	12.13.	n/a
Energy consumption at KLP's own offices (kWh per m2)	137	94	113	129	9. 13.	9.4
Volume of waste produced at KLP's own offices (tonnes / tonnes per FTE)	58 / 0.06	101 / 0.10	132 / 0.13	132 / 0.14	11. 12.	11.6, 12.5
Percentage of waste sorted at source at KLP's own offices	81 %	56 %	61 %	64 %	11. 12.	11.6, 12.5
Percentage of environmentally certified suppliers	84 %	61 %	ny	ny	12. 13.	n/a

Comments on performance in 2021

The corona pandemic and ongoing infection control measures continued to affect the business and how we worked also in 2021. KLP has mainly maintained a home office scheme and restrictions on business travel, but in periods with fewer local and national restrictions, we have also softened our guidelines. In total throughout the year, however, there were fewer employees in the offices and less travel activity, which has led to lower energy consumption, less waste and increased source sorting, and fewer flights.

This has also led to a continued reduction in emissions from our own operations, which has been reduced by 29 per cent from 2020. The reduction is due to a reduction in scope 3 emissions, and that the ongoing pandemic has led to lower waste volumes and less travel. Compared with 2010, the reduction has reduced emissions by as much as 87 percent, but it is likely that emissions will increase as society reopens.



Innovation and social development

At the same time as pension assets are invested to generate a good return, they are also a force that contributes to innovation and social development. KLP has several portfolios that are systematically helping to make a difference in the transition to a sustainable society and building the society of the future. Examples of what we do are:

- We contribute to social development by granting loans to Norwegian municipalities, county municipalities and entities owned by municipalities. This enables our owners to perform the tasks they have been given and helps to maintain and develop Norway.
- We enable the emergence of new jobs by investing in seed funds, which finance start-ups or entrepreneur-backed companies. KLP also helps to finance ideas in the so-called pre-seed phase, where it is often even more difficult to obtain funding.
- We contribute to the construction of renewable energy generating facilities in Norway and abroad. This is crucial if we are to achieve the 1.5C target and ensure that tomorrow's energy system is sustainable, given that the world needs more energy to meet the needs of a growing population and new business sectors. This is part of KLP's climate-friendly investments, which you can read more about [here](#)
- We invest in renewable energy and the banking and finance sectors in low-income countries

through KLP's portfolio of impact investments. In low-income countries, people often lack access to essential goods and services. Our contribution promotes sustainable development in these countries and gives people access to clean energy and financial services, such as loans and savings accounts.

Another important role that KLP plays in society is to contribute to social development through the data, insights and competence we have as the municipalities' and health sectors' own pension fund, as well as the municipalities non-life insurance company. KLP aims to be the pension expert that takes the best care of our customers. We help to increase knowledge about pensions and support local councils' efforts to promote good health and prevent damage to property.

Lending to municipalities and county municipalities

KLP's lending activities are directed primarily at Norwegian municipalities, and county municipalities, as well as other public sector entities. The loans are used for purposes that support local social development and welfare. For many years, we have contributed to the sustainable development of society through the provision of loans to fund projects all over Norway.

Since 2019, KLP has offered green loans in the public sector market. The projects to be financed must have a clearly positive impact on the environment and climate. Such loans may be granted, for example, to investments in the fields of construction, transport, water and sewage services, and waste management. For private customers, we provide funding for energy-saving measures through green home loans.

Goal

To increase lending to purposes of this type.

Lending

NOK MILLION	2021	2020	2019	2018	UN SDGs	Targets
Lending for roads and transport	9 700	8 887	8 812	8 543	9.	9.1
Lending for publicly owned real property	4 129	4 862	4 987	4 798	9. 11.	9.1
Lending to the public sector and associated entities	66 470	64 581	56 434	51 425	9.	9.1
Lending for water and sewage services, and waste management	3 717	3 112	2 638	2 005	9.	9.1
Total	84 016	81 442	72 871	66 771	n/a	n/a
<i>Share of total that are green loans</i>	<i>3.0 %</i>	<i>2.6 %</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

Comments on performance in 2021

In 2021, KLP's net lending rose by almost NOK 3.7 billion. Loans were given for a new racket sports hall in Mysen, offering opportunities to play tennis, squash, table-tennis, and badminton; a new multipurpose indoor arena and clubhouse in the Nordstrand area of Oslo; and the clean-up of Hammerfest's port and harbour.

Case: Pension assets renew the Port of Hammerfest

From north to south, Norway's ports are an important part of the country's infrastructure for the transport of goods, for the fishing industry, tourism, and private boating. The Port of Hammerfest is one of the most polluted ports that remain to be cleaned up. During World War II, when the town of Hammerfest was raised to the ground, a great deal of waste and objects ended up in the harbour basin – and remains there still. In addition, a variety of workshops, shipyards and industrial companies have, over the years, discharged more waste into the harbour.

The level of pollution at the port now constitutes a significant environmental risk. Extremely high levels of toxic organic compounds and heavy metals have been recorded on the seabed. These will now be pumped up and properly disposed of on land, under the auspices of Project Clean Harbour. In addition to the extensive removal of pollution, the project will replace the old central docks, expand the port area and ensure that most of the heavy goods traffic is diverted away from the town centre.

KLP is supporting the project through loan financing. In this way, pension assets are helping to create local jobs and facilitate business development in the local community. The Port of Hammerfest is important for the municipality. Many jobs are linked directly to the port or to ancillary businesses. Although Hammerfest's population is relatively stable, it is still important to create new opportunities in the town, so people do not move away.

Seed capital investments

KLP wishes to contribute to ensuring that good ideas can be pursued locally and that new jobs are created in Norway. By investing in innovation, KLP will contribute to local value creation and the green transition in Norway. We have established a separate portfolio where we invest in seed funds. Most of these are linked to Norwegian research environments.

Goal

To invest NOK 500–1,000 million in seed-capital, thereby contributing to innovation and new business.

Seed capital investments

NOK MILLION	2021	2020	2019	2018	UN SDGs	Targets
Seed capital investments in Norway	310	125	8	4	8. 9.	8.3

Comments on performance in 2021

Through the year, we have increased our investments in several of the 13 seed funds we are invested in. In total, these investments rose by NOK 147 million net in 2021.

Case: Pension assets resolve challenges in the aquaculture sector

By investing pension assets in entrepreneurial start-ups, KLP is funding the emergence of tomorrow's business sectors and tomorrow's jobs in the municipalities. One example is the company C-FEED, which is helping to boost the world's food production by cultivating a completely natural feed product for the fish farming sector.

The world needs more food, and the sustainable farming of new fish species could prove to be an important resource. So far, it has been difficult to farm species such as cod, halibut, turbot and tuna because a large proportion of the fry die at an early stage due to a lack of starter feed. Over a period of 15–20 years, the research establishment SINTEF Ocean has been studying copepods. In 2014, the company C-FEED was spun off from SINTEF to commercialise the idea of producing live starter feed for farmed fish, crustaceans, and other marine organisms. With a live starter feed, the fry will have a higher survival rate, and C-FEED has built a facility with the world's largest stockpile of copepods. From the facility in Vanvikan in Trøndelag, millions of copepods are dispatched to fish farms worldwide. If kept chilled, the eggs have a shelf-life of several months, and the global market potential is huge.

New renewable energy capacity

The construction of additional renewable energy capacity, particularly in developing countries, is crucial if we are to achieve the 1.5C target and ensure that the energy system of tomorrow is sustainable. Increased access to energy has a number of beneficial effects on social development and growth and is one of the keys to succeeding in achieving sustainable development in developing countries.

Goal

To constantly increase the number of projects and installed capacity.

New renewable energy capacity

	2021	2020	2019	2018	UN SDGs	Targets
Number of completed renewable energy projects	41	25	14	8	7.	7.1, 7.2
New renewable energy capacity brought to the market (MW)	5 082	3 604	1 918	945	7.	7.1, 7.2
Number of residents whose energy need is met by the new capacity	9 181 885	7 571 445	6 989 649	6 255 616	7.	7.1, 7.2
Avoided CO2 emissions as a result of the new capacity (tonnes)	4 829 122	3 467 678	1 987 160	949 036	7. 13. 15.	7.1, 7.2

Comments on performance in 2021

At the close of 2021, KLP had contributed funding to the construction of 41 new renewable energy projects worldwide. This is an accumulated figure and not all new projects during the year. The power produced by these projects corresponds to the energy needs of almost 9.2 million residents in the various countries, and contributes to the avoidance of 4.8 million tonnes of greenhouse gas emissions. Some of the increase from 2020 can be attributed to subsequent reporting of already completed projects. However, further projects were completed in 2021, including solar power projects in Chile and Portugal, and wind power projects in India and Spain.

Banking and finance in developing countries

Underdeveloped financial institutions and the population's lack of access to financial services, such as savings accounts, loans, and insurance coverage, are obstacles to poverty reduction in developing countries. Around 1.7 billion people worldwide still have no access to these fundamental financial services. Through our investments in the financial sector in developing countries, we wish to contribute to economic growth and higher living standards.

Goal

To increase investments in the banking and financial sector in developing countries, thereby contributing to economic growth and higher living standards in those countries.

Banking and finance in developing countries

	2021	2020	2019	2018	UN SDGs	Targets
Banking and finance in developing countries (NOK million)	886	665	713	570	1. 5. 8. 9. 11. 17	1.4, 5.a, 8.3, 8.10, 9.3, 11.1, 17.3
Number of borrowers in developing countries through NMI (in millions)	9,1	9,8	8,9	8,1	1. 5. 8. 9. 11.	1.4, 5.a, 8.3, 8.10, 9.3, 11.1

Comments on performance in 2021

In 2021, KLP's investments in developing countries' banking and financial sectors rose by NOK 47 million net. The increase stems from an increased investment in NorFinance and a rise in the market value of these investments.

Increase knowledge about pensions

KLP aims to be the pension expert that takes best care of its customers. This requires us to help boost knowledge about pensions so that our customers and members can make good choices for the days ahead. We do this, in part, by providing good advice to the individual and by disseminating knowledge about pensions in the media.

Goal

To help boost knowledge about pensions among our customers and members.

Increase knowledge about pensions

	2021	2020	2019	2018	UN SDGs
Personal consultations about pensions	6 588	6 195	9 220	9 972	8.
Participants in the "Worth Knowing" course on pensions	1 263	800	955	177	8.
Number of media reports on pensions with a spokesperson from a KLP	36	57	57	53	8.

Comments on performance in 2021

In 2021, a total of 6,588 people were given personal advice about pension matters. This is a slight rise from the year before. The number of participants in the "Worth Knowing" educational programme on pensions also increased. The guidance was provided both in person and online. Our newly established Customer and Advisory Centre has carried out many of the online advisory sessions, while most of the in-person advice was given by KLP's Customer Service Section in connection with visits to customers and owners.

There were fewer media reports on pensions involving a spokesperson from KLP in 2021 than in previous years.

Efforts to promote health and prevent damage to property

KLP wishes to develop products and services relating to our core business activities that meet some of the sustainability challenges our customers and owners face and which thereby benefit society at large.

We are already seeing a record shortage of skilled and qualified workers throughout Norway. It is important that employees in the municipalities and healthcare sectors have the desire, capacity, and energy to remain in the workforce for as many years as possible. To do so, they must thrive in their jobs and in their lives outside of work. Through KLP's working-environment-network, numerous municipalities and healthcare entities have developed good initiatives for a health-promoting working environment and a lower sickness absence rate.

In 2021, KLP Skadeforsikring continued its endeavours to reduce property damage among our customers, once again with a particular focus on the challenges associated with fires in municipal housing. A great deal of attention has been paid to waste management in public buildings and to the measures that must be implemented to ensure full compensation in the event of a fire. In 2021, it was decided to continue and ramp up the focus on prevention, not only with regards to accidental damage but also to the need to adapt to climate change.

Goals

- To support 28 projects regarding health-promoting workplaces at our owners
- To hold 50 training courses on the prevention of property damage

Health-promoting and damage preventing efforts

	2021	2020	2019	2018	UN SDGs	Targets
On-going projects on health-promoting workplaces	41	37	37	25	3.	n/a
Courses on health-promoting workplaces	94	93	103	145	3.	n/a
Damage preventing activities	63	12	20	81	11. 13.	11.5

Comments on performance in 2021

Through 2021, there were 41 on-going projects on health-promoting workplaces. This includes 12 projects that were concluded in May 2021, 12 projects that will conclude in May 2022 and 17 project that were included in the network in March 2021.

KLP stages numerous courses relating to health-promoting workplaces, and the number includes major lunch webinars with many participants, which are held monthly, as well as smaller meetings and courses that are carried out with the individual customer.

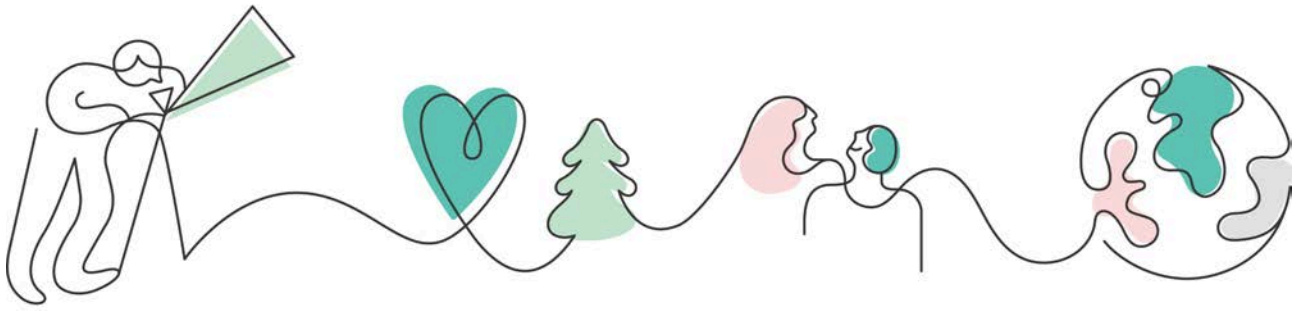
Based on our experiences from the first year of the Covid-19 pandemic, we changed the way courses on the prevention of property damage were held at the start of 2021. Instead of large-scale courses with many participants from different municipalities, as had been the practice before, the courses were staged for individual customers. This also promoted greater interaction and dialogue and made it possible to link relevant professionals in the municipalities to the right resources at KLP. This change led to more courses being organised, but with fewer participant. In 2021 we had 360 course participants, against 820 in 2020. In addition, many courses were switched to a meeting format, and we therefore report the number of activities, not simply the number of courses.

Case: Safe at Karmøy School

Prompted by many episodes of violence and threats made by students against employees at Karmøy School, the municipality created a scheme to prevent and follow up these challenges. The scheme, called the “Safety Plan” is meant to ensure the safety and wellbeing of all employees. Its purpose is to identify what triggers and what diffuses unwanted student behaviour. The school has collectively drawn up a plan, so the teacher is not left to deal with a challenge alone. This has led to greater acceptance of speaking out about situations that are perceived as challenging. Each member of staff knows that they can get help from other colleagues when an incident occurs. Feedback from students, parents/guardians and employees indicates that this is a good mechanism that helps to make the school day safe for everyone.

Karmøy School has focused on:

- A survey of students, triggers and diffusers
- The entire school working collectively to draw up the plan
- No teacher being left to deal with the challenge one
- Creating greater acceptance for speaking out about challenging situations
- Drawing up a plan to “get help” from other teachers when situations arise



Human and labour rights

KLP will respect fundamental human and labour rights throughout our business and in all activities. This is stated in overarching guidelines and principles which apply to the entire KLP Group. The most important of these are the: *Ethical guidelines*, [*Guidelines for KLP as a Responsible Investor*](#), [*KLP's Principles for responsible supplier conduct*](#) and *Guidelines for equality and diversity*. Important areas for our endeavours in the field of human and labour rights is within our own organisation, in procurement, and in investment decisions.

The Norwegian Transparency Act (*Åpenhetsloven*), which comes into force on 1 July 2022, aims to promote businesses' respect for fundamental human rights and decent working conditions in connection with the production of goods and provision of services, and secure public access to information about how enterprises handle adverse impacts on fundamental human rights and decent working conditions. We provide an account of this in this year's Annual Report.

KLP as a workplace and employer

KLP safeguards its employees' fundamental human rights in a fully acceptable working environment with decent working conditions. At the overarching level, KLP safeguards these important values and rights by entering into collective agreements with employee representatives, as well as through company guidelines and rules. The objective is to highlight our goal of being an employer who safeguards fundamental human rights, privacy and HSE in the workplace, and who gives our workforce decent pay and working conditions.

Through established processes and systematic risk assessments, measurements, and controls, we ensure that this is properly followed up. We assess the risk of human and labour rights abuses in the organisation to be low, but one area on which we have a particular focus is equality and diversity.

KLP's employees

KLP strives to be an attractive workplace, with a working environment characterised by equality and diversity, and where everyone feels respected for who they are. Our employees score highly for job satisfaction, have a low rate of sickness absence, work reasonable amounts of overtime and staff turnover is low. The company facilitates plentiful opportunities for development and competence enhancement, and management has a positive dialogue with the employees' elected representatives and the health and safety service.

KLP's employees

	2021	2020	2019	2018	UN SDGs	Targets
Employees at KLP	1 048	1 018	1 007	990	n/a	n/a
Part-time employees	4.8 %	5.4 %	6.8 %	6.9 %	n/a	n/a
Temporary employees	34	34	35	26	n/a	n/a
Gender balance for temporary employees (women / men)	53 / 47 %	new	new	new	5.	5.5
Age distribution among employees (percentage under 30 / 30–50 / over 50)	7 / 55 / 38 %	4 / 53 / 43 %	new	new	10.	10.2
Staff turnover	6.4 %	3.1 %	6.8 %	7.1 %	n/a	n/a
Total salary paid to employees (NOK thousand)	892 004	852 297	818 805	785 965	n/a	n/a
Average salary – women (NOK thousand)	755	726	718	685	8.	8.5
Average salary – men (NOK thousand)	903	868	859	836	8.	8.5

Comments on performance in 2021

Employee survey

KLP's employee survey comprises questions covering job satisfaction, loyalty, reputation, senior management, immediate manager, cooperation, working conditions, job content, pay and employment conditions, diversity, and learning and development. In addition, we ask questions about how employees have experienced their physical working conditions when working from home. The survey is anonymous.

KLP scores generally high in the survey, though there are variations. The survey results show that no material risk occurred in 2021. One of the areas we intend to continue working on is job satisfaction among younger employees.

Managers are given access to their own unit's results. These are presented to employees, and measures are developed jointly. The survey results are presented and discussed with employee representatives and health and safety representatives, who also have the opportunity to propose measures. In total, this provides a good overview and is an important process for the continuous development of a good working environment at KLP.

Employer branding and recruitment

KLP aims to be an attractive employer through the development of an active internal labour market, which gives employees the opportunity to develop and find career paths inside the organisation. Through 2021, we have seen a satisfactory rise in the number of both internal candidates and employees who have transferred to new positions in-house. The measures that have been prioritised are, for example, an updated landing page for internal job vacancies, tips and advice on the interview process, and a new and informative video on the application process. We have given an insight into what it is like to work in various positions within the company and have thereby created a greater understanding of both the working environment and the tasks involved.

In 2021, it was challenging to obtain enough qualified external candidates, particularly women, in certain professional areas. To attract qualified applicants, we have staged a variety of promotional campaigns in a wider range of channels, tailored the language and messaging in advertising copy, and created a course on the interview process, which is available at klp.no.

Competence management and development

KLP engages in strategic competence management by planning, performing, and evaluating competence initiatives intended to ensure that the company, the individual manager and employee have the competence needed to attain defined goals. We facilitate a number of competence-enhancing measures both internally and externally. Through the application of Lean

methods, we ensure continuous improvement processes and implement management development initiatives on issues that are both topical (such as the Covid-19 pandemic) and more strategic in nature. Employee performance and planning meetings (PLUS) are an important venue for discussing past performance and focus areas for the year ahead and for the giving and receiving of mutual feedback. These meetings constitute a good management and leadership tool, and we strive to enhance the benefits they provide and ensure they are performed to an adequate extent.

Employees who wish to pursue further studies linked to their individual development plan may receive financial support for supplementary training and additional education. To reinforce the message of lifelong learning and that seniors have the same development opportunities as everyone else in the Group, funds have been earmarked for the provision of educational support for seniors.

Overtime

In general, there is little overtime at KLP, though the situation varies among the different business areas. The slight rise seen in the past two years is largely attributable to the large amount of extra work associated with a major development programme that has resulted in a new and modern pension system. The Working Environment Committee receives quarterly reports showing the overall amount of overtime worked. We have good routines for following up overtime in conjunction with employee representatives. Individual agreements are entered into between the employee, their manager and employee representatives during periods when there is a need for employees to work rather more than normal.

Part-time

No employee at KLP works part time against their will, and all staff are employed in full-time positions. Part-time working occurs only when the employee wishes it in connection, for example, with parental leave, education or other personal circumstances which cause them to prefer a reduced workload for a period. In 2021, 4.8 per cent of KLP's permanent employees worked part-time. This is lower than in previous years.

Salary and benefits

KLP has overarching guidelines for salary and other benefits. To ensure that the guidelines are abided by, the way the compensation scheme is practised is subject to annual internal controls, pursuant to section 15-2(4) of the Financial Institutions Regulations. The Internal Auditing Department presents the results of this internal control process to KLP's Compensation Committee once a year.

Equality and diversity

KLP works actively and systematically to promote equality and prevent discrimination and has several goals in this area.

Goals

- To achieve a gender balance in management positions and senior professional positions (the highest paid positions)
- To work systematically to achieve pay equity
- To be a facilitating workplace for workers with disabilities
- To ensure that all employees feel respected for who they are, irrespective of gender, religious faith or belief system, functional capacity, sexual orientation, gender identity, gender expression, age or other material factors
- To raise the average age of retirement

Key figures for equality and diversity

	2021	2020	2019	2018	UN SDGs	Targets
Gender balance among employees (women / men)	47 / 53 %	47 / 53 %	47 / 53 %	47 / 53 %	5.	5.1
Gender balance at all management levels (women / men)	38 / 62 %	40 / 60 %	41 / 59 %	42 / 58 %	5.	5.5
Gender balance in the highest paid positions (non-management positions outside the standard pay scale)	27 / 73 %	28 / 72 %	23 / 77 %	20 / 80 %	5.	5.5
Women's salaries as a percentage of men's (total KLP)	84 %	84 %	84 %	82 %	5. 8.	5.1, 5.5, 8.5
Women's salaries as a percentage of men's in the highest paid positions (non-management positions outside the standard pay scale)	93 %	95 %	91 %	93 %	5. 8.	5.1, 5.5, 8.5
Average age of retirement under the AFP and state pension schemes (years)	64.6	64.6	65.2	66.6	10.	10.2

Comments on performance in 2021

In 2021, a risk assessment was performed in consultation with the elected employee representatives on the Equality and Diversity Committee to study the potential for discrimination or other obstacles to equality. The analyses, risk assessment and staff survey show that there was no material risk of discrimination in 2021.

However, we see that improvements to the gender balance and salary balance are advancing too slowly. We have therefore established a partnership with the “Women in Finance” initiative, whose objective is to increase the percentage of women in management and specialist positions in the Norwegian financial sector. Other initiatives within KLP to promote gender balance and pay equity relate to recruitment processes, management development and the identification and development of employees with talent and potential. Due to the Covid-19 pandemic, it has not been practically possible to be a facilitation workplace in 2021.

One of the areas we will continue to work on going forward, is to increase our endeavours on behalf of employees with disabilities. KLP partners with the organisation FRI (the Norwegian Organisation for Sexual and Gender Diversity) to hold courses for employees and managers, with the aim of providing good advice and perspectives on how to talk respectfully about sexual orientation and gender expression in the workplace. KLP also participates in networks on LGBTQ+ in the workplace, where companies come together to share their experiences and put diversity on the agenda. We have, moreover, obtained insights from interviews and improved conversation guides to ensure a good development perspective throughout the employee’s career, also in their senior years. We have also contributed to the preparation of Finance Norway’s guide to diversity-positive recruitment.

More figures about equality and diversity

	2021	2020	2019	2018	UN SDGs	Targets
Gender balance at management level 1 (women / men)	30 / 70 %	30 / 70 %	30 / 70 %	30 / 70 %	5.	5.5
Gender balance at management level 2 (women / men)	38 / 62 %	39 / 61 %	43 / 57 %	40 / 60 %	5.	5.5
Gender balance at management level 3 (women / men)	42 / 58 %	45 / 55 %	42 / 58 %	43 / 57 %	5.	5.5
Gender balance in the board of directors (women / men)	43 / 57 %	50 / 50 %	50 / 50 %	50 / 50 %	5.	5.5
Women's salaries as a percentage of men's at management level 1	76 %	77 %	76 %	69 %	5. 8.	5.1, 5.5, 8.5
Women's salaries as a percentage of men's at management level 2	87 %	86 %	84 %	84 %	5. 8.	5.1, 5.5, 8.5
Women's salaries as a percentage of men's at management level 3	92 %	91 %	90 %	89 %	5. 8.	5.1, 5.5, 8.5
Women's salaries as a percentage of men's in all other positions (excl. all managers and the highest paid positions)	96 %	95 %	95 %	93 %	5. 8.	5.1, 8.5
The CEO's salary in relation to the median salary in the Group	6.2	6.0	new	new	n/a	n/a
Gender balance for absence to care of sick children (women / men),	49 / 51 %	47 / 53 %	51 / 49 %	50 / 50 %	5.	5.1, 5.4
Gender balance for parental leave taken (women / men)	75 / 25 %	65 / 35 %	67 / 33 %	73 / 27 %	5.	5.1, 5.4
Percentage of female employees working part-time	7 %	9 %	11 %	12 %	5. 8.	5.1, 8.5
Percentage of male employees working part-time	3 %	2 %	3 %	3 %	5. 8.	5.1, 8.5

Occupational health, safety, and environment (HSE)

KLP engages in systematic HSE activities to ensure a safe and proper working environment, establish good procedures, and achieve better health and wellbeing, reduced sickness absence and the wholehearted commitment of employees. The Norwegian Working Environment Act and Internal Control Regulations are among the most important legislative and regulative provisions that create the framework for HSE at KLP. KLP's Personnel Handbook and HSE Handbook aim to inform staff of the HSE activities and processes that are of significance for managers and employees.

Goals

- To achieve a sickness absence rate of less than 4 per cent.
- To make KLP an attractive workplace, with a good working environment and good working conditions.

Health, safety and environment (HSE)

	2021	2020	2019	2018	UN SDGs	Targets
Total sickness absence	3.3 %	3.2 %	3.9 %	4.2 %	3.	n/a
Short-term sickness absence	1.1 %	0.9 %	1.6 %	1.8 %	3.	n/a
Long-term sickness absence	2.2%	2.3 %	2.3 %	2.4 %	3.	n/a
Sickness absence by gender (women / men)	4.3 / 2.5 %	4.2 / 2.4 %	6.7 / 2.0 %	5.4 / 3.2 %	3.	n/a
Number of personal injuries	1	0	2	1	8.	8.8

Comments on performance in 2021

KLP offers secure and predictable working conditions, with a high degree of co-determination. We ensure that HSE-related matters are safeguarded in our day-to-day operations and annually perform internal controls and system audits of HSE procedures and Working Environment Committee meetings. We evaluate the working environment and involve employees in efforts to make it even better. We have procedures to ensure that HSE non-conformances are reported to and followed up by the correct entity and have implemented initiatives to provide managers and employees with additional support and inspiration during the pandemic. This includes, for example, advisory groups for managers, breaktime exercise sessions and peer support. We have also involved the Working Environment Committee, employee representatives and the health and safety service in our pandemic risk assessment efforts and in our infection-prevention measures and post-pandemic response.

Preventing sickness absence is important for KLP. We aim to maintain a stable, low rate of sickness absence, averaging below 4 per cent per year. We strive to establish good procedures to follow up employees on sick leave and provide a tailored work situation and seek clarification in the event of long-term sickness absence or where an employee is frequently off sick over a period of several years. We offer counselling with a psychologist and health checks for at-risk employees. Pregnant employees have the opportunity to tailor their attendance through their pregnancy in consultation with the company midwife, and we have taken steps to encourage more physical activity.

In 2021, the total sickness absence rate came to 3.3 per cent, which is significantly lower than previous years and well below our target of under 4 per cent. Long-term sickness absence came to 2.2 per cent and has remained relatively stable over the past four years. The low rate of sickness absence in 2021 is due to a slight decrease in long-term sickness absence. Short-term sickness absence rose slightly from 0.9 per cent in 2020 to 1.1 per cent in 2021 but remains below the percentage for 2019 and earlier years.

It is natural to assume that the Covid-19 pandemic has impacted the sickness absence rate. Increased flexibility when working from home and strict infection-prevention measures upon return to the office in the autumn helped to reduce instances of other illnesses, such as colds and influenza, and could have helped reduce the level of short-term sickness absence. We have also focused on how we ensure a good working environment for KLP employees who are working from home.

The risk assessment of the pandemic situation shows no material risk, and the conclusion is that KLP has worked actively on a broad range of measures during the period. KLP has carried out good information campaigns and implemented effective tracing activities. KLP has also implemented measures to facilitate a good working environment, including changes to workplaces as necessary, physical activity campaigns in conjunction with the health and safety service, and the offer of psychological counselling and webinars for managers and employees.

Internal controls HSE

KLP annually performs an internal survey among leaders related to HSE. This survey is one of the activities that help our organisation to work systematically in the HSE area. Aspects covered in the internal control process include the follow-up of and facilitation for employees on sick leave, health issues relating to the pandemic, overtime rules and their follow-up, the staff survey and resulting implementation of activities, the reporting of censurable conditions, involuntary part-time working, the prevention of substance abuse, and any non-conformances. The internal control report is discussed by the Working Environment Committee, and the results further followed up by the HR Department. Follow-up varies according to the specific issues reported as non-conformances. One personal injury in the company was reported and dealt with. No material non-conformances were reported for 2021.

Whistleblowing

KLP *Rules for whistleblowing* have been drawn up in consultation with the employees' elected representatives, approved by the Group's board of directors and those of its subsidiaries, and made available to employees on the company's intranet. The procedure encourages employees to report censurable conditions in the workplace and describes both the internal and external channels that may be used to do so. Emphasis is placed on the prohibition on reprisals, so that the whistleblower can feel secure and protected. The procedure also contains a description of the company's administrative process when a protected disclosure has been received. KLP has established a Whistleblower Protection Ombudsman and a Whistleblower Council, who are responsible for advising employees wishing to make a protected disclosure and for handling the disclosures received. It is possible to report matters anonymously.

Human and labour rights in investments

Human and labour rights are important for KLP in its role as a responsible investor. This is stated in the overarching guidelines applicable to the business, including the [*Guidelines for KLP as a Responsible Investor*](#) and [*KLP's Expectations as an Investor*](#). In addition, sustainability risk is mentioned in several internal governing documents, including the *Asset Management Strategy*, *Guidelines for Investment Risk* and *Guidelines for Risk Management and Internal Control*. A review of all board-approved guidelines was performed in 2021 to ensure sound integration of sustainability risk.

Read more about our work with due diligence assessments and risk relating to securities investments in the chapter [Engaged and responsible owner](#).

Human and labour rights in procurement

KLP's sustainable procurement efforts are grounded in our [*KLP's Principles for responsible supplier conduct*](#), which is published on klp.no. These principles are communicated to all regular and material suppliers and are incorporated into larger contracts.

The principles require suppliers to demonstrate sustainable and socially responsible behaviour, including compliance with fundamental human and labour rights. They also oblige suppliers to collaborate and share information in connection with direct follow-up from us as their customer.

We prioritise our efforts on the basis of the risk that our principles may be breached and our level of influence over the supplier. An assessment is made for each individual procurement, strategically within procurement categories and in connection with the follow-up of supplier groups known to pose a risk. One example of our work in this area concerns property-related procurements. Every year, we select two suppliers who we audit together with one of our alliance partners. The audit documents the status of the supplier's procedures in important areas, such as legal and regulatory compliance with respect to HSE, employment conditions, competence, corporate responsibility, quality assurance and environmental matters.

Another example concerns procurement relating to claims settlement, where we have chosen to channel damage repair and replacement purchases primarily to suppliers with whom we have pre-existing agreements, and whose compliance with defined ESG targets we can measure. We believe that when we deal with regular suppliers, we get to know them better, which helps to reduce the risk of human and labour rights abuses.

With respect to IT, operational supplies, and other service areas in 2021, we have endeavoured to establish better tools and procedures to highlight sustainability as an established and real criterion for procurement decisions, in line with price, quality and other aspects. For example, we have established an ESG reporting system for those offering and supplying goods and services, which is intended to provide purchasers with a measurable indicator for ESG in the procurement area.

The effort to make procurement sustainable is still under development. The aim of the changes is to obtain accurate assessments, ensure that ESG actual affects our procurement decisions and verify that our supplier follow-up leads to change. This work includes securing and improving due diligence assessments and the availability of documentation pursuant to the Transparency Act.

Human and labour rights at business partners

Tenants in the property portfolio

KLP Eiendom has always performed discretionary due diligence assessments of future customers in order to fulfil our aims and requirements with respect to corporate responsibility. These due diligence assessments have not been systematised or put down in writing. With respect to human and labour rights, attention has so far been focused on our processes for the procurement of goods and services, typically in connection with the remodelling of property for letting, and not on the actual tenancy. Historically, we have no knowledge of human rights abuses

or failure to provide decent working conditions on the part of our tenants. In 2022, we will systematise our endeavours with regard to due diligence assessments and how we deal with potential norm violations and adverse impacts.

Our property lease contracts currently contain no specific provisions with respect to human and labour rights. This is something we will work on in 2022. Today's leases regulate liabilities and rights relating to the office premises and the physical activities that take place therein. The tenancy is also regulated by a number of laws and provisions that are not explicitly mentioned in the leases. As a rule, the tenant is liable for ensuring that the premises meet requirements and are approved for the purpose for which they have been leased and pursuant to applicable regulations at the location, such as building area per employee, emergency exits, ventilation and temperature. As an employer, they will also be bound by provisions such as holiday entitlement and overtime working. Both parties are, furthermore, bound by a number of laws and provisions regulating the activity in which they are engaged, both inside and outside the premises.

Non-life reinsurance

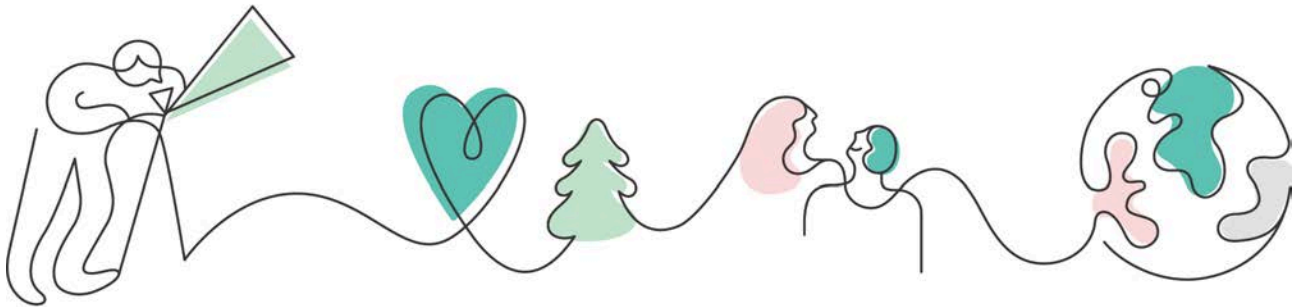
Due diligence assessments are currently maintained as part of day-to-day operations. How we should address sustainability risk is laid down in both the *Guidelines for Insurance Risk* and the *Guidelines for Risk Management*.

For numerous reasons, including human and labour rights, KLP Skadeforsikring is prudent with respect to the companies it uses as reinsurer. As recently as in 2021, KLP Skadeforsikring refrained from using certain reinsurance companies because we did not know their policies on human and labour rights.

Most of the company's reinsurers originate from and are headquartered in Europe, but there are also some that have non-European owners. The country in which the company is registered, and the identity of its owners, are examples of factors we always consider, also with regard to stable legislation, respect for human rights and decent working conditions.

All reinsurers with which we have a business relationship are internationally rated. As an element in the rating, importance is also attached to ESG-related matters. We have not made explicit demands with respect to the companies' policies in this area, but note that several of our reinsurers, which are among the world's largest in the field, emphasise sustainability and human rights as key criteria in their work. We are not aware of that any of our reinsurers have breached key human rights or failed to provide decent working conditions. We have no knowledge of whether our reinsurers themselves insure companies responsible for such abuses, but note that several of them have pledged to support the UN's Sustainable Development Goals.

During the first half-year, we will continue working to draw up clearer formal requirements for reinsurance within this area, and request documentation on the matter when we hold follow-up meetings with reinsurers.



Anti-corruption and financial crime

KLP has zero tolerance for financial crime

We have several governing documents whose purpose is to establish adequate and effective procedures with which to manage the operational risk posed by financial crime in our operations. Among the most important are *Guidelines for Measures to Combat Money Laundering and the Financing of Terrorism*, *Code of Conduct*, [*Guidelines for KLP as a Responsible Investor*](#), and *Corporate Responsibility Strategy*.

The governing documents set out the principles, procedures and standards we use to integrate measures to combat financial crime, including anti-corruption measures, into our business strategies, day-to-day operations and relationships with our stakeholders. The governing documents have been communicated to and are accessible by all employees. As part of the continuing improvement and development of our efforts in this area, we work systematically and holistically with risk assessments and risk-reducing measures, including an appropriate anti-corruption programme.

The most material risks relating to corruption and bribery relate to our public sector investments and customers. Corruption and other types of financial crime are important topics that we follow up with companies as a responsible investor. In Norway, several recent corruption cases have involved public sector entities, which constitute a large proportion of our customer base. Background checks, inspections and dialogue are tools that reduce the risk of breaching our principle of zero tolerance.

We have established tailored e-Learning modules on anti-corruption and measures to counter money laundering and the financing of terrorism. These training modules are compulsory for all employees. The relevant governing documents, combined with tailored training relating to them

and in the area of financial crime, raise employees' awareness and competence in this area. As a result, our employees are well equipped to handle issues relating to financial crime in their day-to-day work.

We participate in committees established by the industry association Finance Norway for the purpose of strengthening endeavours to prevent and uncover financial crime. We provide financial support to the financial crime prevention organisation Norsk Økrimforening (NØF), which focuses particularly on collaboration between its members and on interdisciplinary competence development.

Transparency about investments

As the pensions provider for Norway's municipalities and healthcare sector, KLP is transparent about how we invest the pension assets we manage. We are invested in over 8,000 companies and projects worldwide, across a variety of business sectors and regions, and in government bonds issued by different countries. You can read more here:

- Note 15 KLP's investments in [Shares and equity fund units](#), in Norway and abroad and by sector.
- [KLP's investments in shares and bonds, by sector and region](#)
- [KLP's investments in government bonds, by country](#)

Responsible business operations

KLP seeks to operate in a responsible manner that ensures our customers the pension and services they are entitled to. It is important for us that our owners and their employees are satisfied, and we are therefore open about complaints we receive.

Responsible business operations

	2021	2020	2019	2018	UN SDGs	Targets
Fees and fines issued by authorities due to non-compliance with laws and regulations	0	0	-	-	16.	16.6
Concerns received via external whistleblowing channel	0	0	-	-	16.	n/a
Complaints related to pension received via KLP's contact points	991	1018	-	-	8. 10.	n/a
Cases processed by the National Insurance Court (no. / no. where customer's complaint upheld)	37 / 3	45 / 0	-	-	8. 10.	n/a
Complaints related to banking, non-life insurance and fund services received via KLP's contact points (no. / no. where customer's complaint upheld)	155 / 55	187 / 35	-	-	8.	n/a
Cases processed by the Norwegian Financial Services Complaints Board (no. / no. where customer's complaint upheld)	94 / 16	36 / 6	-	-	8.	n/a

Comments on performance in 2021

In 2021, there was a decrease in the number of complaints relating to both pension matters and to banking, non-life insurance and fund services. KLP received 991 complaints relating to pension matters, with 37 cases being heard by the National Insurance Court. The court found in favour of KLP in 34 of these cases, implying that KLP was found to have a legal right to demand repayment of pensions, though the amount was reduced in the court's ruling.

KLP Banken received 30 customer complaints, 16 of which were upheld. At the start of 2021, KLP Banken undertook a project to lower the threshold for received complaints to be reported in the improvement system. For example, the refusal of an application for a home loan due to the Mortgage Regulations is now reported as a complaint. The lowering of the threshold for what is reported may explain the substantial increase in the number of complaints from 2020 to 2021. Two complaints about the bank were heard by the Norwegian Financial Services Complaints Board, which found in favour of KLP in both cases.

KLP Kapitalforvaltning received 26 customer complaints, 16 of which were upheld.

KLP Skadeforsikring received 99 complaints, 23 of which were upheld. In addition, 92 cases were heard by the Norwegian Financial Services Complaints Board, which found in favour of KLP in 76 cases.

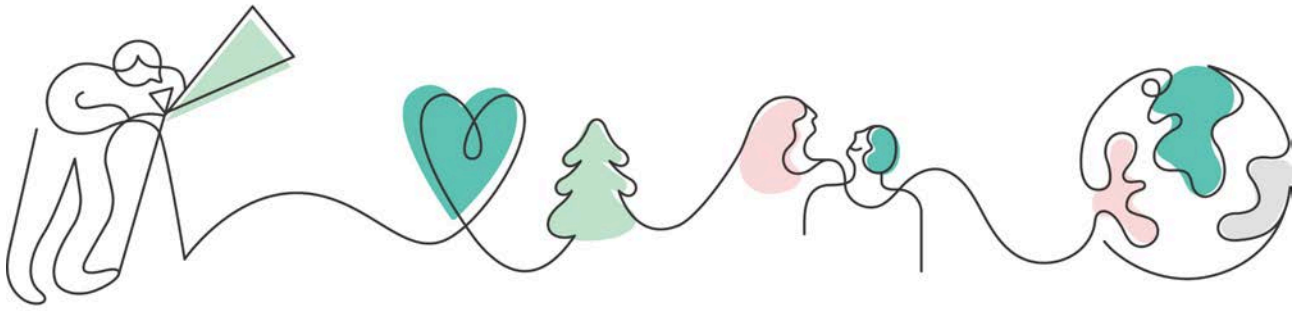
In February 2022, the Norwegian Competition Authority carried out an unannounced inspection at KLP's head offices in Oslo. The visit concerned Kommunal Landspensjonskasse gjensidig forsikringsselskap, and the background was a request from the Norwegian Competition Authority to investigate whether KLP has complied with the competition rules. The process is still ongoing at the time of publication of the annual report for 2022. KLP cooperates well and closely with the agency, and provides full insight into the agency's need for information.

Tax and income in different countries

A responsible business is open about its tax practices. For this reason, we report on tax-related matters in countries where we operate on a country-by-country basis.

Tax and income in different countries

	2021	2020	2019	2018	UN SDGs	Targets
Norway						
Employees	1 022	997	985	973	16.	16.4, 16.6
New investments in real property (NOK million)	-24	2 406	1 989	983	16.	16.4, 16.6
Income (NOK million)	125 577	75 625	105 705	46 805	16.	16.4, 16.6
Accounting income before tax (NOK million)	1 027	1 657	2 477	1 719	16.	16.4, 16.6
Actual income tax payable for the financial year (NOK million)	1 106	0	0	0	16.	16.4, 16.6
Sweden						
Employees	9	11	10	8	16.	16.4, 16.6
New investments in real property (NOK million)	2 746	78	15	7	16.	16.4, 16.6
Income (NOK million)	339	404	450	437	16.	16.4, 16.6
Accounting income before tax (NOK million)	1 008	38	290	883	16.	16.4, 16.6
Actual income tax payable for the financial year (NOK million)	24	30	11	0	16.	16.4, 16.6
Denmark						
Employees	17	13	12	9	16.	16.4, 16.6
New investments in real property (NOK million)	1 287	682	3 617	1 115	16.	16.4, 16.6
Income (NOK million)	458	442	313	255	16.	16.4, 16.6
Accounting income before tax (NOK million)	762	245	321	250	16.	16.4, 16.6
Actual income tax payable for the financial year (NOK million)	27	31	20	2	16.	16.4, 16.6
Rest of Europe						
Employees	0	0	0	0	16.	16.4, 16.6
New investments in real property (NOK million)	13	0	308	0	16.	16.4, 16.6
Income (NOK million)	43	36	166	263	16.	16.4, 16.6
Accounting income before tax (NOK million)	80	-451	105	-12	16.	16.4, 16.6
Actual income tax payable for the financial year (NOK million)	0	0	0	0	16.	16.4, 16.6



UN Sustainable Development Goals which KLP contributes to

Goal 1, *No poverty*

- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Goal 3, *Good health and well-being*

- Target 3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate

Goal 5, *Gender equality*

- Target 5.1: End all forms of discrimination against all women and girls everywhere
- Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
- Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

Goal 6, *Clean water and sanitation for all*

- Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

Goal 7, *Affordable and clean energy*

- Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy

services

- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix
- Target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Goal 8, *Decent work and economic growth*

- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial service
- Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Goal 9, *Industry, innovation and infrastructure*

- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- Target 9.a: Facilitate sustainable and resilient infrastructure development in developing

countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

Goal 10, *Reduced inequalities*

- Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Goal 11, *Sustainable cities and communities*

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
- Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Goal 12, *Responsible consumption and production*

- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

Goal 13: *Climate action*

Goal 14, *Life below water*

Goal 15, *Life on land*

- Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

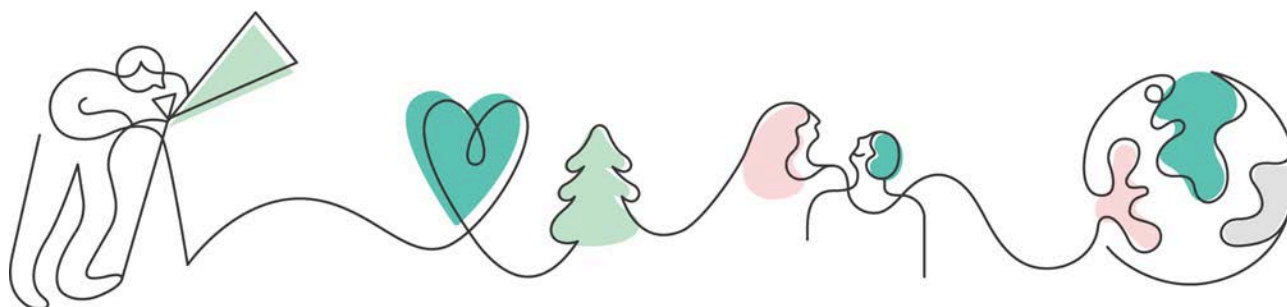
Goal 16, *Peace, justice and strong institutions*

- Target 16.2: End abuse, exploitation, trafficking and all forms of violence against and torture of children

- Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- Target 16.5: Substantially reduce corruption and bribery in all their forms
- Target 16.6: Develop effective, accountable and transparent institutions at all levels

Goal 17, *Partnership for the goals*

- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources



Notes and definitions

Engaged and responsible owner

Number of unique companies shows the number of unique companies with which KLP has communicated directly during the year on ESG-related matters and as part of various investor alliances. KLP may engage in several dialogues with a company on a variety of topics during the year. KLP's follow-up varies in scope, topic and time horizon. This is a form of active ownership, in which KLP engages in a dialogue with companies to clarify how they deal with corporate responsibility challenges and to communicate *KLP's expectations as an investor*.

General meetings of shareholders. KLP makes use of ISS's services to vote at general meetings in the companies in which we invest. At general meetings of Norwegian companies (domiciled or listed in Norway), KLP votes manually through ISS. At general meetings of non-Norwegian companies, KLP votes by proxy through ISS.

Number of exclusions shows the total number of companies excluded from investment by KLP at the close of the year, due to violation of the exclusion criteria set out in the *Guidelines for KLP as a Responsible Investor*.

Percentage of index excluded shows the percentage of the reference index that KLP does not invest in due to exclusions, measured by the companies' market value.

Number of companies re-included refers to companies whose exclusion has been rescinded during the year.

Climate, environment and nature

KLP's climate goals

Paris Alignment Percentage (PAP) shows the percentage of KLP's investments whose emissions are compatible with the world achieving the 1.5C target and reaching net zero emission by 2050. KLP divides its investments into four categories to calculate its PAP, and uses specific assessment methods for each category. For further details, see [here](#).

Zero-emission investments are investments in companies and projects with zero or practically zero emissions. The PAP for all these investments is 100 per cent.

High-emission sectors are investments in sectors that are deemed to constitute high-emission sectors and where there are science-based reference pathways that can be used to link emissions from a company to the global emission pathway. KLP uses reference pathways from PACTA (*Paris Agreement Capital Transition Assessment*) and CRREM (*Carbon Real Risk Estate Monitor*). The sectors currently diverged are cement, steel, oil and gas, electricity generation, aircraft manufacturing, vehicle manufacturing and real property. Coal is not included because KLP has divested from coal. KLP assesses each company's carbon intensity or production mix in relation to the requirements in the reference pathway, and then calculates a weighted average PAP for the sector.

Other investments are investments for which there are no recognised reference pathways. Where there is no available reference pathway, KLP uses changes in carbon intensity and a temperature score. KLP assesses each company to determine whether it meets the requirements for change in carbon intensity and/or temperature score, and then calculates a weighted average PAP for the sector.

Investments without data are investments about which KLP lacks the necessary climate data to work out a PAP. In such cases the PAP is assumed to be 0 per cent.

For a more detailed description of the methodology, see [The Road to Paris – KLP's roadmap to net zero emissions](#)

Due to delays in the reporting of climate data by companies to data suppliers, there is a lag in the figures. The PAP reported by KLP as of 31 December 2021 is therefore calculated on the basis of financial data as at 31 December 2021 and climate data as of 31 December 2020. The climate goal focuses on companies developing in the right way over time, and since this delay is consistent, the figures will show a correct trend.

Percentage of the portfolio shows each category's percentage of the total portfolio to which the climate goal applies, measured by market value.

Climate-friendly investments

It is the market value of the investments, in NOK million, that is disclosed. New investments are net new investments through the year.

The percentage is calculated as the investments' percentage of KLP's collective portfolio.

To maintain consistency with respect to the definitions KLP uses in our climate goals, we have revised the definition of climate-friendly investments. KLP divides climate-friendly investments into *zero-emission investments* and *transitional investments*. Where practical and appropriate, historic figures have been restated in respect of the new definition. However, the figures are, in principle, not comparable with previously reported figures.

Zero-emission investments

Zero-emission investments are investments whose operations produce zero or almost zero emissions.

Renewable energy in Norway are investments in shares and bonds in Norwegian electricity generating companies and power grid operators. The electricity generating companies are classified as those operating hydro, wind or biofuel power plants. The figures also include loans to companies and projects in Norway within the power sector. This has not previously been the case. The figure is therefore not directly comparable with previous years.

Renewable energy abroad are investments in renewable energy projects outside of Norway. This includes both equity investments and project financing. The investments are made either through external fund managers specialising in energy or through other partners. This year, the figure also includes companies that derive more than 95 per cent of their revenues from the production of renewable energy.

Renewable energy in developing countries are investments in new renewable energy projects. The investments are made partly as direct investments in partnership with Norfund, partly as fund investments through the fund manager Climate Investor One. The investments are part of KLP's impact investments, which is one of the tools in the *Guidelines for KLP as a Responsible Investor*. The objective is to obtain a financial return and benefit society. The investments are based on commercial risk and return assessments, but also attach importance to their impact on social and environmental parameters.

Sustainable forestry are investments in funds that invest in FSC-certified forest land in Sweden, Finland and the Baltic states.

Zero-emission ferries are loans to Fjord1 for electric ferries.

Transitional investments

These are investments that contribute to a reduction in emissions and the development of new technologies, or that help sectors that would find it hard to reach zero emissions to reduce their emissions and become more sustainable.

Green buildings. It is the market value of green buildings in KLP's property portfolio and the total square metreage that are reported. Green buildings are defined as buildings rated as Energy Class A. This is in accordance with the proposed requirements in the EU Taxonomy. Previously, the definition has also included buildings that are BREEAM-certified to a minimum rating of 'very good', that produce their own energy through solar panels, or that have won a Norwegian building award in which the environment was an important performance indicator. The updated definition is therefore stricter and includes fewer buildings. The figures from previous years have not been restated in accordance with the new definition and are therefore not directly comparable.

Green loans are loans to municipalities, county municipalities and entities owned by municipalities. The loan must have a clearly positive impact on the climate and environment, and must meet specific criteria, depending on the nature of the project. The project categories are water and sewage services, waste management, transport, and building construction and renovation. The criteria are based on the *Green Bond Principles*, *Climate Bond Initiative Taxonomy* and *Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting*. The criteria are revised as and when required.

Green bonds are bonds classified as green and having third-party verification. This does not include bonds that are already included in KLP's investments in renewable energy in Norway, see above.

Infrastructure includes investments in funds for sustainable infrastructure in Europe.

Fossil energy covers KLP's investments in companies classified as oil and gas companies, including those engaged in exploration, extraction, and refining. Transport and oil service companies are not included.

KLP's property portfolio

Greenhouse gas emissions from KLP's property portfolio are calculated by a third-party consultant. The buildings KLP manages itself form the basis of the calculation. The emissions are converted into tonnes of CO₂-equivalents in accordance with the standard from *The Greenhouse Gas Protocol Initiative*. The greenhouse gas emissions encompass energy consumption, waste, and other management of the properties. Greenhouse gas emissions from KLP's property portfolio are included in Scope 3 of KLP's overall greenhouse gas emissions.

Renewable energy production in KLP's property portfolio is the amount of kWh of renewable energy produced on-site at KLP's property. Production is primarily from solar panels.

Energy consumption is the average 12-month, climate-adjusted specific energy consumption in buildings managed by KLP itself. These are properties that KLP owns, has responsibility for operating and maintaining, and where it is in a position to implement and measure the impact of environmental initiatives. KLP has such buildings in Oslo, Trondheim, Copenhagen, and Stockholm. All of these have energy surveillance systems, where energy and water consumption are registered and monitored. In most of the buildings, tenants' energy consumption is also included, so that we have an overview of the total energy consumption for the buildings. Buildings' energy consumption is temperature adjusted to allow the effect of energy saving initiatives to be measured.

In the first quarter 2021, KLP started using a new energy and environment follow-up system for properties in its portfolio. This has taken some time to implement. Due to a lack of data from some properties, the reporting does not include the energy consumption from all buildings. Obtaining data from tenants has been a particular challenge, since they must now give their consent before KLP can collect this data. When data from all buildings is included in the new system, we will have a better basis for reporting than before. In connection with the incorporation of the buildings into the new system, some adjustments have been made in the energy consumption of certain buildings. For this reason, the energy consumption for the property portfolio in 2020 has been updated with the latest available data.

KLP has a large portfolio of buildings, which evolves over time. Some buildings may also change patterns of use for shorter or longer periods of time, in connection with a change in tenants, for example.

It may occasionally be impossible to obtain correct figures for a variety of reasons, such as faulty meters or overdue reporting of figures from our subcontractors. This is taken into account in that the report includes only those buildings that KLP manages itself and that have comparable operating conditions 12 months back in time from the reporting date. Although this means that the buildings on which KLP reports vary slightly from year to year, our assessment is nevertheless that this will identify the correct trends in the company's property base.

Waste volume in KLP's property portfolio covers buildings that KLP manages itself but does not include all the buildings in its property portfolio. Since waste is not weighed upon collection in all buildings, e.g., in Stockholm, it is not possible to obtain waste data for all buildings. In 2021, the figure includes waste from 47 buildings, compared with 51 buildings in 2020.

Rate of sorting at source shows the percentage of waste that is sorted at source. The materials from sorted waste can be recycled to a greater extent and therefore have a less negative environmental impact than waste that is not sorted and that is either disposed of in landfills or incinerated for energy recovery.

Water consumption shows the actual amount of water, in millions of litres, consumed in buildings managed by KLP itself.

Climate risk

The investments' climate profile

KLP reports on four recommended carbon measurement indicators, in accordance with the TCFD recommendation. Different sources vary in their definition of the indicators, and even within the EU's regulations, the definitions differ. We apply the following principles when calculating the investments' climate profile:

1. The climate indicators include both listed shares and bonds. KLP has previously included only investments in shares.
2. To calculate carbon intensity, carbon footprint and carbon emissions, we use enterprise value, which includes a company's market capitalisation and liabilities.
3. The climate indicators are calculated for scopes 1 and 2 together, and for scopes 1, 2 and 3 together.
4. Pursuant to the TCFD definition, the calculations are performed in US dollars (USD).

KLP obtains data on emissions, revenues, and market capitalisation from our data supplier, and we perform the calculations in-house. Due to delays in the reporting of climate data by companies to data suppliers, there is a lag in the figures. The emissions reported by KLP as of 31 December 2021 are therefore calculated on the basis of financial data as of 31 December 2021 and climate data as of 31 December 2020. Since this delay is consistent, the figures will show a correct trend over time.

Corresponding calculations have also been performed on a weighted index, to represent how the figures might have looked if the funds had been invested in a broad market index.

Data is not available for all investments. KLP therefore calculates a coverage rate for the indicators, in other words, the percentage of listed shares and bonds for which there is the data required to calculate the indicators. The coverage rate for the various indicators is shown in the table below:

Indicator	Coverage rate
Weighted average carbon intensity	65,4 %
Carbon intensity	56,6 %
Carbon footprint	56,6 %
Greenhouse gas emissions	56,6 %

Weighted average carbon intensity

Weighted average carbon intensity shows the investments' exposure to carbon-intensive companies. The indicator is calculated as tonnes of CO₂-equivalents per USD million in company revenues, weighted for the company's share of the portfolio.

Greenhouse gas emissions

The emissions reported are those that KLP owns. KLP-owned emissions are calculated on the basis of the company's total emissions and KLP's ownership interest in the company and its enterprise value. The portfolio's total investments in the company divided by the company's total enterprise value (market capitalisation and liabilities) are used to calculate the ownership interest.

Carbon intensity

Carbon intensity shows the carbon efficiency of the investments. The indicator is calculated as tonnes of KLP-owned CO₂-equivalents per owned USD million in company revenues. In other words, the volume of emissions owned by the portfolio in relation to the revenues owned by the portfolio. The portfolio's total investments in the company divided by the company's total enterprise value (market capitalisation and liabilities) are used to calculate the ownership interest.

Carbon footprint

Carbon footprint shows the volume of emissions owned in relation to the portfolio's size. In other words, the portfolio's carbon footprint, account taken of its size. The indicator is calculated as tonnes of owned CO₂-equivalents divided by the portfolio's market capitalisation. The portfolio's total investments in the company divided by the company's total enterprise value (market capitalisation and liabilities) are used to calculate the ownership interest.

KLP's own operations

Greenhouse gas emissions from KLP's own operations are calculated by a third-party consultant. The emissions are converted into tonnes of CO₂-equivalents (CO₂ e) in line with *The Greenhouse Gas Protocol Initiative's* standard. The greenhouse gas emissions encompass use of diesel-powered vehicles (Scope 1), energy consumption (Scope 2) and air travel, business travel by car and waste from KLP's own offices (Scope 3). When calculating greenhouse gas emissions relating to air travel, a distinction is made between short, medium and long-haul flights, and cabin class. Radiative forcing (RF) is also included in the calculation.

Number of flights is based on figures provided by our travel agency, and it is the number of legs that is reported. A leg means an individual distance.

Due to the pandemic, many journeys were cancelled or not undertaken. This has been adjusted for, and the figure shows the actual number of legs flown.

Energy consumption is a material source of greenhouse gas emissions for KLP. The energy consumption at KLP's own offices is not temperature adjusted but shows actual consumption. KLP's own offices are defined as the office premises in which the KLP Group's employees work. In previous years, we have included only KLP's offices in Norway. This year, however, we include offices used by KLP Eiendom in Stockholm and Copenhagen. The energy consumption data is obtained from our energy monitoring system.

Volume of waste from KLP's own offices includes offices in Oslo, Bergen and Trondheim. The waste scales at KLP's offices in Oslo were out of commission for large parts of 2021, and the volume is therefore based on the recorded amount of waste from certain months in 2021.

Rate of sorting at source shows the percentage of waste that is sorted at source. The materials from sorted waste can be recycled to a greater extent and therefore have a smaller negative impact on the environment than waste that is not sorted and that is either disposed of in landfills or incinerated for energy recovery.

Percentage of environmentally certified suppliers. The reported figure shows the percentage of KLP's purchases from major Norwegian suppliers that have either Eco-Lighthouse or ISO 14001 certification. Some suppliers may be certified in accordance with several standards. However, they are included only once in the figures. Companies are defined as major suppliers if KLP purchases goods and/or services worth more than NOK 1 million from them in the course of the financial year.

The list of certified companies is sourced primarily from a third-party supplier. In some cases where data has been lacking, information about certification has been obtained manually, e.g., from the supplier's website.

The reporting covers third-party suppliers that provide goods and services directly to KLP's financial operations. Suppliers from within the Group, suppliers relating to the settlement of insurance claims and agents for foreign companies are not included.

In 2021, KLP had 108 suppliers with sales worth more than NOK 1 million, 62 of which were environmentally certified. This corresponds to 57.5 per cent of major suppliers. Purchases from the environmentally certified suppliers accounted for 83.9 per cent of all purchases from companies defined as major suppliers.

Innovation and social development

Lending

Lending for roads and transport covers, for example, loans for road and infrastructure projects and the procurement of means of transport.

Lending for publicly owned real property covers, for example, loans for school buildings, town halls and other municipally owned buildings.

Lending to the public sector and associated entities covers the funding of various types of investments in municipalities, country municipalities and entities owned by municipalities, such as preschool nurseries, care homes for the elderly or schools.

Lending to water and sewage services, and waste management covers loans to various projects relating to the water supply, sewage and waste management.

The figures for lending in 2020 are different from those published in KLP's 2020 Annual Report. This is because the published figures for lending for roads and transport, publicly owned real property and to the public sector and associated entities had not been updated with the latest adjustments and are therefore incorrect.

Seed capital investments

Seed capital investments are investments in seed funds relating to research institutions in Norway. The reported figure is the market value of the investments made. At the close of 2021, KLP had invested in 13 different seed funds.

New renewable energy capacity

The projects included are KLP's investments specifically in the construction of new renewable energy capacity. This includes direct investments in project and companies, investments in funds and loans to projects.

Number of completed projects and installed capacity

The number of completed projects, and their overall installed capacity, is accumulated since the investments began. The figures show the projects as a whole; KLP's percentage interest is not taken into account.

Number of inhabitants whose electricity requirements are met by the new capacity

The renewable energy projects in which KLP has invested produce electricity corresponding to the needs of this number of residents in the countries where the power plants operate. The calculation is based on the average capacity of the respective technologies, provided by the Intergovernmental Panel on Climate Change (IPCC), and the average per capita power consumption in the countries concerned according to the World Bank's statistical database. The figures for Rwanda are based on data from worlddata.org and the CIA Factbook.

CO₂ emissions avoided as a result of the new capacity

The theoretically avoided emissions if the same amount of electricity had been produced by the country's average electricity production. The figures derive from the International Energy Agency (IEA). For Rwanda, the figures are based on the government's self-report data under the UN Framework Convention on Climate Change, checked against the African Carbon Forum. This provides a conservative estimate of the CO₂ emissions avoided.

Banking and finance in developing countries

Investments in banking and finance in developing countries

Investments in banking and finance in developing countries are KLP's investments in the Nordic Microfinance Initiative (NMI) and Nor Finance. NorFinance is an investment company that KLP owns in partnership with Norfund. The investments are made as part of KLP's impact investment portfolio, which is one of the tools set out in the *Guidelines for KLP as a Responsible Investor*. The purpose is to achieve both a financial return and benefits society.

Borrowers in developing countries

Borrowers in developing countries covers the number of active borrowers from the microfinance institutions in which the Nordic Microfinance Initiative (NMI) has invested. The number includes all the microfinance institutions as a whole. The NMI's shareholding in the individual microfinance institution has not been taken into account. Of the 9.1 million borrowers, 95 per cent are women and 76 per cent live in rural areas.

Increasing knowledge of pensions

Media articles/reports on pensions quoting a spokesperson from KLP is based on a media analysis performed by Retriever. The figure shows the number of media articles/reports on topics relating to pensions and life insurance, which mention KLP and where a spokesperson from KLP is quoted.

Personal guidance on pension-related matters covers guidance that KLP has given our customers' employers and employees on a variety of pensions-related matters. The guidance is given both in person and online.

"Worth Knowing" courses on pension-related matters are courses that KLP holds at our customers' premises. KLP holds these courses every second year, with a "refresher course" in between. The course topics cover employees' pension rights, reporting to KLP, training in KLP's online solutions, and what will happen to public sector pensions in the future. The courses are an important element in KLP's efforts to boost our customers' knowledge about pensions. The figure reported shows the number enrolled on the courses, but the number of actual participants may deviate from this figure. Since the courses have been held online, it has been difficult to document whether all those enrolled have actually participated, and whether more people have taken part together.

Health promotion and damage prevention

Damage-prevention activities

Damage-prevention activities are those where KLP Skadeforsikring provides training in fire safety and fire prevention. Previously, a large number of participants from a variety of different municipalities attended the same course. However, based on experience gained during the pandemic, these courses have become smaller, with fewer participants all from the same municipality. Many courses have been held in a meeting format.

KLP Skadeforsikring has collaborated with the Norwegian Association of Fire Officers on the design and execution of the courses. In addition, KLP Skadeforsikring works with KLP's HSE training departments, and the courses may also contain training on matters such as HSE risk assessment. The courses have a preventive effect.

Courses and projects to promote health in the workplace

The three-year "projects to promote health in the workplace" scheme is part of KLP's working environment network, from which municipalities, county municipalities and healthcare entities, can seek financial and professional support for specific projects relating to the working environment. The number of projects reported is the number ongoing through the year concerned, not merely the number ongoing as of 31 December 2021.

KLP also holds courses relating to the promotion of health in the workplace at our customers' premises. These courses cover a variety of topics, such as the prevention of personal injuries, as well as violence and threats in the workplace. They are held as large-scale webinars with many participants and as meetings and courses for the individual customer.

Human and labour rights

KLP's employees

All the figures reported relate to the KLP Group's permanent workforce in Norway, Sweden, and Denmark, unless otherwise specified.

Number of employees are permanent employees of the KLP Group in Norway, Sweden, and Denmark, including employees on welfare leave and those who work part-time.

Part-time employees are permanent employees who work less than 100 per cent.

Temporary employees are employees on temporary contract who are paid by KLP. This figure does not include staff supplied by employment agencies.

Age distribution among employees is based on the permanent workforce.

Staff turnover is the number of people who have left the KLP Group. Employees who switch jobs within the KLP Group are not included.

Total salary paid to employees is the total amount of salary recognised in expenses, less fees paid to third parties. Benefits-in-kind are not included. The salary information relates only to permanent employees in Norway and is therefore calculated on the basis of fewer employees than the number given under the item *Number of employees*.

Average salary by gender is calculated on the contractually determined salary for a 100 per cent position, not adjusted for the percentage of part-time working. Women's average salary is lower than men's average salary because there is a higher percentage of men in high paid jobs. With respect to salaries, KLP does not differentiate between men and women in similar positions.

Equality and diversity

KLP defines managers at three different levels. Level 1 is Group Management, including the CEO. Level 2 are managers reporting directly to an EVP (member of Group Management). Level 3 are managers who report to Level 2 managers.

Employees in the highest-paid positions are permanent employees who are not managers and salaried outside the standard pay scale.

Other employees are permanent employees salaried in accordance with a standard pay scale, who are not managers or employees in the highest-paid positions.

Gender balance at various management levels and among all employees is based on the permanent workforce.

Women's salary as a percentage of men's is defined in the same way as for the average salary per gender. It is calculated on the basis of the contractually determined salary for a 100 per cent position, not adjusted for the percentage of part-time working. Women's average salary is lower than men's average salary because there is a higher percentage of men in high paid jobs. With respect to salaries, KLP does not differentiate between men and women in similar positions.

CEO's salary as a percentage of median salary in the Group. The CEO's salary is a contractually determined fixed salary, not including benefits-in-kind. The median salary is defined as the median salary for permanent employees of the Group in Norway, including Level 1 management.

Gender balance for absence to care of sick children is calculated on the basis of "sick child leave" days taken by permanent employees, broken down by gender.

Gender balance for parental leave taken is calculated on the basis of the total amount of parental leave taken by permanent employees, broken down by gender.

Percentage of part-time employees shows the percentage of the total number of permanently employed women and men working part-time on a voluntary basis.

Average retirement age is calculated as the average age at retirement under the AFP or state pension scheme for permanent employees.

Health, safety, and environment (HSE)

Sickness absence is self-certified or medically certified sickness absence among permanent employees. *Short-term sickness absence* is defined as absence of 1–3 days. *Long-term sickness absence* is defined as absence of 4 days or more.

Sickness absence gender balance is calculated on the basis of the total sickness absence among permanent employees.

Personal injuries cover self-reported personal injuries and injuries reported as actual and potential work-related injuries to KLP's non-life insurance company. This does not include injuries incurred during employees' leisure time.

Anti-corruption and financial crime

Responsible business operations

Fees and fines issued by the authorities

This indicator shows the amount paid as a result of fees and fines issued by the authorities as a result of non-compliance with laws and regulations. This includes penalties issued by the Financial Supervisory Authority of Norway, the Norwegian Data Protection Authority, the Norwegian Labour Inspection Authority and the Norwegian Competition Authority, fixed penalty notices issued by the public prosecuting service and fines handed down by courts of law. In 2021, KLP received no such penalties or fines.

Concerns received via the external whistleblowing channel

KLP has an external whistleblowing channel through which censurable conditions may be reported anonymously. The number reported is the actual number of protected disclosures received via this channel. KLP received no such disclosures in 2021.

Complaints received via KLP's contact points

The majority of complaints are received via our own contact points, such as the contact form on klp.no, by email or phone, or in conversations with a customer service operative in the various parts of the KLP Group. The number of complaints reported is the number reported to the Financial Supervisory Authority of Norway and deemed to constitute real complaints.

For KLP Skadeforsikring, KLP Banken and KLP Kapitalforvaltning, we also present the number of customer complaints that were upheld in whole or in part after KLP had re-evaluated the case. For pensions-related complaints to KLP, it has not been possible to obtain similar figures due to limitations in the system. The number of pensions-related complaints includes both initial complaints and appeals. If a customer disagrees with the outcome of a complaints case, they can appeal. This appeal is processed and adjudicated by a legal affairs department. One complaints case may therefore be registered twice if it has been appealed.

Cases heard by the National Insurance Court

This indicator shows the number of cases processed by the National Insurance Court in 2021 and the number of cases in which the customer's complaint was upheld in whole or in part. It takes 8–10 months for the National Insurance Court to adjudicate a case, so the figure includes cases that were submitted to the court in 2020 and 2021.

Cases heard by the Norwegian Financial Services Complaints Board

If one of our customers has complained to KLP and is dissatisfied with the response or with our follow-up, they may submit the matter to the Norwegian Financial Services Complaints Board for adjudication. The indicator shows the number of cases with KLP Banken, KLP Kapitalforvaltning or KLP Skadeforsikring as the defendant that were processed by the Norwegian Financial Services Complaints Board during the year, and the number of cases in which the customer's complaint was upheld in whole or in part.

Tax and revenues in different countries

KLP reports tax and revenues by country for those operations over which KLP has a controlling influence. This means that tax and revenues from investments in non-Norwegian securities are reported in the country breakdown as Norwegian, unless KLP has a controlling influence over the investment such that a group relationship is established. The amount includes KLP's withholding tax in fund investments. In practice, KLP's business activities abroad relate to property investments.

Number of employees is the number of permanent employees in the country concerned, including employees who are on welfare leave and who work part-time.

New property investments are net new investments for the year, not the total balance.

Revenues are the total net revenues for the year, as stated in the financial statements.

Profit/loss before tax is the profit/loss before tax, as stated in the income statement.

Actual tax payable for the financial year. Tax here means corporation tax. Indirect taxes and other levies are not included in the reported figures. Paid income tax in 2021 concerns the years 2018 to 2020.



To the Board of Directors in Kommunal Landspensjonskasse Gjensidige Forsikringsselskap

Report on Kommunal Landspensjonskasse Gjensidige Forsikringsselskap's sustainability reporting

We have undertaken a limited assurance engagement of Kommunal Landspensjonskasse Gjensidige Forsikringsselskap's (KLP) sustainability reporting per 1 January – 31 December 2021.

KLP's sustainability reporting comprises key performance indicators for sustainability that KLP measure and control. Key performance indicators for sustainability are available and included in KLP's annual report 2021, specifically in the chapter Sustainability Accounts. KLP has prepared the key performance indicators and explained the basis for their preparation in the notes to the tables containing the key performance indicators (criteria). We have examined the basis for the measurements and checked the calculations of the measurements.

Tasks and responsibilities of management

Management is responsible for KLP's sustainability reporting and that the key performance indicators are prepared according to the definitions included in the notes and text in the Sustainability Accounts. Their responsibility includes developing, implementing and maintaining internal controls that ensure the reporting of the key performance indicators for sustainability.

Our independence and quality control

We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

The Auditors responsibilities

Our responsibility is to express a limited assurance conclusion on KLP's sustainability reporting based on the procedures we have performed and the evidence we have obtained. We have performed our work and will issue our statement in accordance with the Standard on Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information".

Our work involves performing procedures to obtain evidence that KLP's key performance indicators are prepared according to the criteria for reporting and measurements that are explained in the notes accompanying the tables containing the key performance indicators. The procedures selected depend on our judgement, including assessments of the risks that the sustainability reporting as a whole is free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the subject matter. Therefore, we design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the subject matter.

Our controls include meetings with representatives from KLP that are responsible for the key areas covered by the sustainability reporting, including asset management, property management, banking,



HR, compliance, and corporate responsibility to evaluate internal controls and procedures related to reporting key performance indicators for sustainability; collecting and reviewing relevant information that supports the presentation of key performance indicators; evaluating the completeness and accuracy of the key performance indicators; and controlling the calculations of key performance indicators based on an assessment of the risk that the key performance indicators contain information that is incorrect.

In our opinion, sufficient evidence has been obtained and we consider that our work provides an appropriate basis to form our conclusion.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that

KLP's sustainability reporting contains material misstatements;

KLP's key performance indicators for sustainability are not developed, measured and reported, in all material aspects, in accordance with the definitions and explanations presented in the notes accompanying the tables containing key performance indicators for sustainability.

Oslo, 18 March 2022

PricewaterhouseCoopers AS

Eli Moe-Helgesen
State authorized public accountant (Norway)

(This translation from Norwegian has been made for information purposes only)

Appendix: Reporting on equality and diversity by KLP's subsidiaries

KLP Banken

Employees KLP Banken

	2021
Employees KLP Banken	77
Part-time employees	6.5 %
Temporary employees	6
Gender balance for temporary employees (women / men)	50 / 50 %
Staff turnover	4.1 %
Total salary paid to employees (NOK thousand)	N/A
Average salary – women (NOK thousand)	682
Average salary – men (NOK thousand)	830
Age distribution among employees (percentage under 30 / 30–50 / over 50)	18 / 42 / 40 %

Equality and diversity KLP Banken

	2021
Gender balance among employees (women / men)	52 / 48 %
Gender balance at management level 1 (women / men)	N/A
Gender balance at management level 2 (women / men)	50 / 50 %
Gender balance at management level 3 (women / men)	50 / 50 %
Gender balance at all management levels (women / men)	46 / 54 %
Gender balance in the highest paid positions (non-management positions outside the standard pay scale)	17 / 83 %
Gender balance in the board of directors (women / men)	43 / 57 %
Women's salaries as a percentage of men's (total KLP Banken)	82 %
Women's salaries as a percentage of men's at management level 1	N/A
Women's salaries as a percentage of men's at management level 2	87 %
Women's salaries as a percentage of men's at management level 3	99 %
Women's salaries as a percentage of men's in the highest paid positions (non-management positions outside the standard pay scale)	104 %
Women's salaries as a percentage of men's in all other positions (excl. all managers and the highest paid positions)	93 %
Gender balance for absence to care of sick children (women / men),	63 / 37 %
Gender balance for parental leave taken (women / men)	100 / 0 %
Percentage of female employees working part-time	3 %
Percentage of male employees working part-time	3 %
Average age of retirement under the AFP and state pension schemes (years)	N/A

HSE KLP Banken

	2021
Total sickness absence	0.8 %
Long-term sickness absence	3.0 %
Short-term sickness absence	3.8 %
Sickness absence by gender (women / men)	4.1 / 3.5 %
Number of personal injuries	0

KLP Eiendom

Employees KLP Eiendom

	2021
Employees KLP Eiendom	164
Part-time employees	1.8 %
Temporary employees	2
Gender balance for temporary employees (women / men)	50 / 50 %
Staff turnover	7.5 %
Total salary paid to employees (NOK thousand)	N/A
Average salary – women (NOK thousand)	745
Average salary – men (NOK thousand)	814
Age distribution among employees (percentage under 30 / 30–50 / over 50)	3 / 52 / 45 %

Equality and diversity KLP Eiendom

	2021
Gender balance among employees (women / men)	31 / 69 %
Gender balance at management level 1 (women / men)	N/A
Gender balance at management level 2 (women / men)	33 / 67 %
Gender balance at management level 3 (women / men)	10 / 90 %
Gender balance at all management levels (women / men)	18 / 82 %
Gender balance in the highest paid positions (non-management positions outside the standard pay scale)	17 / 83 %
Gender balance in the board of directors (women / men)	33 / 67 %
Women's salaries as a percentage of men's (total KLP Eiendom)	91 %
Women's salaries as a percentage of men's at management level 1	N/A
Women's salaries as a percentage of men's at management level 2	91 %
Women's salaries as a percentage of men's at management level 3	79 %
Women's salaries as a percentage of men's in the highest paid positions (non-management positions outside the standard pay scale)	106 %
Women's salaries as a percentage of men's in all other positions (excl. all managers and the highest paid positions)	107 %
Gender balance for absence to care of sick children (women / men),	39 / 61 %
Gender balance for parental leave taken (women / men)	77 / 23 %
Percentage of female employees working part-time	2 %
Percentage of male employees working part-time	2 %
Average age of retirement under the AFP and state pension schemes (years)	N/A

HSE KLP Eiendom

		2021
Total sickness absence		1.1 %
Long-term sickness absence		1.5 %
Short-term sickness absence		2.6 %
Sickness absence by gender (women / men)		2.1 / 2.9 %
Number of personal injuries		1

KLP Kapitalforvaltning

Employees KLP Kapitalforvaltning

	2021
Employees KLP Kapitalforvaltning	70
Part-time employees	0 %
Temporary employees	0
Gender balance for temporary employees (women / men)	-
Staff turnover	8.7%
Total salary paid to employees (NOK thousand)	N/A
Average salary – women incl. performance pay (NOK thousand)	996
Average salary – men incl. performance pay (NOK thousand)	1 616
Age distribution among employees (percentage under 30 / 30–50 / over 50)	6 / 58 / 36 %

Equality and diversity KLP Kapitalforvaltning

	2021
Gender balance among employees (women / men)	31 / 69 %
Gender balance at management level 1 (women / men)	N/A
Gender balance at management level 2 and 3 (women / men)	36 / 64 %
Gender balance at all management levels (women / men)	33 / 67 %
Gender balance in the highest paid positions (non-management positions outside the standard pay scale)	N/A
Gender balance in the board of directors (women / men)	50 / 50 %
Women's salaries as a percentage of men's incl. performance pay (total KLP Kapitalforvaltning)	62 %
Women's salaries as a percentage of men's incl. performance pay at management level 1	N/A
Women's salaries as a percentage of men's incl. performance pay at management level 2 and 3	N/A
Women's salaries as a percentage of men's incl. performance pay in the highest paid positions (non-management positions outside the standard pay scale)	N/A
Women's salaries as a percentage of men's incl. performance pay in all other positions (excl. all managers and the highest paid positions)	96 %
Gender balance for absence to care of sick children (women / men),	56 / 44 %
Gender balance for parental leave taken (women / men)	85 / 15 %
Percentage of female employees working part-time	0 %
Percentage of male employees working part-time	0 %
Average age of retirement under the AFP and state pension schemes (years)	N/A

HSE KLP Kapitalforvaltning

	2021
Total sickness absence	0.5 %
Long-term sickness absence	0.3 %
Short-term sickness absence	0.7 %
Sickness absence by gender (women / men)	0.7 / 0.7 %
Number of personal injuries	0

KLP Skadeforsikring

Employees KLP Skadeforsikring

	2021
Employees KLP Skadeforsikring	147
Part-time employees	6.8 %
Temporary employees	4
Gender balance for temporary employees (women / men)	75 / 25 %
Staff turnover	15.6 %
Total salary paid to employees (NOK thousand)	N/A
Average salary – women (NOK thousand)	679
Average salary – men (NOK thousand)	858
Age distribution among employees (percentage under 30 / 30–50 / over 50)	5 / 58 / 37 %

Equality and diversity KLP Skadeforsikring

	2021
Gender balance among employees (women / men)	51 / 49 %
Gender balance at management level 1 (women / men)	N/A
Gender balance at management level 2 (women / men)	20 / 80 %
Gender balance at management level 3 (women / men)	43 / 57 %
Gender balance at all management levels (women / men)	35 / 65 %
Gender balance in the highest paid positions (non-management positions outside the standard pay scale)	25 / 75 %
Gender balance in the board of directors (women / men)	57 / 43 %
Women's salaries as a percentage of men's (total KLP Skadeforsikring)	79 %
Women's salaries as a percentage of men's at management level 1	N/A
Women's salaries as a percentage of men's at management level 2	95 %
Women's salaries as a percentage of men's at management level 3	92 %
Women's salaries as a percentage of men's in the highest paid positions (non-management positions outside the standard pay scale)	94 %
Women's salaries as a percentage of men's in all other positions (excl. all managers and the highest paid positions)	90 %
Gender balance for absence to care of sick children (women / men),	19 / 81 %
Gender balance for parental leave taken (women / men)	76 / 24 %
Percentage of female employees working part-time	12 %
Percentage of male employees working part-time	1 %
Average age of retirement under the AFP and state pension schemes (years)	N/A

HSE KLP Skadeforsikring

	2021
Total sickness absence	1.6 %
Long-term sickness absence	3.2 %
Short-term sickness absence	4.8 %
Sickness absence by gender (women / men)	7.1 / 2.6 %
Number of personal injuries	0

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Kommunal Landspensjonskasse gjensidig forsikringsselskap

& , ES	NOK MILLIONS	2021	2020
	Premiums due, gross	50 161	34 252
	Transfer of premium reserve and pension capital etc. from other insurance companies/ pension funds	0	2 850
19	, Atal BD7?;um ;@5Ane 8A AI n 355AG@F	50 161	37 102
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	6 736	6 009
	Interest income and dividends etc on financial assets	12 587	11 224
	Value changes on investments	17 896	1 240
	Gains and losses realized on investments	12 550	5 698
4	, Atal net ;@5Ane 8DA ;@Hstments ;n the 5A??A n BADF8AA	49 770	24 170
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	25	25
	Interest income and dividends etc on financial assets	50	42
	Value changes on investments	74	-152
	Gains and losses realized on investments	33	158
4	, Atal net ;@5Ane 8DA ;@Hstments ;n the ;@Hstment ABFA n BADF8AA	181	74
33	' ther ;@EGD@57related ;@5A7	1 274	1 192
	Claims paid, gross	-22 092	-20 704
	Transfer of premium reserve and pension capital etc. to other insurance companies /pension funds	-8 346	-7 656
19	, Atal 5>3?E	-30 438	-28 360
	Change in premium reserve etc., gross	-28 731	3 288
	Change in supplementary reserves	-5 329	-7 719
	Change in securities adjustment fund	-22 259	623
	Changes in premium funds, defined contribution funds, and pension regulation funds etc.	-3 120	-23 841
19	, Atal changes ;n ;@EGDnce >34;>Fps F3=en FABD&t/>As - 5A@F&ctual >34;>F7E	-59 440	-27 649
	Changes in pension capital etc.	-71	586
	Changes in premium funds, defined contribution funds and pension regulation funds etc.	-14	-70
	Change in other provisions	-91	-30
19	, Atal changes ;n ;@EGDnce >34;>Fps F3=en FABD&t/>As R ;@GH&ual ;@Hstment ABFA@ BADF8AA	-177	487
	Surplus on returns result	-8 826	-4 111
	Risk result assigned to insurance contracts	-589	0

NOTES	NOK MILLIONS	2021	2020
19	Total funds assigned to insurance contracts - contractual liabilities	-9 415	-4 111
	Administration costs	-219	-213
24	Sales costs	-143	-141
	Insurance-related administration costs (incl. commission for reinsurance received)	-1 010	-818
	Total insurance-related operating expenses	-1 372	-1 172
33	Other insurance-related costs	-1 286	-1 206
19	Technical result	-742	526
	Income from investments in subsidiaries, associated enterprises and jointly controlled entities	699	783
	Interest income and dividends etc. on financial assets	778	745
17	Net operating income from property	40	85
	Value changes on investments	-186	325
	Gains and losses realized on investments	-39	-482
4	Total net income from investments in the corporate portfolio	1 292	1 457
	Other income	10	18
	Administration costs	-17	-16
	Other expenses	-255	-696
	Total administration costs and other costs associated with the corporate portfolio	-272	-712
	Non-technical profit/loss	1 030	762
	Income before tax	288	1 289
26	Tax	125	-204
	Income before other income and expenses	413	1 085
25	Actuarial gains and losses on defined benefits pension schemes	48	-49
	Proportion of other comprehensive income on application of the equity method	36	-39
	Adjustment of the insurance liabilities	-16	12
26	Tax on other income and expenses that will not be reclassified to profit and loss	-12	12
	Total other income and expenses that will not be reclassified to profit and loss	56	-63
	TOTAL COMPREHENSIVE INCOME	469	1 021
	ALLOCATIONS AND TRANSFERS		
	Transferred to owners' equity contribution	-811	-611
	Transferred to/from the risk equalization fund	1 034	136
	Transferred to other retained earnings	-692	-546
	Total allocations and transfers	-469	-1 021

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Kommunal Landspensjonskasse gjensidig forsikringselskap

&' , ES		NOK MILLIONS	31.12.2021	31.12.2020
A++ET+ IN THE CORPORA, E PORTF'S!'				
18	' ther ;@F3@3le 3EE7FE		727	602
INVESTMENTS IN THE CORPORATE PORTFOLIO				
6,17	Investment BDAB7DFE		1 004	1 017
14	Shares and holdings in property subsidiaries		3 507	3 380
14	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities		5 177	4 910
14	, Atal EG4E;6;3Des, 3EE5;3F767@F7DBses 3@6A;ntly 5A@FDA767@FE7E		8 684	8 290
5,11	Investments held to maturity		6 735	7 149
5,11	Loans and receivables		12 722	11 863
5,11	, Atal 8@3@5d assets HB>G76at 3?A DR;76 5AEF		19 456	19 012
5,6,15	Shares and units		8	7
5,6,11	Fixed income securities		10 280	10 226
5,6,11	Loans and receivables		1 287	1 700
5,6,11	Financial derivatives		646	884
5,6	, Atal 8@3@5d assets HB>G76at 83;Dv3>G7		12 221	12 816
	, Atal ;@Hstments ;n the 5ADBADate BADF8AA		41 366	41 136
	Receivables related to direct business		905	1 731
30	Intra-Group receivables		384	81
	Other receivables		118	109
	, Atal D757HB4>7E		1 407	1 922
	Plant and equipment		41	47
11	Bank deposits		755	659
35	Right-of-use assets		973	1 081
	Contingent assets		0	3
	, Atal Ather 3EE7FE		1 769	1 791
	, Atal assets ;n the 5ADBADate BADF8AA		45 268	45 450
ASSETS !& , E CUSTOMER PORTF'S!'+				
INVESTMENTS IN THE COMMON PORTFOLIO				
14	Shares and holdings in property subsidiaries		70 206	61 742
14	Shares and holdings in other subsidiaries, associated enterprises and jointly controlled entities		4 958	4 254
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities		12 524	13 263
	, Atal EG4E;6;3Des, 3EE5;3F767@F7DBses 3@6A;ntly 5A@FDA767@FE7E		87 689	79 259
5,11	Investments held to maturity		19 185	21 763
5,11	Loans and receivables		240 422	227 050
5,11	, Atal 8@3@5d assets HB>G76at 3?A DR;76 5AEF		259 608	248 813

NOTES	NOK MILLIONS	31.12.2021	31.12.2020
5,6,15	Shares and units	187 679	129 128
5,6,11	Fixed income securities	109 357	118 119
5,6,11	Loans and receivables	12 393	20 977
5,6,11	Financial derivatives	1 862	5 943
5,6	Other financial assets	695	2 543
5,6	Total financial assets valued at fair value	311 984	276 710
	Total investments in the common portfolio	659 281	604 782
	INVESTMENTS IN THE INVESTMENT OPTION PORTFOLIO		
14	Shares and holdings in property subsidiaries	256	223
	Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities	63	66
	Total subsidiaries, associated enterprises and jointly controlled entities	319	290
5,11	Investments held to maturity	41	50
5,11	Loans and receivables	713	671
5,11	Total financial assets valued at amortized cost	753	720
5,6,15	Shares and units	749	588
5,6,11	Fixed income securities	298	337
5,6,11	Loans and receivables	74	93
5,6,11	Financial derivatives	6	16
5,6	Total financial assets valued at fair value	1 126	1 034
	Total investments in the investment option portfolio	2 199	2 044
	Total assets in the customer portfolios	661 480	606 826
	TOTALT ASSETS	706 748	652 277

NOTES	NOK MILLIONS	31.12.2021	31.12.2020
OWNERS' EQUITY AND LIABILITIES			
	Other owners' equity contributed	19 831	18 194
	Total owners' equity contributed	19 831	18 194
	Risk equalization fund	4 370	5 404
	Other retained earnings	16 476	15 784
	Total retained earnings	20 847	21 188
21	Other subordinated loan capital	3 000	3 135
20,21	Hybrid Tier 1 securities	1 604	1 764
5,21	Total subordinated loan capital etc.	4 604	4 898
	Premium reserve etc.	484 728	456 055
	Supplementary reserves	48 626	43 325
16	Securities adjustment fund	77 397	55 137
	Premium funds, defined contribution funds, pension regulation funds etc.	40 769	38 124
19	Total insurance liabilities - contractual liabilities	651 520	592 642
	Pension capital etc.	1 549	1 478
	Supplementary reserves	186	135
	Premium funds, defined contribution funds, pension regulation funds etc.	499	464
19	Total insurance liabilities - special investment portfolio	2 234	2 077
25	Pension obligations etc.	553	594
26	Current tax liabilities	259	1 155
26	Deferred tax liabilities	444	614
	Total provision for liabilities	1 257	2 363
	Liabilities related to direct insurance	699	576
5,6	Liabilities to credit institutions	1 651	5 859
5,6,12	Financial derivatives	2 014	327
35	Lease liabilities	1 012	1 099
31	Other liabilities	898	2 743
	Total liabilities	6 273	10 605
	Other accrued costs and pre-paid income	182	309
	Total accrued costs and pre-paid income	182	309
	TOTAL EQUITY AND LIABILITIES	706 748	652 277
OFF-BALANCE-SHEET ITEMS			
34	Contingent liabilities	26 074	26 011

Oslo, March 18, 2022

The Board of Kommunal Landspensjonskasse gjensidige forsikringselskap

EGIL JOHANSEN
Chair

JENNY FØLLING
Deputy Chair

EGIL MATSEN

CECILIE DAAE

ODD HALDGEIR LARSEN

ØIVIND BREVIK

VIBEKE HELDAL
Elected by and from the employees

ERLING BENDIKSEN
Elected by and from the employees

Changes in Owners' equity

Kommunal Landspensjonskasse gjensidig forsikringsselskap

2021 NOK MILLIONS	Owners' equity 5A@F76	* 7F3@76 73D@9E	, Atal AI @7DES 7CGFK	
		*;E k eCG3;L3FA@ 8G@6	' ther D7F3@76 73D@9E	
' I n 8G@61 January 2021	18 194	5 404	15 784	39 382
Income before other income and expenses	811	-1 034	636	413
Actuarial gains and losses on defined benefits pension schemes			48	48
Proportion of other comprehensive income on application of the equity method			36	36
Adjustment of the insurance liabilities			-16	-16
Tax on other income and expenses that will not be reclassified to profit or loss			-12	-12
, Atal Ather ;@5Ane 3@67JBenses that I ;ll @A 47 D75>3EB76 FABD@; Ar >AEE			56	56
, Atal 5A2B D7:7@E7;@5A7	811	-1 034	692	469
Owners equity contribution recieved	826			826
, Atal FB@E35Pns I ;th AI @7DE	826			826
' I n 8G@631 December 2021	19 831	4 370	16 476	40 678

2020 NOK MILLIONS	Owners' equity 5A@F76	* 7F3@76 73D@9E	, Atal AI @7DES 7CGFK	
		*;E k eCG3;L3FA@ 8G@6	' ther D7F3@76 73D@9E	
' I n 8G@61 January 2020	16 540	5 540	15 238	37 318
Income before other income and expenses	611	-136	609	1 085
Actuarial gains and losses on defined benefits pension schemes			-49	-49
Proportion of other comprehensive income on application of the equity method			-39	-39
Adjustment of the insurance liabilities			12	12
Tax on other income and expenses that will not be reclassified to profit or loss			12	12
, Atal Ather ;@5Ane 3@67JBenses that I ;ll @A 47 D75>3EB76 FABD@; Ar >AEE			-63	-63
, Atal 5A2B D7:7@E7;@5A7	611	-136	546	1 021
Owners equity contribution recieved	1 043			1 043
, Atal FB@E35Pns I ;th AI @7DE	1 043			1 043
' I n 8G@631 December 2020	18 194	5 404	15 784	39 382

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Kommunal Landspensjonskasse gjensidig forsikringselskap

NOK MILLIONS	2021	2020
CASH FL/ + FROM OPERA, IONAL AC, !I, IES		
Direct insurance premiums received	41 202	30 258
Direct insurance claims and benefits paid	-21 656	-20 276
Payments received on transfer	0	2 850
Payments made on transfer	-8 287	-7 593
Payments to other suppliers for products and services	-1 299	-1 227
Payments to staff, pension schemes, employer's social security contribution etc.	-681	-613
Interest paid	-205	-534
Interest received	8 627	9 289
Dividend and group contribution received	6 681	3 089
Tax and public charges paid	-963	-39
Receipts to the property business	53	23
Net receipts/payments of loans to customers etc.	-556	-4 798
Receipts on the sale of shares	21 705	50 381
Payments on the purchase of shares	-53 971	-34 942
Net cash flow from receivables on subsidiaries	750	750
Receipts on the sale of bonds and certificates	68 298	52 198
Payments on the purchase of bonds and certificates	-68 444	-70 894
Net cash flow from purchase/sale of other short-term securities	8 399	-5 039
&et cash 8>A s 8DA AB7DBFng 35FHf7E	-346	2 885
CASH FL/ + FROM INVES, MENT AC, !I, IES		
Receipts on the sale of tangible fixed assets etc.	6	0
Payments on the purchase of tangible fixed assets etc.	-281	-324
&et cash 8>A s 8DA ;@Hstment 35FHf7E	-275	-324
CASH FL/ + FROM FINANCING AC, !I, IES		
Payments on repayments of subordinated loan capital	0	-3 737
Receipts of owners' equity contributions	1 101	1 285
Payments on repayment of owners' equity contributions	-275	-241
Payments lease liabilities	-110	-108
&et cash 8>A s 8DA 8;@3@5ng 35FHf7E	716	-2 802
&et changes ;n cash 3@643@=67BAE;FE	95	-241
Holdings of cash and bank deposits at start of period	659	900
A>6ngs Af cash 3@643@=67BAE;ts at 7@6Af B7DA6	755	659

Notes

Note 1 **General information**

Kommunal Landspensjonskasse gjensidige forsikringsselskap (the Company) provides pension and insurance services to municipalities and county administrations, health enterprises in the public sector.

The largest product area is group pensions insurance. Within pension insurance, the Company offers local government occupational pensions.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. The Company has its head office in Dronning Eufemias gate 10, Oslo.

The Company has subordinated loans listed on the London Stock Exchange. The annual report for Kommunal Landspensjonskasse gjensidig forsikringsselskap is available at klp.no. The Company's annual report for 2021 were adopted by the Companys' Board of Directors on the 18th of March 2022.

Note 2 **Summary of the most important accounting principles**

For a description of accounting principles, with the exception of matters mentioned below, see note 2 for the Group.

2.1 FUNDAMENTAL PRINCIPLES

The annual financial statements are presented in accordance with Regulation No. 1824 of 18 December 2015: "Regulations for annual accounts for insurance companies" (Annual Accounts Regulations). This means that the Company's annual financial statements have been prepared in accordance with international accounting standards (EU-approved IFRS/IAS) with those additions resulting from the Norwegian Annual Accounts Regulations.

The annual financial statements have been prepared based on the principle of historic cost, with the following exceptions:

- Investment properties valued at fair value through profit and loss
- Financial assets and liabilities (including derivatives) are value at fair value through profit and loss
- Ownership interest in subsidiaries and associated companies valued in accordance with the owners' equity method
- Financial assets and liabilities are valued in accordance with the rules on fair value hedging.

In preparing the annual financial statements management must make accounting estimates and discretionary evaluations. This will affect the value of the Company's assets and liabilities, income and expenses recognized in the financial statements. Actual figures may deviate from estimates used. Areas in which discretionary valuations and estimates of material significance for the Company have been shown are described in Note 3.

All sums are presented in NOK millions without decimals unless otherwise stated.

The financial statements have been prepared in accordance with the going concern assumption.

2.1.1 Changes in accounting principles and disclosures

a) New and changed standards adopted by the Company in 2021:

There are no IFRSs or IFRIC interpretations not yet in force that are expected to have a significant impact on the financial statements.

b) Standards, changes and interpretations of existing standards that have not come into effect and where the Company has not chosen advanced application.

There are changes to standards and interpretations that will have an effect on financial statements beginning after 1 January 2022 which have not been applied to these financial statements. Details of the most important of these that KLP has chosen not to apply early are provided below.

IAS 1 Presentation of Financial Statement

A limited change was made in IAS 1 Presentation of Financial Statements, specifying that debt must be classified as short-term or long-term debt based on the rights that exist at the end of the reporting period. The classification is unaffected by expectations for the entity or events after the balance sheet date (e.g. breach of borrowing terms). The changes also specify what IAS 1 means when it refers to the 'settlement' of a commitment. It also specifies that breach of borrowing terms once the period has ended must be taken into account, even though no measurement is performed at this time. The changes may affect the classification of debt, particularly for entities that previously considered management's intentions in determining the classification, as well as for certain debt items that can be converted to equity. The change must be applied retroactively in accordance with the main rule of IAS 8 Accounting Policies and will enter into force from 1 January 2023.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments entered into force on 1 January 2018; it covers the classification, measurement and recognition of financial assets and liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. Financial assets are classified into three categories:

- Amortised cost
- Fair value with value changes through profit or loss
- Fair value with value changes through other comprehensive income

The measurement category is decided on initial recognition. The classification depends on the business model used by the company/group to manage its financial instruments and the characteristics of the cash flows for the individual instruments. Companies/groups with insurance-dominated activities are granted two alternative temporary exemptions from the new requirements in IFRS 9 under provisions in *IFRS 4 Insurance Contracts*.

Based on the amended regulations to the Annual Accounting Regulations for life insurance companies of 20 December 2018, Norwegian life insurance companies were not allowed to implement the international accounting standard for financial instruments, IFRS 9. As a result, KLP uses IAS 39 for the recognition and rating of financial instruments as it was before it was amended on 01.01.2018.

In June 2020, changes to IFRS 4 on the extension of the temporary exemption to apply IFRS 9 were published. IFRS 9 will be introduced for all life insurance companies on 1 January 2023. The Company is working on a project to implement IFRS 9 Financial Instruments, and to see what effects the transition to new rules from 01.01.2023 will have.

IFRS 17 Insurance Contracts

The new accounting standard for insurance contracts, IFRS 17, was published by the IASB in 2017 and approved by the EU on 23 November 2021. The standard will replace the current standard for insurance contracts, IFRS 4, and will be mandatory from 01.01.2023. The definition of what constitutes an insurance contract has not changed, but there have been some clarifications that limit the qualifying contracts to be handled according to IFRS 17. Unlike IFRS 4, IFRS 17 also contains rules on how insurance contracts should be assessed and presented, as well as extensive new note requirements.

Under the main rules in IFRS 17, insurance contracts should be valued at the sum of:

a. The present value of the future cash flows of insurance contracts (probability-weighted and taking account of time value)

b. A risk adjustment for non-financial risk, and

c. Unearned profits (service margin).

For each period, the calculation of future cash flows (a) and the adjustment for non-financial risk (b) should be based on current estimates. This means estimates that reflect the conditions and expectations for the future at the measurement date. The present value is calculated using market-based discount rates.

The adjustment for non-financial risk should reflect the compensation required by the company for bearing the non-financial risk arising from the uncertain amount and timing of the cash flows. Non-financial risk means any risk associated with insurance contracts that is not financial risk, including insurance risk, the risk of the policy-holder cancelling the contract and the risk of unexpected increases in administrative costs for services associated with the contracts.

The profit element of the contracts is calculated at the time of establishment as unearned profit and is included as a component of the insurance obligation. This component is reduced as profits are recognised where the company has provided services under the insurance contracts. Any negative profit margin (loss) is applied to the profit figure immediately.

There are also simplified models (the premium allocation method) which can be used under certain conditions. The contracts in KLP does not fulfil these requirements , so this method will not be applied.

The standard requires insurance contracts with approximately equal risk managed collectively as a portfolio to be grouped according to whether they are profitable, unprofitable, or profitable with a risk of becoming unprofitable. There may be no more than 12 months difference in the issuance of the contracts included in a group. However, in the EU/EEA area, voluntary exemptions have been granted to allow the contracts to be grouped by year if certain conditions are met.

The standard requires retrospective application, but allows certain simplifications if full retrospective application is not practicable. There should be a high threshold for using the simplifications.

In April 2021, the Financial Supervisory Authority of Norway issued a consultation paper on IFRS adaptation of the annual accounts regulations. This states that it is not permissible to apply IFRS 17 in the company accounts for life insurance companies.

KLP is part of a group where the consolidated financial statements are prepared according to IFRS. This means that KLP has to apply IFRS 17 for consolidation purposes. The principles used in the company accounts therefore have to be aligned with the principles applied at the Group level for consolidation purposes.

The same consultation paper states that large insurers will be required to introduce IFRS 17 at the company level. KLP has a wholly-owned subsidiary, KLP Skadeforsikring AS, which is recognised within KLP according to the equity method. By way of input/response to the consultation, KLP has therefore asked for clarification as to whether life insurance companies that own large non-life insurance companies will have to account for these according to IFRS 4 or IFRS 17. Final rules for how to implement IFRS 17 on company accounts is not finally determined.

The company is part of the Group's implementation project for IFRS 17. The main product, public-sector occupational pensions (OfTP), is considered to fall within the standard and must be measured using the variable fee approach (VFA), and the contract limit is considered to be long. The contracts are also grouped into portfolios reflecting the current risk groups. KLP's mutual model raises some particular issues in the implementation of the standard. It is therefore not yet clear how the standard will affect the company's financial position if it is applied to the company accounts.

Gross/net accounting - remuneration paid to asset management companies

On 7 April 2021, the Financial Supervisory Authority of Norway sent an identical letter to all life insurance companies and pension funds concerning pension providers' treatment of remuneration paid to asset management companies and other managers of mutual funds. In the letter, the FSA states that the management fee paid by a fund to the management company and other managers must be taken into account when determining the price tariff and included in the pension provider's expenses (gross accounting).

This is not consistent with the KLP's practice and a change in the principles is expected to have a material consequence for the costs in KLP. However, it is unclear which delimitations apply to costs to be entered gross, so the consequence is not quantified.

There is an ongoing discussion in the industry around this issue, and Finance Norway and others believe, for example, that the FSA's letter rests on a misinterpretation, and are asking for an explanation of the consequences if the FSA's interpretation of the law is to be applied.

Otherwise there are no other IFRSs or IFRIC interpretations not yet in force that are expected to have a significant impact on the financial statements.

2.1.2 Changes in financial statements in comparison with previous periods

No changes have been made to the financial statements compared to previous periods.

2.2 RIGHT-OF-USE ASSETS/LEASE LIABILITIES

On entering into a contract, the Company assesses whether the contract constitutes a lease. A contract contains a lease if it transfers control over the use of an identified asset for a period in exchange for a consideration. At the date of implementation, the Company recognizes a right-of-use asset and a lease liability, and these are presented on separate lines in the accounts.

The lease liability is measured on initial recognition at the present value of lease payments not yet paid at the reporting date. The discount rate used is the Company/Group's marginal loan rate. Subsequent measurements measure the lease liability at amortized cost by the effective interest method. The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or if the Company changes its decision whether to exercise extension or termination options. When the lease liability is re-measured in this way, a corresponding adjustment is made to the recognized value of the right of use or is taken to profit/loss if the recognized value of the right of use is reduced to zero.

On initial recognition, the right of use is measured at acquisition cost, i.e. the lease liability (present value of the lease payments) plus advance lease payments and any direct acquisition costs. In subsequent periods, the right of use is measured using an acquisition model.

The interest costs related to the lease liability is shown under the account "Other expenses" in the financial statement.

2.3 SUBSIDIARIES

All entities in which the Company has deciding influence/control are considered subsidiaries. Deciding influence is normally achieved through ownership of more than half of the voting capital. The effect of potential voting rights that can be exercised or converted at the end of the reporting period is included in the assessment of control. Subsidiaries have been consolidated in accordance with the equity capital method. This means that the Company's share of profit or loss in subsidiaries is taken to profit/loss and is added to the financial position statement value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the financial position statement value of the investment becoming negative unless the Company has assumed liabilities on behalf of the subsidiary.

Purchase of subsidiaries is recognized in accordance with the purchase method. Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued and liabilities assumed on transfer of control. The identifiable assets

and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalized as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

The Company's financial statements are presented in NOK and those of subsidiaries in foreign currency are converted to NOK at the exchange rate at the end of the reporting period.

2.4 CONSOLIDATED FINANCIAL STATEMENTS

KLP reports the group financial statements in accordance with the international accounting standards IFRS/IAS. The consolidated financial statements are shown for themselves in a separate presentation and a full set of notes has been prepared for the Group including description of accounting principles used.

Note 3 **Important accounting estimates and valuations**

The Company prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations concerning probable future events considered on the basis of data available at the time of presentation of the financial statements.

It must be expected that the estimates will deviate from the final outcome and the areas where there is significant risk of substantial changes in capitalized values in future periods are discussed below.

3.1 INSURANCE CONTRACTS

The largest insurance risk for KLP is the risk of incorrect estimation of life expectancy. In determining the premium tariffs, KLP uses its own analyses of its policy-holders and analyses of the entire Norwegian population. Uncertainty over future life expectancy, which is based on estimates far ahead in time, provides a similar risk of a charge against equity capital because of the need for higher provisions, to cover payment over a longer period of time.

There will also be insurance risk linked to disability, but this risk is considerably lower. Uncertainty in calculating probabilities of disability may, as with increased longevity, result in decreased profit for owners, but here there is more scope for adjusting premiums, given that disability pensions have a shorter time horizon for the payments.

Insurance risks linked to mortality are considerably lower and must be seen in relation to insurance risks related to longevity. Increased mortality will result in a negative risk result for the risk of death, but will be counterbalanced by a positive risk result for longevity. The insurance benefits for spouse and child pensions, which make up the risk result for death, are also considerably lower than the benefits for old-age pensions (longevity risk).

In calculating technical provisions in the public sector group pension sector, assumptions on disability risk are based on KLP's disability data. For the other risk elements, including longevity risk, the assumptions from the K2013 calculation base are used with the contingency margins set by the FSA of N. For men, KLP uses its own life expectancy assumptions, which assume a stronger life expectancy improvement than K2013. Disability- and morality- risks are checked towards the tariffs every year to intercept changes in the risk picture.

In calculating technical provisions, provisions are made for claims incurred but not finally settled. The provisions are set using statistical models.

For sensitivity analysis regarding insurance contracts, see note 7 section 7.1.4.

We are currently in a special situation related to corona. At present, there is no excess mortality in the population as a result of the pandemic. If the pandemic should lead to lasting increased mortality, this will give higher risk results. At the same time, there are factors related to the pandemic situation that could affect withdrawals of disability pensions for the next few years, such as:

- Layoffs and recessions
- Home office (physically and mentally)
- Extra work in health enterprises
- Lack of capacity of health workers in general
- After-effects of disease

No extraordinary provisions have been made in the accounts regarding the pandemic but the development, especially regarding disability, is being closely monitored.

3.2 FAIR VALUE OF FINANCIAL ASSETS

The majority of the KLP's assets recognised at fair value through profit and loss are assets traded on an active market, so the market value can be determined with a high degree of confidence.

In the case of the Group's pricing of unlisted securities, there will be uncertainty in this regard. This is especially true of securities which are priced on the basis of non-observable assumptions. Different valuation techniques are used to determine the fair value of these investments. Unlisted fixed-income securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models. The pricing methods and accounting figures are discussed in more detail in notes 5 and 6.

3.2.1 LOSS ON FINANCIAL ASSETS

For financial assets that are not rated at fair value, an assessment is made on the balance sheet date whether objective indications exist as to whether a financial asset or a group of financial assets has declined in value. A certain degree of discretion is assigned to this assessment, as well as factors related to credit, market and liquidity risk.

For the company's portfolio of long-term bonds, including long-term bonds held to maturity, impairment is assessed on an individual basis each quarter. Impairment is calculated as the value of the originally expected cash flow and the new expected cash flow. There will be uncertainty attached to the calculation of a new expected cash flow. Following the outbreak of Covid19 and strong measures to limit the spread of the virus, the economic activity in the bond market has slowed down. No factors or events have been found that would indicate impairment due to a predominant risk of loss in the company's portfolio of long-term bonds.

3.3 SHARES AND HOLDINGS IN PROPERTY SUBSIDIARIES

The underlying values in shares and holdings in property subsidiaries are related to investments in property. See the Groups note 3 section 3.2 for more information of principles for valuation and sensitivity regarding property.

Note 4 Net income from financial instruments

2021 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	158	3 853	15	4 026
Profit/loss subsidiaries	541	2 516	10	3 066
Profit/loss associated enterprises and jointly controlled entities	0	367	0	367
Total income from investments in subsidiaries, associated enterprises and joint ventures	699	6 736	25	7 459
Interest banking	0	-3	0	-3
Interest financial derivatives	33	78	0	111
Interest bonds and other fixed-income securities	286	4 560	24	4 870
Total interest income financial instruments at fair value	319	4 636	24	4 978
Interest bonds amortized cost	459	5 891	25	6 375
Interest lending	0	1 185	0	1 185
Total interest income financial instruments at amortized cost	459	7 076	25	7 560
Dividend/interest shares and units	0	889	0	889
Other income and expenses	1	-14	1	-13
Total net interest income and dividend etc. on financial assets	778	12 587	50	13 415
Value adjustment property	0	0	0	0
Rental income property	40	0	0	40
Total net income from investment property	40	0	0	40
Value changes shares and units	-216	24 129	82	23 995
Value change bonds and other fixed-income securities	-31	-1 618	0	-1 649
Value change financial derivatives	-237	-4 408	-8	-4 654
Value change loans and receivables	7	-39	0	-32
Total value change financial instruments at fair value	-477	18 064	74	17 661
Value change lending	0	-168	0	-168
Total value change financial instruments at amortized cost	0	-168	0	-168
Value change on subordinated loans and hybrid funds	291	0	0	291
Total value changes on investments	-186	17 896	74	17 784

2021 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Realized shares and units	0	4 069	13	4 082
Realized bonds and other fixed-income securities	-10	696	5	691
Realized financial derivatives	222	7 237	17	7 477
Realized loans and receivables	16	26	-1	40
Total realized financial instruments at fair value	229	12 028	34	12 290
Realized bonds at amortized cost ¹	-264	520	-1	255
Realized loans at amortized cost ¹	0	0	0	0
Total realized financial instruments at amortized cost	-264	520	-1	255
Other financial costs and income	-3	2	0	-1
Total realized gains and losses on investments	-39	12 550	33	12 545
Total net income from investments	1 292	49 770	181	51 243

¹ Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

2020 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Write-up/-down shares and units	352	3 658	15	4 026
Profit/loss subsidiaries	431	2 500	10	2 940
Profit/loss associated enterprises and jointly controlled entities	0	-148	0	-148
Total income from investments in subsidiaries, associated enterprises and joint ventures	783	6 009	25	6 818
Interest banking	4	22	0	26
Interest financial derivatives	32	243	0	274
Interest bonds and other fixed-income securities	244	2 857	14	3 116
Total interest income financial instruments at fair value	280	3 122	14	3 416
Interest bonds amortized cost	462	5 899	27	6 388
Interest lending	0	1 654	0	1 654
Total interest income financial instruments at amortized cost	462	7 553	27	8 042
Dividend/interest shares and units	0	761	0	761
Other income and expenses	3	-213	1	-209
Total net interest income and dividend etc. on financial assets	745	11 224	42	12 010
Value adjustment property	44	0	0	44
Rental income property	41	0	0	41
Total net income from investment property	85	0	0	85
Value changes shares and units	-14	-2 218	-151	-2 383
Value change bonds and other fixed-income securities	45	224	0	269
Value change financial derivatives	134	2 766	0	2 900
Value change loans and receivables	16	18	-1	33
Total value change financial instruments at fair value	182	790	-152	820

2020 NOK MILLIONS	Corporate portfolio	Common portfolio	Investment option portfolio	Total
Value change lending	0	450	0	450
Total value change financial instruments at amortized cost	0	450	0	450
Value change on subordinated loans and hybrid funds	144	0	0	144
Total value changes on investments	325	1 240	-152	1 413
Realized shares and units	0	10 386	167	10 553
Realized bonds and other fixed-income securities	56	1 776	20	1 851
Realized financial derivatives	50	-6 040	-28	-6 018
Realized loans and receivables	-24	-139	-2	-165
Total realized financial instruments at fair value	82	5 982	157	6 221
Realized bonds at amortized cost ¹	365	-260	1	106
Realized loans at amortized cost ¹	0	0	0	0
Total realized financial instruments at amortized cost	365	-260	1	106
Other financial costs and income	-928	-25	0	-953
Total realized gains and losses on investments	-482	5 698	158	5 374
Total net income from investments	1 457	24 170	74	25 700

¹ Realized values on bonds at amortized cost come from realized added/reduced values on foreign exchange.

Note 5 Fair value of financial assets and liabilities

For information regarding pricing of financial assets and liabilities see note 6 Fair value of financial assets and liabilities in the consolidated financial statement.

31.12.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	488	558	3 454	3 789	2	2	3 944	4 350
Accrued not due interest	19	19	98	98	0	0	117	117
Foreign hold-to-maturity bonds	6 191	6 405	15 426	16 581	38	42	21 654	23 029
Accrued not due interest	37	37	208	208	1	1	246	246
Total investments held to maturity	6 735	7 019	19 185	20 677	41	45	25 961	27 741
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 830	4 879	49 370	50 187	212	216	54 412	55 282
Accrued not due interest	61	61	676	676	3	3	740	740
Foreign bonds	7 728	7 945	110 489	114 061	490	505	118 706	122 511
Accrued not due interest	103	103	1 716	1 716	8	8	1 826	1 826
Total bonds classified as loans and receivables	12 722	12 988	162 250	166 639	713	732	175 684	180 359
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	2 978	2 982	0	0	2 978	2 982
Lending with public sector guarantee	0	0	68 536	68 679	0	0	68 536	68 679
Loans abroad secured by mortgage and local government guarantee	0	0	6 389	6 389	0	0	6 389	6 389
Accrued not due interest	0	0	270	270	0	0	270	270
Total other loans and receivables	0	0	78 172	78 319	0	0	78 172	78 319
Total financial assets at amortized cost	19 456	20 007	259 608	265 636	753	776	279 817	286 420
ASSETS – AT FAIR VALUE								

31.12.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	8	8	9 571	9 571	0	0	9 579	9 579
Foreign shares	0	0	43 771	43 771	0	0	43 771	43 771
Total shares	8	8	53 342	53 342	0	0	53 350	53 350
Property funds	0	0	7 071	7 071	0	0	7 071	7 071
Norwegian equity funds	0	0	96 227	96 227	740	740	96 967	96 967
Foreign equity funds	0	0	29 154	29 154	0	0	29 154	29 154
Total equity fund units	0	0	132 453	132 453	740	740	133 193	133 193
Norwegian alternative investments	0	0	1 884	1 884	9	9	1 892	1 892
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 884	1 884	9	9	1 892	1 892
Total shares and units	8	8	187 679	187 679	749	749	188 435	188 435
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 101	6 101	28 982	28 982	0	0	35 083	35 083
Foreign bonds	691	691	17 913	17 913	0	0	18 604	18 604
Accrued not due interest	30	30	323	323	0	0	353	353
Norwegian fixed-income funds	2 983	2 983	26 888	26 888	298	298	30 169	30 169
Foreign fixed-income funds	0	0	30 858	30 858	0	0	30 858	30 858
Accrued not due interest	0	0	0	0	0	0	0	0
Norwegian certificates	475	475	3 986	3 986	0	0	4 461	4 461
Foreign certificates	0	0	405	405	0	0	405	405

31.12.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Accrued not due interest	1	1	3	3	0	0	4	4
Fixed income securities	10 280	10 280	109 357	109 357	298	298	119 935	119 935
Norwegian loans and receivables	1 033	1 033	7 428	7 428	18	18	8 479	8 479
Foreign loans and receivables	254	254	4 964	4 964	56	56	5 274	5 274
Total loans and receivables	1 287	1 287	12 393	12 393	74	74	13 753	13 753
DERIVATIVES								
Interest rate swaps	615	615	103	103	0	0	718	718
Share options	0	0	279	279	0	0	279	279
Forward exchange contracts	31	31	1 479	1 479	6	6	1 516	1 516
Total financial derivatives classified as assets	646	646	1 862	1 862	6	6	2 513	2 513
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	695	695	0	0	695	695
Total financial assets valued at fair value	12 221	12 221	311 984	311 984	1 126	1 126	325 331	325 331
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	364	364	0	0	364	364
Forward exchange contracts	0	0	1 646	1 646	4	4	1 650	1 650
Total financial derivatives classified as liabilities	0	0	2 010	2 010	4	4	2 014	2 014

31.12.2021 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 000	3 310	0	0	0	0	3 000	3 310
Hybrid Tier 1 securities	1 604	1 586	0	0	0	0	1 604	1 586
Total subordinated loan capital etc.	4 604	4 895	0	0	0	0	4 604	4 895
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	85	85	3	3	87	87
Foreign call money ¹	734	734	818	818	12	12	1 564	1 564
Total liabilities to credit institutions	734	734	902	902	15	15	1 651	1 651

¹ Call money is collateral for paid/received margin related to derivatives.

31.12.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS – AT AMORTIZED COST								
INVESTMENTS HELD TO MATURITY								
Norwegian hold-to-maturity bonds	543	644	4 445	5 000	11	11	5 000	5 655
Accrued not due interest	19	19	101	101	0	0	120	120
Foreign hold-to-maturity bonds	6 547	6 923	16 993	18 918	38	44	23 578	25 884
Accrued not due interest	41	41	223	223	1	1	264	264
Total investments held to maturity	7 149	7 626	21 763	24 242	50	56	28 962	31 924
BONDS CLASSIFIED AS LOANS AND RECEIVABLES								
Norwegian bonds	4 337	4 567	46 054	49 088	191	204	50 582	53 860
Accrued not due interest	60	60	725	725	3	3	788	788
Foreign bonds	7 366	7 880	101 144	109 202	468	503	108 979	117 585
Accrued not due interest	100	100	1 702	1 702	8	8	1 810	1 810
Total bonds classified as loans and receivables	11 863	12 607	149 626	160 718	671	719	162 159	174 043
OTHER LOANS AND RECEIVABLES								
Secured loans	0	0	3 191	3 243	0	0	3 191	3 243
Lending with public sector guarantee	0	0	64 088	65 304	0	0	64 088	65 304
Loans abroad secured by mortgage and local government guarantee	0	0	9 864	9 864	0	0	9 864	9 864
Accrued not due interest	0	0	280	280	0	0	280	280
Total other loans and receivables	0	0	77 424	78 691	0	0	77 424	78 691
Total financial assets at amortized cost	19 012	20 233	248 813	263 650	720	775	268 546	284 658
ASSETS – AT FAIR VALUE								

31.12.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
EQUITY CAPITAL INSTRUMENTS								
Norwegian shares	7	7	6 581	6 581	0	0	6 588	6 588
Foreign shares	0	0	26 548	26 548	0	0	26 548	26 548
Total shares	7	7	33 129	33 129	0	0	33 136	33 136
Property funds	0	0	4 031	4 031	0	0	4 031	4 031
Norwegian equity funds	0	0	72 440	72 440	580	580	73 021	73 021
Foreign equity funds	0	0	17 818	17 818	0	0	17 818	17 818
Total equity fund units	0	0	94 290	94 290	580	580	94 870	94 870
Norwegian alternative investments	0	0	1 709	1 709	8	8	1 717	1 717
Foreign alternative investments	0	0	0	0	0	0	0	0
Total alternative investments	0	0	1 710	1 710	8	8	1 718	1 718
Total shares and units	7	7	129 128	129 128	588	588	129 724	129 724
DEBT INSTRUMENTS AT FAIR VALUE								
Norwegian bonds	6 604	6 604	30 995	30 995	0	0	37 600	37 600
Foreign bonds	429	429	18 703	18 703	0	0	19 131	19 131
Accrued not due interest	28	28	368	368	0	0	396	396
Norwegian fixed-income funds	2 632	2 632	36 415	36 415	337	337	39 384	39 384
Foreign fixed-income funds	0	0	28 828	28 828	0	0	28 828	28 828
Norwegian certificates	530	530	2 255	2 255	0	0	2 785	2 785
Foreign certificates	0	0	549	549	0	0	549	549

31.12.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Accrued not due interest	2	2	5	5	0	0	7	7
Fixed income securities	10 226	10 226	118 119	118 119	337	337	128 681	128 681
Norwegian loans and receivables	570	570	15 446	15 446	27	27	16 043	16 043
Foreign loans and receivables	1 129	1 129	5 530	5 530	67	67	6 726	6 726
Total loans and receivables	1 700	1 700	20 977	20 977	93	93	22 770	22 770
DERIVATIVES								
Interest rate swaps	775	775	1 018	1 018	0	0	1 792	1 792
Share options	0	0	219	219	0	0	219	219
Forward exchange contracts	109	109	4 706	4 706	16	16	4 831	4 831
Total financial derivatives classified as assets	884	884	5 943	5 943	16	16	6 843	6 843
OTHER FINANCIAL ASSETS								
Other financial assets	0	0	2 543	2 543	0	0	2 543	2 543
Total financial assets valued at fair value	12 816	12 816	276 710	276 710	1 034	1 034	290 560	290 560
LIABILITIES								
DERIVATIVES								
Interest rate swaps	0	0	0	0	0	0	0	0
Forward exchange contracts	0	0	326	326	1	1	327	327
Total financial derivatives classified as liabilities	0	0	326	326	1	1	327	327

31.12.2020 NOK MILLIONS	Corporate portfolio		Common portfolio		Investment option portfolio		Total	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
SUBORDINATED LOAN CAPITAL								
Subordinated loan capital	3 135	3 561	0	0	0	0	3 135	3 561
Hybrid Tier 1 securities	1 764	1 592	0	0	0	0	1 764	1 592
Total subordinated loan capital etc.	4 898	5 152	0	0	0	0	4 898	5 152
LIABILITIES TO CREDIT INSTITUTIONS								
Norwegian call money ¹	0	0	2 504	2 504	3	3	2 507	2 507
Foreign call money ¹	923	923	2 412	2 412	17	17	3 352	3 352
Total liabilities to credit institutions	923	923	4 917	4 917	19	19	5 859	5 859

¹ Call money is collateral for paid/received margin related to derivatives

Note 6 Fair value hierarchy

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	475	0	475
<i>Bonds</i>	29	6 793	0	6 822
<i>Fixed-income funds</i>	2 983	0	0	2 983
Fixed-income securities	3 012	7 269	0	10 280
Loans and receivables	338	949	0	1 287
<i>Shares</i>	0	0	8	8
Shares and units	0	0	8	8
Financial derivatives	0	646	0	646
Other financial assets	0	0	0	0
Total corporate portfolio	3 350	8 864	8	12 221
COMMON PORTFOLIO				
<i>Certificates</i>	1 523	2 872	0	4 394
<i>Bonds</i>	21 634	25 583	0	47 217
<i>Fixed-income funds</i>	42 676	8 842	6 227	57 745
Fixed-income securities	65 833	37 296	6 227	109 357
Loans and receivables	12 076	317	0	12 393
<i>Shares</i>	49 694	927	2 721	53 342
<i>Equity funds</i>	97 369	0	50	97 419
<i>Property funds</i>	0	1 133	5 938	7 071
<i>Special funds</i>	0	1 884	0	1 884
<i>Private Equity</i>	0	0	27 962	27 962
Shares and units	147 064	3 944	36 671	187 679
Financial derivatives	0	1 862	0	1 862
Other financial assets	0	695	0	695
Total common portfolio	224 972	44 114	42 899	311 984
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	292	7	0	298
Fixed-income securities	292	7	0	298
Loans and receivables	74	0	0	74
<i>Equity funds</i>	740	0	0	740
<i>Special funds</i>	0	9	0	9
Shares and units	740	9	0	749
Financial derivatives	0	6	0	6
Other financial assets	0	0	0	0
Total investment option portfolio	1 105	21	0	1 126

31.12.2021 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Total financial assets valued at fair value	229 427	52 998	42 906	325 331
CORPORATE PORTFOLIO				
Investment property	0	0	1 004	1 004
Total investment property	0	0	1 004	1 004
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	734	0	0	734
Total corporate portfolio	734	0	0	734
COMMON PORTFOLIO				
Financial derivatives	0	2 010	0	2 010
Debt to credit institutions	902	0	0	902
Total common portfolio	902	2 010	0	2 912
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	4	0	4
Debt to credit institutions	15	0	0	15
Total investment option portfolio	15	4	0	19
Total financial liabilities at fair value	1 651	2 014	0	3 665

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
<i>Certificates</i>	0	533	0	533
<i>Bonds</i>	0	7 061	0	7 061
<i>Fixed-income funds</i>	2 632	0	0	2 632
Fixed-income securities	2 632	7 594	0	10 226
Loans and receivables	1 464	236	0	1 700
<i>Shares</i>	0	0	7	7
Shares and units	0	0	7	7
Financial derivatives	0	884	0	884
Other financial assets	0	0	0	0
Total corporate portfolio	4 096	8 713	7	12 816
COMMON PORTFOLIO				
<i>Certificates</i>	549	2 260	0	2 809
<i>Bonds</i>	16 038	34 028	0	50 066
<i>Fixed-income funds</i>	52 460	8 534	4 250	65 243
Fixed-income securities	69 047	44 822	4 250	118 119

31.12.2020 NOK MILLIONS	Level 1	Level 2	Level 3	Total
Loans and receivables	20 662	315	0	20 977
<i>Shares</i>	30 258	326	2 545	33 129
<i>Equity funds</i>	74 016	0	55	74 070
<i>Property funds</i>	0	1 157	2 874	4 031
<i>Special funds</i>	0	1 710	0	1 710
<i>Private Equity</i>	0	0	16 188	16 188
Shares and units	104 274	3 193	21 662	129 128
Financial derivatives	0	5 943	0	5 943
Other financial assets	0	2 543	0	2 543
Total common portfolio	193 983	56 816	25 911	276 710
INVESTMENT OPTION PORTFOLIO				
<i>Fixed-income funds</i>	330	7	0	337
Fixed-income securities	330	7	0	337
Loans and receivables	93	0	0	93
<i>Equity funds</i>	580	0	0	580
<i>Special funds</i>	0	8	0	8
Shares and units	580	8	0	588
Financial derivatives	0	16	0	16
Other financial assets	0	0	0	0
Total investment option portfolio	1 004	30	0	1 034
Total financial assets valued at fair value	199 083	65 559	25 918	290 560
CORPORATE PORTFOLIO				
Investment property	0	0	1 017	1 017
Total investment property	0	0	1 017	1 017
FINANCIAL LIABILITIES BOOKED AT FAIR VALUE				
CORPORATE PORTFOLIO				
Financial derivatives	0	0	0	0
Debt to credit institutions	923	0	0	923
Total corporate portfolio	923	0	0	923
COMMON PORTFOLIO				
Financial derivatives	0	326	0	326
Debt to credit institutions	4 917	0	0	4 917
Total common portfolio	4 917	326	0	5 242
INVESTMENT OPTION PORTFOLIO				
Financial derivatives	0	1	0	1
Debt to credit institutions	19	0	0	19
Total investment option portfolio	19	1	0	21
Total financial liabilities at fair value	5 859	327	0	6 186

Changes in Level 3 shares, unlisted CORPORATE PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	7	5
Sold	0	0
Bought	0	0
Unrealised changes	1	1
Closing balance 31.12.	8	7
Realised gains/losses	0	0

Changes in Level 3 shares, unlisted COMMON PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	2 545	2 170
Sold	0	-23
Bought	15	377
Unrealised changes	161	22
Closing balance 31.12.	2 721	2 545
Realised gains/losses	0	0

Changes in Level 3 equity funds, unlisted COMMON PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	55	54
Sold	0	0
Bought	0	0
Unrealised changes	-5	1
Closing balance 31.12.	50	55
Realised gains/losses	0	0

Changes in Level 3, private equity, fixed- income funds and property funds COMMON PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	23 312	14 888
Sold	-4 551	-1 740
Bought	13 793	8 341
Unrealised changes	7 574	302
Closing balance 31.12.	40 127	23 312
Realised gains/losses	2 236	636

Changes in Level 3, investment property CORPORATE PORTFOLIO	Book value 31.12.2021	Book value 31.12.2020
Opening balance 01.01.	1 017	955
Sold	0	0
Bought	0	0
Unrealised changes	40	85
Other	-53	-23
Closing balance 31.12.	1 004	1 017
Realised gains/losses	0	0
Total level 3	43 911	26 935

Unrealised changes are reflected in the line «Value changes on investments» in the different portfolios in the income statement.

The amounts in the level distribution can in turn be found in the financial position statement under various portfolios' allocation of financial instruments at fair value and investment property.

Fair value shall be a representative price based on what a corresponding asset or liability would have been traded for on normal market terms and conditions. Highest quality in regard to fair value is based on listed prices in an active market. A financial instrument is considered as noted in an active market if noted prices are simply and regularly available from a stock market, dealer, broker, industry grouping, price setting service or regulatory authority, and these prices represent actual and regularly occurring transactions at arm's length.

Level 1:

Instruments at this level obtain fair value from listed prices in an active market for identical assets or liabilities that the entity has access to at the reporting date. Examples of instruments at Level 1 are stock market listed securities.

Level 2:

Instruments at this level obtain fair value from observable market data. This includes prices based on identical instruments, but where the instrument does not maintain a high enough trading frequency and is therefore not considered to be traded in an active market, as well as prices based on corresponding assets and price-leading indicators that can be confirmed from market information. Example instruments at Level 2 are fixed income securities priced on the basis of interest rate paths. For more information regarding the pricing of level 2 instruments, see note 6 for the group.

Level 3:

Instruments at Level 3 contain no observable market data or are traded in markets considered to be inactive. The price is based generally on discrete calculations where the actual fair value may deviate if the instrument were to be traded. The instruments covered at Level 3 in the company include unlisted shares and Private Equity. For more information regarding the pricing of level 3 instruments, see note 6 for the group.

Valuations related to items in the various levels are described in note 6 for the Group. For description of the pricing of investment property, see note 3 for the group.

The fair value of assets and liabilities measured at amortized cost are stated in note 5. Level based classification of these items will be as follows; assets classified as held to maturity are included in level 1, lending and loans and receivables are included in level 2. Liabilities, measured at amortized cost, will be categorized as follows: subordinated loans are included in both level 1 and 2, hybrid tier 1 securities are included in level 2 and debt to credit institutions are included in level 1.

Information regarding pricing of these interest bearing instruments are available in note 6 for the Group.

No sensitivity analysis has been carried out on securities included in Level 3. A change in the variables of the pricing is considered of little significance on the securities. A sensitivity analysis for investment property is available in the annual report. On a general basis, a 5 percent change in the pricing would produce a change of NOK 2 196 million as of 31.12.2021 on the assets in level 3.

With regard to transferring securities between the levels, a limit is set for the number of trading days and the amount of trading for shares by separating Level 1 and Level 2. The general principles related to the distribution between levels basically concern whether the asset or liability is listed or not and whether the listing can be stated to be in an active market. As regards shares, there is a further distinction between trading days and amount of trading which separates out listed securities that do not form part of an active market. The values at the end of the reporting period provide the basis for any movement between the levels.

During 2021, NOK 164 million moved from Level 1 to Level 2, NOK 7 million moved from level 1 to level 3 and NOK 68 million moved from Level 2 to Level 1. The amounts are related to equity instruments and are due to change in liquidity. There has been no other movements between the different levels in KLP.

Note 7 **Risk management**

Through its activity, KLP is exposed to both insurance risk and financial risk. For the Company overall risk management aims to handle financial risk in such a way that the Company can at all times meet the liabilities the insurance contracts place on the business. The Board of Directors sets the overarching risk strategies that are put into practice at the senior management level.

Risk strategy is implemented and monitored by the line organization, with periodic reporting. Any breaches in risk lines and limits are reported as they occur, with a description of measures taken to regularize the situation. Entities outside the line organization monitor that the risk-taking is carried out within the authorizations the line has.

7.1 INSURANCE RISK

An insurance contract is according to IFRS 4 defined as "A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". The uncertainty at the portfolio level is additionally affected by factors such as changes in law and court decisions. Insurance results will be more stable and predictable the more contracts there are in the portfolio.

The Company's insurance business is in the group pension sector. As described in Note 3, the weightiest risks in group pension are disability risk and longevity risk, whereas mortality/whole life risk is somewhat less weighty.

Insurance risk in the group pension sector is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs.

7.1.1 Insurance provisions

The insurance provisions are set at the right level of expectation, with the addition of safety margins. KLP can add up to half a year's positive risk results to a risk equalisation fund. This fund can be used to meet unexpected fluctuations in risk results.

For disability risks in the collective pension sector, assumptions are used based on the company's disability experience in the period 2015 - 2019. For other risk elements in the collective pension sector, the assumptions from the calculation basis K2013 are used, with safety margins, according to the minimum standard set by the Financial Supervisory Authority of Norway in 2013. For men, KLP uses its own life expectancy assumptions that assume a greater life expectancy improvement than K2013. In the Pension Scheme for Nurses, the same formulas and parameters are used but with an enhanced safety margin due to significantly longer life spans in these schemes. For the Pension Scheme for Hospital Doctors, K2013 is used with an enhanced safety margin for both genders.

We are currently in a special situation related to corona. At present, there is no excess mortality in the population as a result of the pandemic. If the pandemic should lead to lasting increased mortality, this will give higher risk results. At the same time, there are factors related to the pandemic situation that could affect withdrawals of disability pensions in 2021 and the next few years, such as:

- Layoffs and recessions
- Home office (physically and mentally)
- Extra work in health enterprises
- Lack of capacity of health workers in general
- After-effects of disease

7.1.2 Premium determination

The development of the company's insurance risk is monitored on an ongoing basis. Risk results and future expectations for the development of insured risks are based on observations from the holdings and forecasts from Statistics Norway. These form the basis for the pricing of the risk element of the premium. Premiums are determined annually.

7.1.3 Reinsurance and reinsurance programs

KLP currently only has collective products without the possibility to choose the scope of the insurance cover for the individual insured. Based on this limitation, the size of the company and resulting large risk-bearing ability, the overall assessment is that the need to have reinsurance in KLP is small. KLP currently has no reinsurance agreements.

7.1.4 Sensitivity calculations in group pension

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, involve a negative effect of NOK 358 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be an increase of NOK 726 million.

An immediate 10 per cent reduction in mortality would, with current numbers, mean a negative effect of NOK 307 million on the risk result for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be an increase of NOK 10,786 million.

The Company's large numbers within group public sector pensions help to stabilize the insurance risk and the claim estimates. Deviations are related primarily to non-insurable magnitudes that do not affect the result.

7.2 FINANCIAL RISK

The Company's financial goal is to achieve a competitive and stable return, at the same time as the Company's solvency satisfies external and internal requirements. The Company has a long-term investment strategy in which risk-taking is at all times matched to the Company's ability to bear risk. The focus in asset management is cost effectiveness, a long-term perspective and broadly diversified portfolios with the goal of achieving competitive and stable returns for our customers and owners over time.

KLP's financial risk comprises liquidity risk, market risk and credit risk.

7.2.1 Liquidity risk

Liquidity risk is the risk that the Company does not have adequate liquidity to cover short-term debt/residual liabilities not called in and current operations without substantial extra costs arising in the form of price falls on assets that have to be realized. The liquidity strategy contains various requirements and limits in order to comply with the desired liquidity risk profile. In addition division of responsibilities and contingency planning are covered. The liquidity strategy is operated at the senior management level and the liquidity is managed internally in accordance with mandates.

The need for liquidity in KLP is first and foremost associated with payments to pensioners and meeting current operating costs. Liquidity is also required for providing security in connection with currency and derivative trades. The KLP liquidity need is primarily satisfied by contractual receipts from customers. At all times the Company has a liquidity holding sufficient to meet current costs, including pension payments. In the event of liquidity needs beyond the current liquidity holdings, liquidity can normally be released through the sale of liquid financial assets.

KLP's aims to have liquidity buffers corresponding to 3 months' expected liquidity needs.

Not-called-in residual obligations of NOK 26,074 million comprise committed, not paid in sums against private equity and property funds and approved lending that has not been paid out. In addition, KLP has given a NOK 2 million guarantee to a associated enterprise. The total is specified in detail in Note 34 Contingent liabilities.

7.2.2 Market risk

Market risk is the risk of losses as a result of changes in market prices of various assets such as shares, bonds, property and other securities. The market risk depends on how large an exposure there is to the various assets and on the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for KLP's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk in regard to assets, equity exposure is the largest financial risk factor, but also the market risk associated with interest, credit (spread) and property has a significant loss potential. KLP's interest rate risk associated with a prolonged low interest rate level is however limited. With the current formulation of the rules, technical provisions are not affected by changes in market interest rates. On the future transition to market value for the liabilities, annual pricing of the interest guarantee will mean the customers bear the risk of the interest rate level being lower than the basic interest rate. Since KLP provides pension schemes exclusively to the public sector, KLP will price the return guarantee right up until the insured dies, which means the return guarantee arising from the insurance obligations is limited.

KLP exchange-rate hedges the majority of international exposure. Financial hedging of currency exposure is done through derivatives. In principle all of KLP's fixed-income investments and property investments in foreign currency are hedged back to NOK. For equity investments in foreign currency the hedge ratio in 2021 has been between 50-70 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through defined benchmarks relative to the index for each portfolio.

To reduce the risk of negative results from asset management the Company uses CPPI rules for customer portfolios for daily monitoring the market risk. This strategy helps to ensure that the risk is adjusted to the Company's risk capacity. The CPPI rules gives a return profile wich fits the overall target to protect owners' equity and preserve the risk capacity over time. In addition KLP has a high proportion of long-term (hold-to-maturity) bonds and fixed-interest lending that contributes to stability in returns.

In KLP's asset management, derivatives are principally used for risk reduction for cost and time-effective implementation of changes in risk and for currency hedging.

Calculation of solvency margin (SCR ratio)

The European rules for calculation of solvency margin, SCR ratio, main target is to protect and ensure the interest of the insurance customers. KLP performs quarterly calculations of the SCR ratio.

At the end of 2021 about 30.9 per cent of KLP's assets were placed in equities (measured by exposure) and 13.8 per cent placed in property. Other assets were placed in fixed-income current and fixed assets, including lending.

According to the standard calculation method, KLP has a SCR ratio of 316 per cent, which is 34 percentage points higher than the end of 2020. The ratio is well over the Company's target of at least 150 percent in 2020. The minimum target set by the authorities is 100 per cent.

The Company's' total eligible tier 1 capital is 45 billion. The solvency capital requirement, as described in note 32, is NOK 14.0 billion. The SCR ratio in 2021 was 316 per cent.

Several sensitivity analyses linked to solvency capital coverage have been carried out. Interest rate sensitivity is calculated at 6 percentage points in capital coverage per 50 basis points interest rate increase and 7 percentage points in capital coverage per 50 basis points interest rate decrease. This may be considered low, at least compared to private occupational pensions, and is mainly due to the fact that public-sector occupation pensions avoid the problem of paid-up policies. A 25 per cent fall in the stock market reduces capital adequacy by something over 50 percentage points when the rules are taken into account. This is a significant drop, but the level of capital adequacy will still be above the level at which action has to be considered.

Previous calculations has shown that with the reserve margins within the Company's tariffs and by the level of today's risk equalization fund, the solvency capital is marginal influenced by changes in longevity risk and mortality/whole life risk.

7.2.3 Credit- and concentration risk

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up.

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. Of the total credit exposure, 41 per cent are rated AA- or higher.

KLP has a lending portfolio of high quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a mortgage level of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured

through mortgages on housing amounts to about NOK 3.0 billion. The value of the mortgages represents a greater value than the lending since a large part of the mortgages were established earlier in time and the price rise in housing in recent years has been substantial.

KLP has limited concentration risk. Because no exposures exceed the threshold values defined in the Solvency II regulations, KLP has no capital requirements for concentration risk under the standard method. The way in which the fixed interest and equity portfolios are managed will generally help to limit concentration risk through extensive use of index management. KLP sets explicit limits for lending which restrict concentration on specific individuals and groups. Sector concentration is monitored via monthly and quarterly reporting.

Although the KLP's investments are well diversified, there is a clear preponderance of investments in Norway. This is a deliberate and a natural consequence of dealing mainly with public-sector occupational pensions.

7.3 TOTAL MAXIMUM EXPOSURE TO CREDIT RISK

The Company's total maximum exposure to credit risk comprises book values. The book classes of securities are specified in detail in Note 5 Fair value of financial assets and liabilities.

Note 8 **Liquidity risk**

The table below specifies the Company's financial liabilities classified according to maturity structure. The amounts in the table are non-discounted contractual cash flows.

2021 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loans	0	125	573	658	4 725	6 082
Hybrid tier 1 securities ¹	0	64	257	321	1 298	1 941
Accounts payable	10	0	0	0	0	10
Liabilities to credit institutions	21	0	0	0	0	21
Contingent liabilities	26 074	0	0	0	0	26 074
Total	26 105	190	830	979	6 023	34 127
FINANCIAL DERIVATIVES						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 727	2 947	254	299	216	6 443
Total financial derivatives	2 727	2 947	254	299	216	6 443
Total	28 832	3 136	1 084	1 279	6 239	40 570

¹ In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

2020 NOK MILLIONS	Within 1 month	1-12 months	1-5 years	5-10 years	Over 10 years	Total
Subordinated loans	0	131	592	687	5 073	6 484
Hybrid tier 1 securities ¹	0	62	249	312	1 452	2 075
Accounts payable	4	0	0	0	0	4
Liabilities to credit institutions	65	0	0	0	0	65
Contingent liabilities	26 011	0	0	0	0	26 011
Total	26 079	193	842	999	6 525	34 638
FINANCIAL DERIVATIVES						
Financial derivatives gross settlement						
<i>Inflows</i>	0	0	0	0	0	0
<i>Outflows</i>	0	0	0	0	0	0
Financial derivatives net settlement	2 342	2 342	-53	-71	-295	4 265
Total financial derivatives	2 342	2 342	-53	-71	-295	4 265
Total	28 420	2 535	789	928	6 230	38 903

¹ In regards to the loans that are perpetual, estimated cash streams are up to expected maturity at the interest adjustment date.

The table above shows financial liabilities KLP has grouped by interest payments and repayment of principal, based on the date payment is due.

The risk that KLP would not have adequate liquidity to cover current liabilities and current operations is very small since a major part of the Company's assets is liquid. KLP has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. KLP's liquidity strategy involves the Company always having adequate liquid assets to meet KLP's liabilities as they fall due without accruing significant costs associated with releasing assets.

Asset composition in KLP's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise. KLP Kapitalforvaltning AS has the routine responsibility to report on the Company's liquidity. Internal parameters have been established for the size of the liquidity holding. KLP's risk management unit monitors and reports developments in the liquidity holding continuously. The Board determines an asset management and liquidity strategy for KLP annually. The liquidity strategy includes parameters, responsibilities, risk measurement and an emergency plan for liquidity management.

EXPECTED PAYMENT PROFILE PENSION OBLIGATIONS

2021 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	21 704	90 952	154 758	351 504	330 288	251 699	154 457	125 833	1 481 195

2020 NOK MILLIONS									
Year	1 year	2-5 years	6-10 years	11-20 years	21-30 years	31-40 years	41-50 years	51-80 years	Total
Amount	19 987	83 031	128 718	299 427	308 752	270 813	192 520	167 167	1 470 415

The payment profile shows anticipated payment dates for KLP's future pension obligations and is based on non-discounted values.

The insurance liabilities in the accounts are discounted and show the present value at the end of the reporting period.

Note 9 Interest rate risk

2021 NOK MILLIONS	Up to 3 months	3 months to 12 months	1 year to 5 years	5 years to 10 years	Over 10 years	Change in cash flows	Total
ASSETS							
Equity fund units ¹	0	0	0	0	0	9	9
Alternative investments	-7	0	0	0	0	39	31
Financial derivatives classified as assets	28	-1	12	-57	-153	-8	-178
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	16	16
Bonds and other fixed-income securities	-27	-30	-526	-618	-720	180	-1 740
Fixed-income fund units	-3 035	0	0	0	0	31	-3 003
Loans and receivables	0	-1	0	0	0	146	145
Cash and deposit	0	0	0	0	0	0	0
Lending	0	0	0	0	0	441	441
Contingent liabilities ²	0	0	0	0	0	14	14
Total assets	-3 041	-31	-514	-675	-873	868	-4 265
LIABILITIES							
Financial derivatives classified as liabilities	2	0	0	0	0	-4	-2
Hybrid Tier 1 securities, subordinated loans	0	0	0	43	77	0	119
Liabilities to credit institutions	0	0	0	0	0	-37	-37
Total liabilities	2	0	0	43	77	-41	80
Total before taxes	-3 039	-30	-514	-632	-796	827	-4 185
Total after taxes	-2 279	-23	-385	-474	-597	620	-3 139

¹ Equity fund units covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

² Contingent liabilities in this context are accepted, not paid out lending.

2020 NOK MILLIONS	Up to 3 months	3 months to 12 months	1 year to 5 years	5 years to 10 years	Over 10 years	Change in cash flows	Total
ASSETS							
Equity fund units ¹	0	0	0	0	0	10	10
Alternative investments	-7	0	0	0	0	14	6
Financial derivatives classified as assets	9	0	8	-66	-180	-8	-236
Debt instruments classified as loans and receivables – at amortized cost	0	0	0	0	0	6	6
Bonds and other fixed-income securities	-27	-28	-561	-716	-843	206	-1 970
Fixed-income fund units	-3 709	0	0	0	0	35	-3 674
Loans and receivables	0	-1	0	0	0	167	166
Cash and deposit	0	0	0	0	0	2	2
Lending	0	0	0	0	0	453	453
Contingent liabilities ²	0	0	0	0	0	35	35
Total assets	-3 734	-29	-553	-783	-1 023	920	-5 201
LIABILITIES							
Financial derivatives classified as liabilities	7	1	0	-1	0	-8	-1
Hybrid Tier 1 securities, subordinated loans	0	0	0	51	93	0	143
Liabilities to credit institutions	0	0	0	0	0	-53	-53
Total liabilities	7	1	0	50	93	-61	90
Total before taxes	-3 727	-27	-553	-733	-930	859	-5 111
Total after taxes	-2 795	-21	-414	-550	-698	644	-3 833

¹ Equity fund units covers that part of the fund that is not shares, but that comprises assets covered by interest rate risk: surplus liquidity in the form of bank accounts and derivatives used for hedging purposes.

² Contingent liabilities in this context are accepted, not paid out lending.

The note shows the effect on income of an increase in market interest rate of 1 per cent, for fair value risk and variable interest rate risk.

Change in fair value (fair value risk) is shown in the five first columns and is calculated on the change in fair value of interest-bearing instruments if the interest rate had been 1 per cent higher at the end of the period. The column «Change in cash flows» (variable interest rate risk) shows the change in cash flows had the interest rate been 1 per cent higher throughout the year being reported on. The total of these reflects the total impact on profits that the scenario of one per cent higher interest rate would have had on the Company during the period being reported on. Fair value risk applies to fixed interest rate securities where the market value of the security fluctuates conversely to the market interest rate. Variable interest rate risk applies to securities at variable interest rates, where the market value remains stable, but where change in the market interest rate is reflected in changed current incomes.

The following fixed-income securities are covered by this Note; securities at fair value through profit or loss (variable and fixed interest rate terms), investments held to maturity (only those with variable interest rate terms) and loans and receivables (only those with variable interest rate terms). The Company has no fixed-income securities classified as available for sale. Fixed rate assets, recognized at amortized cost, do not cause any effects in the income statement when the market rate changes. The same goes for issued debt with a fixed rate, measured at amortized cost.

Insurance contracts with a guaranteed return does not change the accounting value when interest rates change. Changes in interest rate has no impact on the guaranteed return, but will have an impact on the achieved returns to cover the return guarantee. This is because insurance funds partly invests in debt instruments whose cash flows contribute to cover the customers return guarantee.

Note 10 **Currency risk**

31.12.2021	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
US dollar	13 069	-51	9 429	-18 264	8.82	22 498	-18 315	36 891
Euro	4 354	-168	3 537	-6 760	10.03	7 891	-6 928	9 651
Japanese yen	127 778	-292	87 835	-174 427	0.08	215 613	-174 720	3 131
British Pound	1 258	0	1 073	-2 132	11.94	2 331	-2 132	2 377
Canadian dollar	894	0	478	-1 056	6.98	1 371	-1 056	2 202
Swedish krone	22 003	0	22 482	-42 325	0.97	44 485	-42 325	2 103
Hong Kong dollar	3 271	0	1 912	-3 843	1.13	5 183	-3 843	1 515
Indian rupi	12 466	0	0	0	0.12	12 466	0	1 479
Swiss franc	356	0	220	-425	9.68	576	-425	1 454
Danish kroner	10 324	-68	9 384	-18 773	1.35	19 708	-18 842	1 168
Australian dollar	461	0	322	-629	6.41	783	-629	985
Taiwan new dollar	6 436	0	0	-3 423	0.32	6 436	-3 423	961
Chinese Yuan	474	0	0	0	1.38	474	0	655
Korean won	210 413	0	0	-122 730	0.01	210 413	-122 730	650
Other currencies								3 407
Total short-term foreign currency positions								
Euro	1 477	-301	0	-854	10.03	1 477	-1 155	3 235
US dollar	3 506	-82	0	-3 159	8.82	3 506	-3 241	2 340
Japanese yen	15 875	-11 529	0	0	0.08	15 875	-11 529	333
British Pound	173	0	2	-169	11.94	175	-169	70
Swedish krone	3 014	0	0	-2 957	0.97	3 014	-2 957	56

31.12.2021	Fin.I pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
Danish kroner	14	0	0	0	1.35	14	0	19
Australian dollar	0	0	0	0	6.41	0	0	0
Canadian dollar	0	0	0	0	6.98	0	0	0
Swiss franc	0	0	0	0	9.68	0	0	0
Korean won	0	0	0	0	0.01	0	0	0
Total long-term foreign currency positions								6 053
Total pre-tax currency positions								74 682
Total currency positions after tax								56 012

¹ The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the currency risk in NOK at the end of the period while other figures are shown in their local currency. The hedge efficiency of currency is 84 per cent and 87 per cent for 2021 and 2020. "Other currencies" include short-term net positions of less than NOK 500 million.

31.12.2020	Fin.I pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
US dollar	10 354	-64	7 374	-14 658	8.56	17 728	-14 722	25 734
Euro	4 251	-693	2 266	-5 209	10.48	6 517	-5 902	6 445
Japanese yen	113 644	-257	78 124	-159 132	0.08	191 768	-159 390	2 685
British Pound	1 196	0	1 213	-2 227	11.70	2 409	-2 227	2 126
Canadian dollar	674	0	377	-844	6.72	1 051	-844	1 391
Hong Kong dollar	2 115	0	1 100	-2 171	1.10	3 215	-2 171	1 154
Swiss franc	251	0	148	-295	9.69	400	-295	1 014
Danish kroner	8 727	-62	7 748	-15 833	1.41	16 475	-15 894	817
Australian dollar	372	0	431	-683	6.61	803	-683	788
Swedish krone	17 007	0	16 990	-33 255	1.04	33 997	-33 255	774
Indian rupi	5 508	0	0	0	0.12	5 508	0	645

31.12.2020	Fin.l pos. statement items excl. currency derivatives		Currency derivatives		Translation rate	Total		Net position
NOK MILLION/ FOREIGN CURRENCY ¹	Assets	Liabilities	Assets	Liabilities	Currency/NOK	Assets	Liabilities	NOK
Other currencies								3 877
Total short-term foreign currency positions								47 449
US dollar	3 080	-92	0	-2 815	8.56	3 080	-2 906	1 488
Japanese yen	16 254	-11 779	0	0	0.08	16 254	-11 779	371
British Pound	189	0	3	-184	11.70	192	-184	98
Danish kroner	12	0	0	0	1.41	12	0	16
Euro	904	-301	2	-604	10.48	906	-905	16
Swedish krone	1 674	0	0	-1 664	1.04	1 674	-1 664	11
Korean won	487	0	0	0	0.01	487	0	4
Australian dollar	8	0	89	-97	6.61	97	-97	1
Swiss franc	0	0	0	0	9.69	0	0	0
Canadian dollar	0	0	0	0	6.72	0	0	0
Total long-term foreign currency positions								2 004
Total pre-tax currency positions								49 453
Total currency positions after tax								37 090

¹ The table shows total financial position statement items for each individual currency, divided between short and long-term positions. The net position shows the currency risk in NOK at the end of the period while other figures are shown in their local currency. The hedge efficiency of currency is 84 per cent and 87 per cent for 2021 and 2020. "Other currencies" include short-term net positions of less than NOK 500 million.

KLP currency-hedges the majority of investments made in foreign currency. Financial hedging of currency exposure is done through derivatives. In principle all of the KLP's fixed-income investments and property investments in foreign currency are hedged back to NOK with the objective of 100 per cent hedging. At 31 December 2021, the hedging ratio for equities in developed markets and the most liquid currencies in emerging markets was 60 per cent with possible fluctuations between 50-70 percent. Other currencies, ie, less liquid currencies in developed markets and currencies in emerging markets with the exception of the most liquid currencies, are not currency hedged. The reason for this is that these currencies do not have a large enough market and / or liquidity that it is appropriate to hedge currency. This reduction in the hedging of shares, as well as unsecured foreign equity funds, increases the net positions in foreign currencies.

If all currency positions change by 1 per cent at the same time and in the same direction this would affect the pre-tax result by NOK 747 million. For 2020 the corresponding effect on income was NOK 495 million.

Note 11 Credit risk

31.12.2021 NOK MILLIONS	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	¹ Mortgage < 80%	¹ Mortgage > 80%	Other	Total
Debt instruments held to maturity at amortized cost	24 529	36	0	0	0	0	1 396	25 961
Debt instruments classified as loans and receivables at amortized cost	153 290	140	377	1 683	0	0	20 193	175 684
Debt instruments at fair value - fixed-return securities	47 137	1 085	2 908	1 770	0	0	6 009	58 909
Fixed-income funds short-term	0	0	1 654	0	0	0	59 373	61 027
Loans and receivables	13 571	0	0	182	0	0	0	13 753
Financial derivatives classified as assets	2 513	0	0	0	0	0	0	2 513
Cash and deposits	755	0	0	0	0	0	0	755
Lending	0	0	73 005	0	2 872	109	2 186	78 172
Total	241 794	1 261	77 944	3 635	2 872	109	89 157	416 774

¹ These two columns provide information on the proportion of mortgage loans with mortgage security within 80 % of base value and mortgage loans that exceed 80% mortgage of base value.

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	11 158	2 783	6 989	3 598	24 529
Debt instruments classified as loans and receivables at amortized cost	20 932	25 627	66 960	39 772	153 290
Debt instruments at fair value - fixed-return securities	19 270	11 153	9 992	6 722	47 137
Fixed-income funds short-term	0	0	0	0	0
Loans and receivables	0	7 718	5 285	567	13 571
Financial derivatives classified as assets	0	501	2 012	0	2 513
Cash and deposits	0	755	0	0	755
Lending	0	0	0	0	0
Total	51 359	48 537	91 239	50 659	241 794

31.12.2020 NOK MILLIONS	Investment grade AAA to BBB	Lower rating	Public sector guarantee	Banking and finance	¹ Mortgage < 80%	¹ Mortgage > 80%	Other	Total
Debt instruments held to maturity at amortized cost	27 530	35	0	0	0	0	1 397	28 962
Debt instruments classified as loans and receivables at amortized cost	138 894	194	377	0	0	0	22 694	162 159
Debt instruments at fair value - fixed-return securities	45 269	773	2 080	4 787	0	0	7 561	60 469
Fixed-income funds short-term	0	0	1 272	0	0	0	66 941	68 212
Loans and receivables	22 589	0	0	181	0	0	0	22 770
Financial derivatives classified as assets	6 843	0	0	0	0	0	0	6 843
Cash and deposits	659	0	0	0	0	0	0	659
Lending	0	0	71 387	0	2 989	205	2 842	77 424
Total	241 784	1 003	75 116	4 968	2 989	205	101 434	427 499

¹ These two columns provide information on the proportion of mortgage loans with mortgage security within 80 % of base value and mortgage loans that exceed 80% mortgage of base value.

SPECIFICATION OF INVESTMENT GRADE	AAA	AA	A	BBB	Total Investment grade
Debt instruments held to maturity at amortized cost	12 018	4 049	9 063	2 400	27 530
Debt instruments classified as loans and receivables at amortized cost	22 421	19 902	63 725	32 846	138 894
Debt instruments at fair value - fixed-return securities	23 634	5 006	11 618	5 011	45 269
Fixed-income funds short-term	0	0	0	0	0
Loans and receivables	0	14 701	7 467	421	22 589
Financial derivatives classified as assets	0	2 389	4 454	0	6 843
Cash and deposits	0	659	0	0	659
Lending	0	0	0	0	0
Total	58 073	46 706	96 327	40 678	241 784

Credit risk means the risk that a counterparty may not be able to meet its obligations to KLP. In this table the credit risk is measured using rating agencies' estimates of the level of credit worthiness of the various issuers of fixed-income securities. Assets that are not rated are placed in other categories that describe credit risk, for example sector and guarantees.

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up by KLP Kapitalforvaltning AS.

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes. KLP has a high concentration of debt instruments directed at the Norwegian public sector.

Only ratings from Standard and Poor's have been used in the note grouping. KLP also uses ratings from Moody's Investor Services, Fitch Ratings, Scope Rating and Nordic Credit Rating and all five are considered equal as a basis for investments in fixed-income securities. The table shows exposure against the rating categories that S&P uses, where AAA is linked to securities with the highest creditworthiness. That which is classified as "Other" is mainly securities issued by power companies and other corporate bonds: this amounted to NOK 89 billion on 31 December 2021. KLP has strict guidelines for investments in fixed-income securities, which also apply to investments falling into the «Other» category.

The lines in the note coincide with the financial position statement layout. The exceptions are debt instruments at fair value, which are divided into three categories in the Note, and lending, which is shown combined in the Note, but is shown in two lines in the financial position statement (fair value and amortized cost).

NOK MILLIONS	31.12.2021	31.12.2020
TEN LARGEST COUNTERPARTIES		
Counterparty 1	9 551	13 421
Counterparty 2	7 903	7 073
Counterparty 3	7 174	6 902
Counterparty 4	6 377	6 147
Counterparty 5	5 548	6 052
Counterparty 6	5 194	5 622
Counterparty 7	4 698	4 836
Counterparty 8	4 515	4 698
Counterparty 9	4 353	4 391
Counterparty 10	3 882	3 846
Total	59 196	62 988

The table above shows the ten largest counterparties to which KLP has exposure. The amounts stated are book value. The majority of the ten largest counterparties are either finance institutions or counterparties covered by a public sector guarantee (central or local government guarantee).

PREMIUM RECEIVABLES AND RECEIVABLES IN CONNECTION WITH REINSURANCE

NOK MILLIONS	31.12.2021	31.12.2020
Premium receivables	905	1 731
Write-downs of premium receivables	0	1
Total	905	1 732

KLP's premium receivables are primarily in regard to the public sector and the credit risk is considered low. In addition the main group pension/public sector industry is linked to the "Transfer agreement for the public sector". This transfer agreement has a security scheme intended to help to secure pension rights accrued with employers who cease to exist or do not pay premiums when due in accordance with detailed rules. The Company may thus apply for cover for unpaid demands in this industry from the security arrangement if the demand falls within the security arrangement's regulations.

CHANGE IN FAIR VALUE AS A RESULT OF CHANGE IN CREDIT RISK

NOK MILLIONS	31.12.2021	31.12.2020
Change in fair value as a result of change in credit risk	155	254

This is not an accurate calculation, but our best estimate. Actual change in fair value depends on both changes in risk-free interest rates and credit spreads. This estimate is an attempt to isolate the change in fair value due to the fact that the credit spread on the bonds has changed during

the year. The estimate is calculated by looking at the change in credit spread for each individual bond throughout the year and the bond's cash flow weights remaining maturity (duration) for the bond at the time of reporting. There are many reasons why the credit spread changes, like for example that the credit spread becomes lower when the bond matures, that an issuer is considered more or less risky or that the market demands a higher or lower risk premium for credit bonds in general. If the change in fair value is positive (negative), it indicates that the duration- and value-weighted credit spread has decreased (increased).

The calculation is based on owned assets per. 31.12.21, and is made for bonds and index bonds that are valued at fair value. Government funds and government portfolios have been removed from the calculation basis and fund units are not decomposed.

Note 12 Presentation of assets and liabilities that are subject to net settlement

31.12.2021 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	2 513	0	2 513	-1 485	-1 640	-79	310
Total	2 513	0	2 513	-1 485	-1 640	-79	310
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	1 862	0	1 862	-1 484	-901	-79	279
Total assets – corporate portfolio	646	0	646	0	-734	0	27
Total assets – investment option portfolio	6	0	6	-2	-5	0	4
Total	2 513	0	2 513	-1 485	-1 640	-79	310
LIABILITIES							
Financial derivatives	2 014	0	2 014	-1 485	-21	-330	222
Total	2 014	0	2 014	-1 485	-21	-330	222
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	2 010	0	2 010	-1 484	-18	-330	220
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	4	0	4	-2	-3	0	3
Total	2 014	0	2 014	-1 485	-21	-330	222

31.12.2020 NOK MILLIONS					Related amounts not presented net		
	Gross financial assets/ liabilities	Gross assets/ liabilities presented net	Book value	Financial instruments	Security in cash	Security in securities	Net amount
ASSETS							
Financial derivatives	6 843	0	6 843	-326	-5 795	0	1 089
Total	6 843	0	6 843	-326	-5 795	0	1 089
PORTFOLIO ALLOCATION OF ASSETS							
Total assets – common portfolio	5 943	0	5 943	-326	-4 860	0	970
Total assets – corporate portfolio	884	0	884	0	-923	0	106
Total assets – investment option portfolio	16	0	16	0	-12	0	12
Total	6 843	0	6 843	-326	-5 795	0	1 089
LIABILITIES							
Financial derivatives	327	0	327	-326	-3	0	0
Total	327	0	327	-326	-3	0	0
PORTFOLIO ALLOCATION OF LIABILITIES							
Total liabilities – common portfolio	326	0	326	-326	0	0	0
Total liabilities – corporate portfolio	0	0	0	0	0	0	0
Total liabilities – investment option portfolio	1	0	1	0	-3	0	0
Total	327	0	327	-326	-3	0	0

The purpose of this note is to show the potential effect of netting agreements at KLP; what possibilities KLP has to net bilateral agreements against other counterparties should the latter go bankrupt and the remaining amount if all such netting agreements are materialized. The note shows derivative positions in the financial position statement, and one additional table with information on the different portfolios in the company.

Note 13 **Mortgage loans and other lending**

NOK MILLIONS	Local government administration	State and local authority owned enterprises ¹	Employees, pensioners and similar	Private organizations and enterprises	Total 31.12.2021	Total 31.12.2020
Agder	3 559	234	5	88	3 886	3 497
Innlandet	6 621	149	120	166	7 056	6 616
Møre og Romsdal	4 696	225	51	123	5 095	5 038
Nordland	4 438	92	40	120	4 690	4 917
Oslo	175	0	1 541	286	2 001	1 936
Rogaland	2 465	162	96	244	2 966	2 997
Svalbard	78	0	0	0	78	86
Troms og Finnmark	4 226	770	360	192	5 549	5 053
Trøndelag	7 836	237	253	181	8 507	7 684
Vestfold og Telemark	3 333	251	99	252	3 936	3 647
Vestland	6 913	1 209	179	317	8 619	8 908
Viken	15 892	899	1 326	1 006	19 123	16 887
Foreign	0	0	6 413	0	6 413	9 923
Not allocated	18	0	0	4	22	12
Accrued interest	215	9	5	3	232	222
Total	60 464	4 238	10 488	2 982	78 172	77 424

¹ This category covers local authority business operations, as well as enterprises owned by central and local government

KLP has a lending portfolio of high-quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a loan-to-value ratio less than 80 per cent, loans to local authorities and loans with government (central/local) guarantees. Lending secured through mortgages on housing amounts to NOK 3 billion. The sector diversification of KLP lending is very small, since a very high proportion of the loans are to the public sector. The concentration risk this suggests is however hardly realistic since the loans are covered by public sector guarantee, which involves an extremely low counterparty risk. In addition, KLP have a NOK 13 billion intra-group loan that is included in “Receivables on and securities issued by subsidiaries, associated enterprises and jointly controlled entities”.

NOK MILLIONS	2021	2020
INDIVIDUAL WRITE-DOWNS ON LOANS AT AMORTIZED COST		
Number of loans	1	1
Total principal before write-downs	0.46	0.50
Write-downs	0.22	0.50
Total principal after write-downs	0.24	0.00
INDIVIDUAL WRITE-DOWNS		
Write-down on individual loans 01.01.	0.50	0.30
Known losses for the period where individual write-down has been carried out previously	0.00	0.00
Write-down on individual loans for the period	0.00	0.20
Reversal of write-down on individual loans for the period	0.26	0.00
Write-down on individual loans	0.24	0.50
GROUP WRITE-DOWNS		
Write-down on group of loans 01.01.	0.10	0.10
Write-down on group of loans for the period	0.07	0.00
Write-down on group of loans 31.12.	0.17	0.10

LOANS OVERDUE

NOK MILLIONS	2021 Remaining debt	2020 Remaining debt
LOANS OVERDUE		
30-90 days	1	7
over 90 days	7	6
Total overdue loans	8	13

The numbers are absolute figures, the amounts are given in NOK million. Defaulted loans are loans measured at amortized cost. All write-downs are in regard to housing mortgage lending.

Note 14 Shares and holdings in subsidiaries, associated enterprises and jointly controlled entities

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.20	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction¹	Dividend	Book value 31.12.21
SHARES IN THE CORPORATE PORTFOLIO											
PROPERTY SUBSIDIARIES											
KLP Huset AS											
Dronning Eufemiasgate 10	889828382	100.0 %	0.00	0.10	2 535.48	0.00	140.74	75.85	-95.09	0.00	2 656.97
0191 Oslo											
KLP Zander Kaaes gt. 7 AS											
Abels gate 9	999659527	100.0 %	0.00	790.22	845.02	0.00	16.96	36.06	-47.76	0.00	850.27
7030 Trondheim											
Total shares and units in property subsidiaries in the corporate portfolio			0.00	790.32	3 380.50	0.00	157.69	111.90	-142.85	0.00	3 507.24
SHARES IN THE CORPORATE PORTFOLIO											
SUBSIDIARIES (EXCL. PROPERTY)											
KLP Skadeforsikring AS											
Dronning Eufemiasgate 10	970896856	100.0 %	58.67	78.67	2 110.88	0.00	0.00	336.75	-181.80	0.00	2 265.82
0191 Oslo											
KLP Kapitalforvaltning AS											
Dronning Eufemiasgate 10	968437666	100.0 %	6.55	14.00	334.57	0.00	0.00	43.13	1.64	0.00	379.34
0191 Oslo											
KLP Forsikringservice AS											
Dronning Eufemiasgate 10	967696676	100.0 %	0.05	0.10	4.38	0.00	0.00	1.28	0.47	0.00	6.14
0191 Oslo											
KLP Bankholding AS											
Dronning Eufemiasgate 10	993749532	100.0 %	15.10	15.10	2 457.86	0.00	0.00	121.05	-55.21	0.00	2 523.70

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.20	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction¹	Dividend	Book value 31.12.21
0191 Oslo											
Total shares and units in subsidiaries (excl. property) in the corporate portfolio			130.37	157.87	4 907.68	0.00	0.00	502.21	-234.90	0.00	5 174.99
ASSOCIATED ENTERPRISES IN THE CORPORATE PORTFOLIO											
Norsk Pensjon AS											
Hansteens gate 2	890050212	25.0 %	5.00	2.50	1.77	0.00	0.00	0.00	0.00	0.00	1.77
0253 Oslo											
Fylkeshuset AS											
Fylkeshuset	930591114	48.0 %	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.05
6404 Molde											
Total shares and units in associated enterprises in the corporate portfolio			5.05	2.55	1.82	0.00	0.00	0.00	0.00	0.00	1.82
Total shares and units in other subsidiaries, associated enterprises and jointly controlled entities in the corporate portfolio			135.42	160.41	4 909.50	0.00	0.00	502.21	-234.90	0.00	5 176.82
Total subsidiaries, associated enterprises and jointly controlled entities			135.42	950.74	8 290.00	0.00	157.69	614.11	-377.75	0.00	8 684.06
PROPERTY SUBSIDIARIES											
SHARES IN THE COMMON AND INVESTMENT OPTION PORTFOLIOS											
KLP Eiendom AS											
Dronning Eufemiasgate 10	988394750	100.0 %	0.10	0.14	61 965.40	0.00	3 773.20	2522.18	2 201.56	0.00	70 462.35
0191 Oslo											
Total shares and units in property subsidiaries in the common and investment option portfolios			0.10	0.14	61 965.40	0.00	3 773.20	2522.18	2 201.56	0.00	70 462.35
SUBSIDIARIES IN THE COMMOM PORTFOLIO											

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.20	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction¹	Dividend	Book value 31.12.21
Copenhagen Infrastructure Partners III GP APS											
Nørregade 21		100.0 %	0.06	12.62	14.04	-0.89	0.00	-2.26	0.00	0.00	10.88
1165 København K.											
Denmark											
Copenhagen Infrastructure Partners II GP APS											
Nørregade 21		100.0 %	8.88	16.48	2.21	0.18	0.00	5.74	0.00	0.00	8.13
1165 København K.											
Denmark											
Copenhagen Infrastructure Partners IV GP											
Nørregade 21		100.0 %	0.06	6.77	0.00	6.77	0.00	-0.10	0.00	0.00	6.67
1165 København K.											
Denmark											
Total shares and units in subsidiaries in the common portfolio			9.00	35.86	16.25	6.05	0.00	3.39	0.00	0.00	25.69
JOINTLY CONTROLLED ENTITIES IN THE COMMON PORTFOLIO											
KLP Norfund Investments IS											
Fridtjof Nansens plass 4	999548636	49.0 %	0.05	698.57	710.59	85.06	0.00	83.41	0.00	0.00	879.05
0160 OSLO											
Total shares and units in jointly controlled entities in the common portfolio			0.05	698.57	710.59	85.06	0.00	83.41	0.00	0.00	879.05
ASSOCIATED ENTERPRISES IN THE COMMON PORTFOLIO											

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.20	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction¹	Dividend	Book value 31.12.21
Norfinanse AS											
Fridtjof Nansens plass 4	912764729	46.5 %	92.30	486.83	501.45	46.50	0.00	144.96	0.00	-3.16	689.76
0160 OSLO											
Tensio AS											
Kjøpmannsgata 7A	922828172	20.0 %	1 652.60	1 352.60	1 102.33	-150.00	0.00	97.67	0.00	0.00	1 050.01
7500 STJØRDAL											
Neas AS											
Industriveien 1	960684737	33.3 %	356.50	352.50	314.92	0.00	0.00	25.65	0.00	-4.00	336.57
6517 Kristiansund N											
Runde Holdco AS											
Vestre Strømkaien 7	923101284	20.6 %	400.00	400.00	398.57	0.00	0.00	22.07	0.00	0.00	420.64
5008 Bergen											
Odal Vind AS											
Pausvegen 6	924824905	33,2 %	329.75	425.10	276.86	146.57	0.00	-1.21	0.00	0.00	422.22
1927 Rånåsfoss											
KLP Norfund Investment India AS											
Fridtjof Nansens plass 4	926888455	49,0 %	0.01	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.01
0160 Oslo											
Copenhagen Infrastructure III GP APS											
Nørregade 21		0,0 %	0.02	0.02	0.02	-0.06	0.00	0.03	0.00	0.00	0.00
1165 København K.											
Denmark											

NOK MILLIONS	Organization number	Holding %	OE on first acquisition	Acquisition cost	Book value 31.12.20	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction ¹	Dividend	Book value 31.12.21
Stena Renewable AB											
Rosenlundsg.3 Box 7123		30.0 %	600.17	1047.20	858.74	262.77	0.00	-48.29	0.00	0.00	1 073.23
402 33 Göteborg											
Sweden											
Skaftåsen Bidco AB											
BOX 16285		23.2 %	85.70	85.70	74.54	0.00	0.00	-13.38	0.00	0.00	61.16
103 25 Stockholm											
Sweden											
Total shares and units in associated enterprises in the common portfolio			3 517.05	4 149.97	3 527.45	305.80	0.00	227.51	0.00	-7.16	4 053.60
Total shares and units in other subsidiaries, associated enterprises and jointly controlled entities in the common portfolio			3 526.10	4 884.40	4 254.28	396.92	0.00	314.30	0.00	-7.16	4 958.34

¹ The column equity transaction include group contribution

All shares and other holdings have equal voting proportions.

Note 15 **Shares and equity fund units**

Norwegian shares and equity fund units are disclosed with business registered number.

Market value is stated in millions of kroner. This means that if the market value is lower than NOK 0.5 million, this is presented as 0.

NOK MILLIONS	Organisation number	Volume	Market value
NORWAY			
NMI GP IV AS	922100209	1 331 815	13
NORDIC CREDIT RATING AS	911721287	29 970	6
SOLGAARDEN SA	965585850	137	2
TOPCO AS (OSLOFJORD VARME)	920349455	180	225
TOTAL, UNSPECIFIED			245
EUOPRIS ASA	997639588	644 405	45
KID ASA	988384135	141 180	16
KONGSBERG AUTOMOTIVE ASA	942593821	3 269 662	10
SATS ASA	996739848	238 593	5
XXL ASA	995306158	492 699	7
TOTAL, CONSUMER DISCRETIONARY			83
LERØY SEAFOOD GROUP ASA	975350940	1 034 704	71
MARINE HARVEST	964118191	1 649 347	344
ORKLA	910747711	2 976 484	263
SALMAR ASA	960514718	228 277	139
TOTAL, CONSUMER STAPLES			817
2VK INVEST AS	986977376	2 690 000	2
AKER BP ASA	989795848	427 620	116
AKER SOLUTIONS HOLDING ASA	913748174	854 768	20
DNO ASA	921526121	2 070 507	22
EQUINOR ASA	923609016	4 487 987	1 059
TGS NOPEC GEOPHYSICAL CO ASA		407 448	34
TOTAL, ENERGY			1 253
ABG SUNDAL COLLIER HOLDING ASA		1 635 156	15
AKER ASA-A SHARES	886581432	86 052	71
AURSKOG SPAREBANK	937885644	20 000	5
B2 HOLDING ASA	992249986	1 029 624	11
DNB BANK ASA	984851006	3 661 938	740
GJENSIDIGE FORSIKRING ASA	995568217	785 778	168
GRONG SPAREBANK	937903146	30 900	4
JAREN SPAREBANK	937895976	112 498	23
MELHUS SPAREBANK	937901291	23 000	4
NORDIC MICROFINANCE INITIATIVE	917763399	6 124 367	12

NOK MILLIONS	Organisation number	Volume	Market value
NORWEGIAN MICROFINANCE INITIATIVE	917763399	8 118 127	13
SANDNES SPAREBANK	915691161	60 000	6
SKUE SPAREBANK	837889812	20 071	4
SPAREBANK 1 HELGELAND	937904029	251 000	33
SPAREBANK 1 NORDMOERE	937899408	84 721	11
SPAREBANK 1 NORD-NORGE	952706365	630 245	71
SPAREBANK 1 OESTLANDET	920426530	229 843	33
SPAREBANK 1 OSTFOLD AKERSHUS	837884942	110 000	38
SPAREBANK 1 RINGERIKE HADELA	937889275	63 320	21
SPAREBANK 1 SMN	937901003	686 013	102
SPAREBANK 1 SOROST-NORGE	944521836	582 614	38
SPAREBANK 1 SR BANK ASA	937895321	693 253	92
SPAREBANK 68 GRADER NORD	937905378	25 552	4
SPAREBANKEN MORE-CAP CERT	937899319	90 751	40
SPAREBANKEN OST	937888937	185 133	11
SPAREBANKEN SOR	937894538	119 000	17
SPAREBANKEN VEST	832554332	663 646	66
STOREBRAND ASA	916300484	1 808 782	160
TOTENS SPAREBANK	937887787	13 468	3
TOTAL, FINANCIAL			1 817
BIOTEC PHARMACON		193 631	18
BERGENBIO ASA		228 237	5
APPTIX ASA		228 166	9
NORDIC NANOVECTOR ASA		360 410	8
PCI BIOTECH HOLDING ASA		123 307	2
PHOTOCURE		98 692	10
REDCORD AS		7 100	0
ULTIMOVACS ASA		62 179	7
TOTAL, HEALTHCARE			58
AF GRUPPEN ASA		225 000	43
BONHEUR ASA	830357432	82 073	29
HEXAGON COMPOSITES ASA	938992185	505 784	16
KONGSBERG GRUPPEN ASA	943753709	346 207	99
MPC CONTAINER SHIPS AS		1 113 949	27
MULTICONSULT ASA		84 692	13
NEL ASA		5 635 555	86
NORWEGIAN AIR SHUTTLE AS	965920358	2 012 653	22
TOMRA SYSTEMS ASA	927124238	457 709	289
VEIDEKKE ASA	917103801	416 679	55
VOW ASA		203 945	5
WALLENIUS WILHELMSEN LOGISTI	995216604	408 241	21

NOK MILLIONS	Organisation number	Volume	Market value
TOTAL, INDUSTRY			705
HIDDN SOLUTIONS ASA		2 195	0
ATEA ASA		324 570	53
BOUVET ASA		337 443	25
CRAYON GROUP HOLDING AS	997602234	244 003	45
KITRON ASA		656 666	15
NORDIC SEMICONDUCTOR ASA		670 927	200
Pexip Holding ASA		342 589	14
RENEWABLE ENERGY CORP	977258561	1 077 978	19
TOTAL, IT			371
BORREGAARD ASA	998753562	366 643	81
ELKEM ASA	911382008	1 110 530	33
NORSK HYDRO ASA	914778271	5 332 441	370
YARA INTERNATIONAL	986228608	658 455	293
TOTAL, RAW MATERIALS			778
ENTRA ASA	999296432	388 042	77
TOTAL, PROPERTY			77
Adevinta ASA	921796226	1 009 468	118
Kahoot! ASA		1 094 578	51
SCHIBSTED	933739384	34 936	12
SCHIBSTED ASA-B SHS	933739384	697 936	207
TELENOR		2 479 281	344
TOTAL, TELECOM			732
AKER HORIZONS ASA		448 263	15
FJORDKRAFT HOLDING ASA		419 070	20
ISTAD AS		13 000	151
LOFOTKRAFT AS	600218090	10 290	168
RINGERIKS-KRAFT AS	976957628	150	255
SCATEC SOLAR ASA	990918546	459 840	70
TRONDERENERGI AS	980417824	1 652 744	1 213
TUSSA KRAFT AS		454	647
TOTAL, DISTRIBUTION			2 539
TOTAL NORWAY			9 475
FOREIGN			
BGP HOLDINGS		1 374 296	0
ACCOR		18 630	5
ADIDAS		19 497	50
ADVANCE AUTO PARTS		6 300	13
AIRBNB INC-CLASS A		17 600	26
AISIN SEIKI CO		12 600	4

NOK MILLIONS	Organisation number	Volume	Market value
AMAZON.COM		36 479	1 073
DELPHI AUTOMOTIVE PLC		20 709	30
ARAMARK		20 000	6
AUTOZONE		1 755	32
NAMCO BANDAI HOLDINGS		19 000	13
BARRATT DEVELOPMENTS		84 588	8
LIMITED BRANDS		23 500	14
BMW STAMM		31 881	28
BMW VORZUG		5 429	4
BERKELEY GROUP HOLDINGS		9 875	6
BEST BUY CO		17 284	15
PRICELINE.COM		3 211	68
BORGWARNER INC		24 600	10
BRIDGESTONE CORP		50 600	19
BURBERRY GROUP		36 708	8
BURLINGTON STORES INC		5 700	15
CANADIAN TIRE CORP A		4 900	6
CARMAX		12 900	15
CARNIVAL CORP		68 803	12
CARVANA CO		6 700	14
CHEWY INC - CLASS A		4 300	2
CHIPOTLE MEXICAN GRILL INC		2 200	34
DAIMLERCHRYSLER		87 579	59
DARDEN RESTAURANTS		9 000	12
DELIVERY HERO AG		14 982	15
DENSO CORP		35 900	26
DOLLAR GENERAL CORP		18 662	39
DOLLAR TREE INC		19 651	24
DOLLARAMA INC		25 500	11
DOMINO'S PIZZA ENTERPRISES L		4 733	4
DOMINO'S PIZZA INC		2 770	14
DOORDASH INC - A		6 200	8
D.R. HORTON		25 400	24
EBAY		55 174	32
ELECTROLUX B		16 302	3
ESSILOR INTERNATIONAL		28 521	54
ETSY INC		10 600	20
EXPEDIA		12 450	20
FAST RETAILING CO		4 900	25
FAURECIA		16 345	7
FERRARI NV		13 097	30

NOK MILLIONS	Organisation number	Volume	Market value
FIVERR INTERNATIONAL LTD		2 300	2
FORD MOTOR CO		309 408	57
GARMIN		12 600	15
GENERAL MOTORS CO		107 789	56
GENUINE PARTS CO		11 675	14
GILDAN ACTIVEWEAR		15 100	6
HASBRO		8 800	8
HENNES & MAURITZ B		77 877	13
HERMES INTERNATIONAL		3 244	50
HIKARI TSUSHIN INC		1 900	3
HILTON WORLDWIDE HOLDINGS IN		23 833	33
HOME DEPOT		84 928	311
HONDA MOTOR CO		136 900	34
IDP EDUCATION LTD		13 391	3
IIDA GROUP HOLDINGS CO LTD		10 500	2
INDITEX		117 453	34
INTERCONTINENTAL HOTELS		21 214	12
ISUZU MOTORS		39 500	4
JD SPORTS FASHION PLC		331 445	9
TAKEAWAY.COM NV		19 726	10
PPR		7 631	54
KINGFISHER		228 258	9
KOITO MFG		6 800	3
LEAR CORP		4 200	7
LENNAR CORP-A		20 300	21
LKQ CORP		20 900	11
LOWE'S COS		57 699	132
LUCID GROUP INC		37 000	12
LULULEMON ATHLETICA INC		10 400	36
MAGNA INTERNATIONAL A		22 188	16
MARRIOTT INT'L A		22 510	33
MAZDA MOTOR CORP		49 700	3
MCDONALD'S CORP		59 749	141
MCDONALD'S HOLDINGS CO JAPAN		4 500	2
MERCADOLIBRE INC		3 600	43
MERCARI INC		13 300	6
MICHELIN		17 797	26
MOHAWK INDUSTRIES		4 000	6
MONCLER SPA		24 091	15
NEWELL RUBBERMAID		32 418	6
NEXT		15 964	16

NOK MILLIONS	Organisation number	Volume	Market value
NIKE B		101 572	149
NISSAN MOTOR CO		207 300	9
NITORI CO		6 100	8
NVR INC		330	17
OPEN HOUSE CO LTD		5 200	2
O'REILLY AUTOMOTIVE INC		5 506	34
ORIENTAL LAND CO		18 200	27
DON QUIJOTE CO LTD		42 900	5
PANASONIC CORP		191 500	19
PANDORA A/S		11 276	12
PELOTON INTERACTIVE INC-A		20 700	7
PERSIMMON PLC		26 919	9
POOL CORP		3 600	18
PORSCHE AUTOMOBIL HOLDING SE		14 121	12
PROSUS NV		94 769	70
PULTE GROUP INC		24 466	12
PUMA		10 019	11
RAKUTEN		76 000	7
RENAULT		24 145	7
RESTAURANT BRANDS INTERN		23 248	12
RINNAI CORP		1 900	2
RIVIAN AUTOMOTIVE INC-A		12 800	12
ROSS STORES		29 127	29
ROYAL CARIBBEAN CRUISES		18 908	13
RYOHIN KEIKAKU CO LTD		23 000	3
SEB SA		3 657	5
SEKISUI CHEMICAL CO		29 700	4
SEKISUI HOUSE		56 700	11
SHARP CORP		23 300	2
SHIMANO		5 800	14
SODEXHO ALLIANCE		10 330	8
SONY CORP		105 000	116
STANLEY ELECTRIC CO		8 400	2
STARBUCKS CORP		92 701	96
FIAT CHRYSLER AUTOMOBILES NV		202 552	34
FUJI HEAVY INDUSTRIES		59 000	9
SUMITOMO ELECTRIC IND		57 600	7
SUZUKI MOTOR CORP		32 800	11
SWATCH GROUP INH		2 887	8
SWATCH GROUP NAM		8 459	4
TARGET CORP		39 711	81

NOK MILLIONS	Organisation number	Volume	Market value
TAYLOR WIMPEY		302 941	6
TESLA MOTORS INC		67 700	631
TJX COS		99 322	66
TOYOTA MOTOR CORP		902 855	146
TRACTOR SUPPLY COMPANY		8 500	18
ULTA BEAUTY INC		3 700	13
USS CO		15 900	2
VAIL RESORTS INC		3 800	11
VALEO SA		26 041	7
VF CORP		28 100	18
VOLKSWAGEN STAMM		4 211	11
VOLKSWAGEN VORZUG		18 236	32
WAYFAIR INC- CLASS A		6 900	12
WESFARMERS		94 662	36
WHIRLPOOL CORP		4 240	9
WHITBREAD		17 391	6
YAMAHA CORP		14 800	6
YAMAHA MOTOR CO		28 600	6
YUM BRANDS		24 582	30
ZALANDO SE		21 158	15
START TODAY CO LTD		15 400	4
TOTAL, CONSUMER DISCRETIONARY			5 356
AEON CO		56 000	12
AJINOMOTO CO		47 800	13
ALIMENTATION COUCHE-TARD INC		70 634	26
ARCHER-DANIELS-MIDLAND		53 921	32
ASSOCIATED BRITISH FOODS		35 508	8
BARRY CALLEBAUT AG-REG		329	7
BEIERSDORF		9 419	9
BUNGE		15 000	12
CAMPBELL SOUP CO (US)		21 548	8
CARREFOUR		73 155	12
LINDT & SPRUENGLI PART		129	16
LINDT AND SPRUENGLI NAMEN		12	14
CHURCH & DWIGHT CO INC		22 700	21
CLOROX CO		12 318	19
COCA-COLA CO		378 266	198
COCA-COLA EUROPEAN PARTNERS		20 100	10
COCA-COLA HBC AG-CDI		25 255	8
COLES GROUP LTD		146 196	17
COLGATE-PALMOLIVE		72 459	55

NOK MILLIONS	Organisation number	Volume	Market value
COLRUYT		5 739	2
CONAGRA FOODS INC		49 939	15
COSMOS PHARMACEUTICAL CORP		3 100	4
COSTCO WHOLESALE CORP		40 506	203
DANONE		72 010	39
EMPIRE CO LTD 'A'		12 900	3
ENDEAVOUR GROUP LTD/AUSTRALI		104 536	5
ESSITY AKTIEBOLAG-B		74 641	21
ESTEE LAUDER COS A		21 328	70
GENERAL MILLS		56 430	34
HELLOFRESH SE		15 354	10
HENKEL AG & CO KGAA		13 625	9
HENKEL AG & CO KGAA		19 054	14
HERSHEY CO (THE)		12 100	21
HORMEL FOODS CORP		24 000	10
ITO EN		4 400	2
JDE PEET'S NV		7 375	2
JERONIMO MARTINS SGPS		20 713	4
J.M.SMUCKER		9 000	11
KAO CORP		52 400	24
KELLOGG CO		21 000	12
KERRY GROUP A		15 785	18
KESKO B		26 563	8
KESKO CORPORATION A		7 404	2
DR PEPPER SNAPPLE GROUP-W/I		71 000	23
KIKKOMAN CORP		17 200	13
KIMBERLY-CLARK CORP		30 423	38
KOBAYASHI PHARMACEUTICAL CO		3 600	2
KOBE BUSSAN CO LTD		10 200	3
AHOLD (KON.)		108 745	33
KOSE CORP		2 300	2
KRAFT HEINZ CO/THE		55 596	18
KROGER CO		64 576	26
LAWSON		1 900	1
LION CORP		17 000	2
LOBLAW COMPANIES LTD		18 937	14
LOREAL		28 054	117
MCCORMICK & CO NV		23 742	20
MEIJI HOLDINGS CO LTD		13 800	7
METRO A		24 707	12
KRAFT FOODS A		132 349	77

NOK MILLIONS	Organisation number	Volume	Market value
MONSTER BEVERAGE CORP		36 987	31
NESTLE		307 843	380
NISSHIN SEIFUN GROUP		20 105	3
NISSIN FOODS HOLDINGS CO LTD		5 900	4
OCADO GROUP PLC		51 964	10
BAKKAFROST P/F		194 669	113
PEPSICO		124 941	191
POLA ORBIS HOLDINGS INC		6 000	1
PROCTER & GAMBLE CO		222 635	321
RECKITT BENCKISER GROUP PLC		76 057	58
SAINSBURY (J)		174 012	6
SAPUTO		19 923	4
SEVEN AND I HOLDINGS CO		76 940	30
SHISEIDO CO		43 000	21
SUNTORY BEVERAGE & FOOD LTD		17 200	5
SYSCO CORP		44 867	31
TESCO		911 523	32
TOYO SUISAN KAISHA		5 800	2
TSURUHA HOLDINGS INC		2 400	2
TYSON FOODS A		27 000	21
UNI-CHARM CORP		43 200	17
UNILEVER PLC		288 260	136
WALGREEN CO		70 832	33
WAL-MART STORES INC		141 800	181
WELCIA HOLDINGS CO LTD		14 400	4
WESTON (GEORGE)		6 299	6
WH GROUP LTD		627 283	3
WILMAR INTERNATIONAL		144 900	4
WOOLWORTHS LTD		125 817	31
YAKULT HONSHA CO		15 100	7
TOTAL, CONSUMER STAPLES			3 134
CALTEX AUSTRALIA		19 661	4
ATLANTICA TENDER DRILLING LT		4 548 536	0
AVANCE GAS HOLDING LTD		152 414	5
BAKER HUGHES A GE CO		76 881	16
BP		1 646 459	65
BW LPG LTD		328 681	16
CAMECO CORP		47 500	9
CHENIERE ENERGY INC		23 100	21
CHEVRON CORP		192 600	199
CONOCOPHILLIPS		135 489	86

NOK MILLIONS	Organisation number	Volume	Market value
CABOT OIL & GAS CORP		70 900	12
DEVON ENERGY CORP		69 000	27
DIAMONDBACK ENERGY INC		17 800	17
JX HOLDINGS INC		225 155	7
ENI		184 894	23
EOG RESOURCES		55 800	44
EXXON MOBIL CORP		420 963	227
FLEX LNG LTD		114 859	23
FRONTLINE LTD		328 647	21
GALP ENERGIA SGPS SA-B SHRS		22 889	2
HALLIBURTON CO		90 800	18
HESS		29 600	19
IDEMITSU KOSAN CO		24 963	6
INDEPENDENT TANKERS CORP LTD		1 539 877	0
INPEX CORPORATION		87 700	7
KEYERA CORP		21 022	4
KINDER MORGAN INC		200 541	28
LUNDIN PETROLEUM		14 040	4
NESTE OIL		35 072	15
OCCIDENTAL PETROLEUM		94 984	24
OMV AG		10 350	5
ONEOK INC		46 400	24
PARKLAND FUEL CORP		12 494	3
PEMBINA PIPELINE CORP		53 009	14
PIONEER NATURAL RES.		22 300	36
READ WELL SERVICES HOLDING (a-aksje) AS		113 939	0
READ WELL SERVICES HOLDING (b-aksje) AS		990 546	4
REPSOL YPF		103 505	11
ROYAL DUTCH SHELL PLC-A SHS		321 107	62
ROYAL DUTCH SHELL B		286 592	56
SANTOS		251 704	10
SCHLUMBERGER		136 646	36
SUBSEA 7 SA		868 370	55
TRANSCANADA CORP		101 032	41
TENARIS SA		34 366	3
TOTAL		193 901	87
TOURMALINE OIL CORP		27 600	8
VALERO ENERGY CORP		41 035	27
WILLIAMS COS		125 743	29
WOODSIDE PETROLEUM		92 383	13
TOTAL, ENERGY			1 474

NOK MILLIONS	Organisation number	Volume	Market value
3I GROUP PLC		82 425	14
ABN AMRO GROUP NV-CVA		28 940	4
STANDARD LIFE		132 111	4
ADMIRAL GROUP PLC		12 955	5
AEGON		156 501	7
AFLAC		52 044	27
AGEAS		14 188	6
AGNC INVESTMENT CORP		40 300	5
AIA GROUP LTD		938 060	83
ALLEGHANY CORP		1 000	6
ALLIANZ		31 974	67
ALLSTATE CORP		23 709	25
ALLY FINANCIAL INC		29 600	12
AMERICAN EXPRESS		54 374	78
AMERICAN FINANCIAL GROUP INC		5 000	6
AMERICAN INT'L GROUP		68 747	34
AMERIPRISE FINANCIAL		9 970	27
AMUNDI SA		6 394	5
ANNALY CAPITAL MANAGEMENT IN		123 300	8
AON PLC-CLASS A		17 773	47
APOLLO ASSET MANAGEMENT INC		15 900	10
ARCH CAPITAL GROUP		35 000	14
ARTHUR J GALLAGHER & CO		16 500	25
ASSICURAZIONI GENERALI		87 309	16
ASSURANT		4 400	6
ASX		17 223	10
ATHENE HOLDING LTD-CLASS A		10 100	7
ANZ BANKING GROUP		218 157	38
AVIVA		333 276	16
AXA SA		150 052	39
BALOISE-HOLDING AG		2 727	4
BANCO BILBAO VIZCAYA ARGENTA		544 101	29
BANCO ESPIRITO SANTO		190 970	0
BSCH BCO SANTANDER CENTR		1 347 478	40
BANK OF AMERICA CORP		616 010	242
BANK MONTREAL		50 375	48
BANK NEW YORK MELLON		65 381	33
BANK NOVA SCOTIA		92 901	58
BARCLAYS		1 408 834	31
BERKSHIRE HATHAWAY B		105 651	279
BLACKROCK INC		11 908	96

NOK MILLIONS	Organisation number	Volume	Market value
BLACKSTONE INC		56 200	64
BNP PARIBAS		86 882	53
BOC HONG KONG HOLDINGS		375 700	11
BROOKFIELD ASSET MAN A		100 043	53
BROWN & BROWN INC		16 800	10
CAIXABANK		291 819	7
CANADIAN IMPERIAL BANK		34 808	36
CAPITAL ONE FINANCIAL		35 188	45
CARLYLE GROUP INC/THE		16 900	8
CBOE HOLDINGS INC		10 000	11
CHIBA BANK		45 000	2
ACE		37 116	63
CINCINNATI FINL CORP		12 900	13
CITIGROUP		161 526	86
CITIZENS FINANCIAL GROUP		34 200	14
CHICAGO MERCANTILE EXCH		29 520	59
CNP ASSURANCES		11 687	3
COINBASE GLOBAL INC -CLASS A		3 200	7
COMMERZBANK		87 323	6
COMMONWEALTH BANK		139 185	90
BANK YOKOHAMA		74 000	2
CREDIT AGRICOLE		102 843	13
CREDIT SUISSE		209 060	18
DAI-ICHI LIFE INSURANCE		71 800	13
DAIWA SECURITIES GROUP		109 000	5
DANSKE BANK		52 583	8
DBS GROUP HOLDINGS		151 920	32
DEUTSCHE BANK NAMEN		166 014	18
DEUTSCHE BOERSE AG		15 056	22
DIRECT LINE INSURANCE GROUP		87 441	3
DISCOVER FINANCIAL SERVICES		24 844	25
EQT AB		24 993	12
AXA EQUITABLE HOLDINGS INC		37 100	11
ERIE INDEMNITY COMPANY-CL A		1 900	3
ERSTE GROUP BANK AG		26 540	11
EURAZEO		2 723	2
EURONEXT NV		4 024	4
EVEREST RE GROUP		2 900	7
EXOR NV		6 673	5
FACTSET RESEARCH SYSTEMS INC		2 600	11
FAIRFAX FINANCIAL HLDGS		1 632	7

NOK MILLIONS	Organisation number	Volume	Market value
FIDELITY NAT'L FINANCIAL		19 200	9
FIFTH THIRD BANCORP		61 705	24
FINECOBANK SPA		37 469	6
FIRST REPUBLIC BANK/CA		14 000	25
FRANKLIN RESOURCES		18 104	5
FUTU HOLDINGS LTD-ADR		3 600	1
TORCHMARK CORP		10 000	8
GOLDMAN SACHS GROUP		26 774	90
GREAT WEST LIFECO		19 848	5
GROUPE BRUXELLES LAMBERT		11 089	11
GROUPE BRUXELLES LAMBERT SA		2 577	2
HANG SENG BANK		70 800	11
HANNOVER RUECKVERSICH.		6 062	10
HARGREAVES LANSDOWN PLC		20 856	3
HARTFORD FINANCIAL SVCS		27 911	17
HONG KONG EXCH.&CLEARING		94 081	48
HSBC HOLDINGS (GB)		1 613 353	86
HUNTINGTON BANCSHARES INC		126 700	17
IA FINANCIAL CORP INC		8 734	4
IGM FINANCIAL		7 300	2
INDUSTRIVARDEN A		10 762	3
INDUSTRIVARDEN C		10 187	3
ING GROEP		304 973	37
INSURANCE AUSTRALIA GRP.		162 917	4
INTACT FINANCIAL CORP		12 500	14
INTERCONTINENTAL		43 395	52
INTESA SANPAOLO ORD		1 304 873	30
INVESCO LTD		28 858	6
INVESTOR AB SER. A		40 338	9
INVESTOR B		144 118	32
JAPAN EXCHANGE GROUP INC		32 500	6
JAPAN POST BANK CO LTD		25 500	2
JAPAN POST HOLDINGS CO LTD		209 100	14
JAPAN POST INSURANCE CO LTD		19 000	3
JPMORGAN CHASE & CO		241 015	337
JULIUS BAER GROUP LTD		18 674	11
KBC GROUPE		19 226	15
KEYCORP		83 000	17
Kinnevik AB ser. B		15 697	5
KKR & CO INC -A		43 600	29
LEGAL & GENERAL GROUP		509 551	18

NOK MILLIONS	Organisation number	Volume	Market value
LINCOLN NATIONAL CORP		15 682	9
LLOYDS BANKING GROUP PLC		5 578 498	32
LOEWS CORP		16 900	9
LONDON STOCK EXCHANGE		26 151	22
LUNDBERGFÖRETAGEN AB, L E SER. B		7 970	4
M & T BANK CORP		8 916	12
M&G PLC		189 065	4
MACQUARIE BANK		27 143	36
MAGELLAN FINANCIAL GROUP LTD		9 041	1
MANULIFE FINANCIAL CORP		160 761	27
MARKEL CORP		1 200	13
MARKETAXESS HOLDINGS INC		3 000	11
MARSH AND MCLENNAN COS		41 654	64
MEDIBANK PRIVATE LTD		176 403	4
MEDIOBANCA		40 060	4
METLIFE		62 998	35
MITSUBISHI UFJ LEASE FIN		37 700	2
MITSUBISHI UFJ FIN GRP		948 198	45
MIZUHO FINANCIAL GROUP		200 941	23
MOODYS CORP		12 976	45
MORGAN STANLEY		109 687	95
MS&AD INSURANCE GROUP HOLDINGS		38 920	11
MSCI INC		6 400	35
MUENCHENER RUECKVERSICH.		11 438	30
NASDAQ OMX GROUP/THE		9 200	17
NATIONAL AUSTRALIA BANK		257 065	48
NATIONAL BANK OF CANADA		25 392	17
ROYAL BANK OF SCOTLAND		479 503	13
NN GROUP NV		25 792	12
NOMURA HOLDINGS		200 100	8
NORDEA BANK ABP		257 072	28
NORTHERN TRUST CORP		16 850	18
ONEX CORPORATION		5 400	4
ORIX CORP		108 000	19
OCBC BANK		289 466	22
PARTNERS GROUP HOLDING AG		1 896	28
PHOENIX GROUP HOLDINGS PLC		28 601	2
PNC FINL SERVICES GROUP		34 728	61
POSTE ITALIANE SPA		30 561	4
POWER CORP OF CANADA		44 483	13
PRINCIPAL FINANCIAL GRP		19 000	12

NOK MILLIONS	Organisation number	Volume	Market value
PROGRESSIVE CORP		45 152	41
PRUDENTIAL FINANCIAL		33 302	32
PRUDENTIAL		203 649	31
QBE INSURANCE GROUP		97 333	7
RAIFFEISEN BANK INTERNATIONAL		9 818	3
RAYMOND JAMES FINANCIAL INC		12 660	11
REGIONS FINANCIAL (NEW)		69 541	13
RESONA HOLDINGS		197 742	7
ROYAL BANK OF CANADA		115 142	108
S&P GLOBAL INC		19 139	80
SAMPO OYJ-A SHS		37 802	17
SBI HOLDINGS		14 070	3
SCHRODERS		8 983	4
SCHWAB (CHARLES) CORP		113 968	84
SEI INVESTMENTS COMPANY		9 500	5
SHIZUOKA BANK		34 000	2
SIGNATURE BANK		4 400	13
SINGAPORE EXCHANGE		48 400	3
SKAND.ENSKILDA BANKEN A		137 953	17
SOCIETE GENERALE		61 302	19
SOFI TECHNOLOGIES INC		26 000	4
SOFINA		1 044	5
NKSJ HOLDINGS INC		20 700	8
ST JAMES'S PLACE PLC		37 154	7
STANDARD CHARTERED		249 464	13
STATE STREET CORP		28 843	24
SUMITOMO MITSUI FINL GRP		103 171	31
SUMITOMO MITSUI TRUST HOLDINGS		27 876	8
SUN LIFE FINANCIAL		43 840	22
SUNCORP GROUP LTD		97 212	7
SVB FINANCIAL GROUP		4 500	27
SVENSKA HANDELSBANKEN-A SHS		104 094	10
SWEDBANK		61 973	11
SWISS LIFE HOLDING		2 601	14
SWISS RE LTD		24 770	22
SYNCHRONY FINANCIAL		46 210	19
PRICE (T. ROWE) GROUP		18 523	32
T&D HOLDINGS		38 100	4
TMX GROUP LTD		3 400	3
TOKIO MARINE HOLDINGS INC		54 279	27
TOKYO CENTURY CORP		3 200	1

NOK MILLIONS	Organisation number	Volume	Market value
TORONTO-DOMINION BANK		142 821	97
TRADEWEB MARKETS INC-CLASS A		9 200	8
TRAVELERS COS		20 710	29
BB&T CORP		109 902	57
TRYG A/S		33 548	7
UBS NAMEN		304 428	48
UNICREDIT SPA		180 365	24
UNITED OVERSEAS BANK		82 023	14
UPSTART HOLDINGS INC		2 400	3
US BANCORP		109 132	54
WELLS FARGO & CO		331 762	140
WENDEL		2 001	2
WESTPAC BANKING		304 727	42
WILLIS GROUP HOLDINGS PLC		10 668	22
BERKLEY (W.R.) CORP		8 450	6
ZURICH FINL SERVICES		11 731	45
TOTAL, FINANCIAL			5 717
10X GENOMICS INC-CLASS A		7 100	9
ABBOTT LABORATORIES		141 500	176
ABBVIE INC		137 836	165
ABIOMED INC		3 000	10
AGILENT TECHNOLOGIES		23 421	33
ALCON INC		37 784	30
ALIGN TECHNOLOGY INC		6 300	37
ALNYLAM PHARMACEUTICALS INC		8 100	12
AMBU A/S-B		10 544	2
AMERISOURCEBERGEN		14 084	17
AMGEN		45 623	91
AMPLIFON SPA		7 430	4
ANTHEM INC		18 896	77
ARGENX SE		3 753	12
ASAHI INTECC CO LTD		16 200	3
ASTELLAS PHARMA		163 520	23
ASTRAZENECA		121 630	126
AVANTOR INC		38 200	14
BACHEM HOLDING AG-REG B		426	3
VALEANT PHARMACEUTICALS INTERN		23 415	6
BAXTER INTERNATIONAL		41 817	32
BAYER		75 493	36
BECTON DICKINSON		22 281	49
BIOGEN IDEC		11 594	25

NOK MILLIONS	Organisation number	Volume	Market value
BIOMARIN PHARMACEUTICAL INC		17 200	13
BIOMERIEUX		4 652	6
BIO-RAD LABORATORIES-A		1 500	10
BIO-TECHNE CORP		3 600	16
BOSTON SCIENTIFIC CORP		108 527	41
BRISTOL-MYERS SQUIBB CO		174 378	96
CARDINAL HEALTH		26 233	12
CARL ZEISS MEDITEC AG - BR		2 900	5
CATALENT INC		15 400	17
CENTENE CORP		47 420	34
CERNER CORP		24 000	20
CHARLES RIVER LABS INTL		3 400	11
CHUGAI PHARMACEUTICAL CO		54 600	16
CIGNA CORP		27 408	55
COCHLEAR		4 995	7
COLOPLAST B		9 863	15
COOPER COS INC/THE		3 600	13
CSL LIMITED		36 676	68
CVS/CAREMARK		104 477	95
DAIICHI SANKYO CO		138 325	31
DANAHER CORP		50 123	145
DAVITA		6 200	6
WILLIAM DEMANT HOLDING		8 840	4
DENTSPLY SIRONA INC		20 300	10
DEXCOM INC		7 600	36
DIASORIN SPA		1 527	3
EDWARDS LIFESCIENCES CORP		48 100	55
EISAI CO		15 900	8
ELANCO ANIMAL HEALTH INC		27 963	7
LILLY (ELI) AND CO		65 223	159
EUROFINS SCIENTIFIC		11 287	12
EXACT SCIENCES CORP		13 400	9
FISHER & PAYKEL HEALTHCARE C		41 366	8
FRESENIUS MED. CARE ST		17 536	10
FRESENIUS SE & CO KGAA		38 765	14
GENMAB		4 710	17
GETINGE AB-B SHS		19 507	7
GILEAD SCIENCES		102 650	66
GLAXOSMITHKLINE		399 958	77
GN STORE NORD A/S		7 789	4
GRIFOLS SA - B		30 000	3

NOK MILLIONS	Organisation number	Volume	Market value
HCA HOLDINGS INC		21 000	48
HENRY SCHEIN INC		10 000	7
HIKMA PHARMACEUTICALS PLC		8 869	2
HOLOGIC INC		22 300	15
HORIZON PHARMA PLC		16 900	16
HOYA CORP		29 000	38
HUMANA		10 300	42
IDEXX LABORATORIES INC		6 500	38
ILLUMINA INC		11 000	37
INCYTE CORP		11 700	8
INMODE LTD		4 200	3
INSULET CORP		4 500	11
INTUITIVE SURGICAL		28 100	89
IPSEN		2 500	2
QUINTILES TRANSNATIONAL HOLD		15 132	38
JAZZ PHARMACEUTICALS PLC		4 100	5
JOHNSON & JOHNSON		209 179	315
PHILIPS ELECTRS (KON.)		74 497	24
KYOWA HAKKO KIRIN CO LTD		20 400	5
LABORATORY CORP OF AMER		7 700	21
LONZA GROUP		5 715	42
M3 INC		32 300	14
MASIMO CORP		4 400	11
MCKESSON CORP		11 682	26
MEDIPAL HOLDINGS CORP		14 300	2
MEDTRONIC		106 904	98
MERCK AND CO		203 290	137
MERCK KGAA STAMM		10 868	25
METTLER-TOLEDO INTERNATIONAL		1 953	29
MODERNA INC		26 200	59
MOLINA HEALTHCARE INC		5 400	15
NEUROCRINE BIOSCIENCES INC		7 100	5
NIPPON SHINYAKU CO LTD		3 700	2
NMC HEALTH PLC		7 700	0
NOVARTIS		173 195	135
NOVAVAX INC		4 500	6
NOVO NORDISK A/S-B		132 559	131
NOVOCURE LTD		7 800	5
OAK STREET HEALTH INC		7 000	2
OLYMPUS CORP		91 700	19
ONO PHARMACEUTICAL CO		36 300	8

NOK MILLIONS	Organisation number	Volume	Market value
ORION-YHTYMAE B		7 047	3
ORPEA		3 387	3
OTSUKA HOLDINGS CO LTD		33 200	11
PERKINELMER INC		7 900	14
PFIZER		446 705	233
QIAGEN N.V.		16 550	8
QUEST DIAGNOSTICS		8 948	14
RAMSAY HEALTH CARE LTD		14 256	6
RECORDATI SPA		10 198	6
REGENERON PHARMACEUTICALS		8 117	45
RESMED INC		12 400	28
ROCHE HOLDING GENUSS		57 804	212
ROYALTY PHARMA PLC- CL A		13 100	5
RYMAN HEALTHCARE LTD		25 579	2
SANOFI		89 648	80
SANTEN PHARMACEUTICAL CO		23 100	2
SARTORIUS AG-VORZUG		2 600	16
SARTORIUS STEDIM BIOTECH		2 370	11
SEATTLE GENETICS INC		11 300	15
SHIONOGI & CO		22 400	14
SIEMENS HEALTHINEERS AG		22 192	15
SMITH & NEPHEW		83 337	13
SONIC HEALTHCARE		34 028	10
SONOVA HOLDING		4 535	16
STERIS PLC		7 700	17
STRAUMANN HOLDING		866	16
STRYKER CORP		27 399	65
DAINIPPON SUMITOMO PHARM		11 200	1
SYSMEX CORP		11 700	14
TAISHO PHARMACEUTICAL CO		2 600	1
TAKEDA PHARMACEUTICAL		123 784	30
TELADOC INC		9 500	8
TELEFLEX INC		4 400	13
TERUMO CORP		49 600	18
TEVA PHARMACEUTICAL-SP ADR		108 964	8
THERMO FISHER SCIENTIFIC		30 950	182
UCB (GROUPE)		8 462	9
UNITEDHEALTH GROUP		74 693	331
UNIVERSAL HEALTH SERVICES-B		5 783	7
VEEVA SYSTEMS INC-CLASS A		11 300	25
VERTEX PHARMACEUTICALS		20 272	39

NOK MILLIONS	Organisation number	Volume	Market value
VIATRIS INC		107 477	13
GALENICA AG-REG		3 180	5
WATERS CORP		4 853	16
WEST PHARMACEUTICAL SERVICES		5 400	22
ZIMMER HOLDINGS		14 859	17
ZOETIS INC		38 178	82
TOTAL, HEALTHCARE			5 484
3M CO		59 133	93
AP MOLLER MAERSK A		290	9
AP MOLLER MAERSK B		523	17
ABB LTD		151 289	51
ACS ACTIV. CONST. Y SVCS		26 490	6
ADECCO		12 121	5
ADP		3 338	4
AENA SA		7 617	11
ASAHI GLASS CO		13 460	6
AIR CANADA		11 500	2
ALFA LAVAL		33 259	12
ALLEGION PLC		7 600	9
AMERCO		900	6
AMETEK INC		24 350	32
ALL NIPPON AIRWAYS CO		8 700	2
ASHTREAD GROUP PLC		43 353	31
ASSA ABLOY AB-B		89 454	24
ATLANTIA		49 486	9
ATLAS COPCO AB-B SHS		101 383	53
AUCKLAND INT'L AIRPORT		108 138	5
QR NATIONAL LTD		139 065	3
BALLARD POWER SYSTEMS		34 600	4
BOOZ ALLEN HAMILTON HOLDINGS		13 500	10
BOUYGUES ORD		14 824	5
BRAMBLES		136 660	9
BRENNTAG AG		13 243	11
BUNZL		37 187	13
BUREAU VERITAS SA		33 512	10
CH ROBINSON WORLDWIDE		13 500	13
CAE		34 124	8
CANADIAN NAT'L RAILWAY		69 816	76
CP RAILWAY		90 500	57
CARRIER GLOBAL CORP		85 074	41
CATERPILLAR		53 528	98

NOK MILLIONS	Organisation number	Volume	Market value
CENTRAL JAPAN RAILWAY CO		13 200	16
CINTAS CORP		9 197	36
CK HUTCHISON HOLDINGS LTD		247 917	14
CLARIVATE PLC		44 500	9
CNH INDUSTRIAL NV		90 117	15
SAINT-GOBAIN		42 653	26
COPART INC		20 500	27
COSTAR GROUP INC		37 200	26
CSX CORP		220 578	73
CUMMINS		15 500	30
DAI NIPPON PRINTING CO		18 500	4
DAIFUKU CO LTD		6 900	5
DAIKIN INDUSTRIES		19 900	40
DAIMLER TRUCK HOLDING AG		43 790	14
DCC PLC		8 721	6
DEERE & CO		29 134	88
DELTA AIR LINES		12 370	4
LUFTHANSA		30 604	2
DEUTSCHE POST		91 731	52
DOVER CORP		14 077	23
DSV DE SAMMENSLUT VOGN		17 778	37
EAST JAPAN RAILWAY CO		21 902	12
EATON CORP		38 816	59
EIFFAGE		7 390	7
EMERSON ELECTRIC CO		58 639	48
EPIROC AB-B		101 782	19
EQUIFAX		12 100	31
EXPEDITORS INTL WASH.		16 000	19
EXPERIAN PLC		85 530	37
FANUC CORP		16 200	30
FASTENAL CO		60 700	34
FEDEX CORP		24 683	56
FERGUSON PLC		19 915	31
FERROVIAL SA		37 947	10
FORTIVE CORP		33 998	23
FORTUNE BRANDS HOME & SECURI		14 400	14
FUJI ELECTRIC CO LTD		9 200	4
GEA GROUP		16 457	8
GEBERIT		3 463	25
GENERAC HOLDINGS INC		6 100	19
GENERAL ELECTRIC CO		107 428	89

NOK MILLIONS	Organisation number	Volume	Market value
GROUPE EUROTUNNEL SA - REGR		48 904	7
GFL ENVIRONMENTAL INC-SUB VT		10 600	4
GOLDEN OCEAN GROUP LTD		382 731	30
HANKYU HANSHIN HLDG		25 100	6
HEICO CORP		3 300	4
HEICO CORP-CLASS A		9 100	10
HINO MOTORS		18 700	1
HITACHI CONSTR. MACHINE.		9 200	2
HITACHI		82 900	40
HOSHIZAKI ELECTRIC CO LTD		2 500	2
ARCONIC INC		46 050	13
HUNT (J.B.) TRANSPORT		8 600	16
HUSQVARNA B		33 815	5
IDEX CORP		7 500	16
IHS MARKIT LTD		37 804	44
ILLINOIS TOOL WORKS		30 750	67
IMCD GROUP NV		4 266	8
GARDNER DENVER HOLDINGS INC		40 068	22
INPOST SA		17 971	2
INTERTEK GROUP		18 218	12
ITOCHU CORP		99 200	27
JAPAN AIRLINES CO LTD		6 700	1
JOHNSON CONTROLS INTERNATIONAL		70 215	50
KAJIMA CORP		33 300	3
KEIO CORP		6 600	3
KEISEI ELECTRIC RAILWAY		6 600	2
KEPPEL CORP LTD		72 760	2
KINGSPAN GROUP PLC		13 013	14
KINTETSU CORP		10 490	3
KION GROUP AG		7 362	7
KNIGHT-SWIFT TRANSPORTATION		19 800	11
KNORR-BREMSE AG		6 238	5
KOMATSU		76 700	16
KONE B		30 523	19
KORNIT DIGITAL LTD		2 700	4
KUBOTA CORP		84 200	16
KUEHNE & NAGEL INT'L		5 164	15
KURITA WATER INDUSTRIES		10 100	4
INVESTMENT AB LATOUR-B SHS		11 251	4
LEGRAND		23 793	24
LENNOX INTERNATIONAL INC		3 500	10

NOK MILLIONS	Organisation number	Volume	Market value
LIFCO AB-B SHS		13 707	4
JS GROUP CORP		21 100	5
LYFT INC-A		21 100	8
MAKITA CORP		16 000	6
MARUBENI CORP		156 300	13
MASCO CORP		25 501	16
MELROSE INDUSTRIES PLC		320 637	6
MINEBEA CO		29 600	7
MISUMI GROUP INC		21 800	8
MITSUBISHI CORP		98 300	27
MITSUBISHI ELECTRIC CORP		171 900	19
MITSUBISHI HEAVY IND		23 909	5
MIURA CO LTD		5 800	2
MONOTARO CO LTD		20 800	3
MTR CORP		91 547	4
MTU AERO ENGINES AG		4 083	7
NGK INSULATORS		21 000	3
NIBE INDUSTRIER AB-B SHS		120 566	16
NIDEC CORP		36 700	38
NIHON M&A CENTER INC		20 200	4
NIPPON EXPRESS HOLDINGS CO L		5 200	0
NIPPON YUSEN K.K		17 500	12
NORDSON CORP		5 400	12
NORFOLK SOUTHERN CORP		24 446	64
OBAYASHI CORP		51 000	3
ODAKYU ELECTRIC RAILWAY		20 900	3
OLD DOMINION FREIGHT LINE		10 200	32
OTIS WORLDWIDE CORP		39 537	30
OWENS CORNING		8 300	7
PACCAR		34 186	27
PARKER HANNIFIN CORP		12 689	36
PENTAIR		14 933	10
PERSOL HOLDINGS CO LTD		18 500	5
PLUG POWER INC		48 200	12
PRYSMIAN SPA		18 782	6
QANTAS AIRWAYS LTD		66 687	2
RANDSTAD HOLDING		8 782	5
RATIONAL AG		326	3
RECRUIT HOLDINGS CO LTD		114 300	61
REECE LTD		22 186	4
REED ELSEVIER (GB)		174 482	50

NOK MILLIONS	Organisation number	Volume	Market value
RENTOKIL INITIAL PLC		172 170	12
REPUBLIC SERVICES		20 995	26
RITCHIE BROS. AUCTIONEER		8 200	4
ROBERT HALF INT'L		11 100	11
ROCKWELL AUTOMATION		11 800	36
ROCKWOOL INTL A/S-B SHS		1 000	4
ROLLINS INC		28 100	8
ROPER INDUSTRIES		10 300	45
SANDVIK		109 807	27
SCHINDLER NAMEN		2 479	6
SCHINDLER PART		3 174	8
SCHNEIDER ELECTRIC		49 667	86
SECOM CO		18 700	11
SECURITAS B		23 355	3
SENSATA TECHNOLOGIES HOLDING		12 400	7
SG HOLDINGS CO LTD		24 700	5
SGS		525	15
SHIMIZU CORP		46 000	3
SIEMENS		67 507	103
SIEMENS ENERGY AG		36 161	8
GAMESA CORP TECNOLOGICA		20 000	4
SINGAPORE AIRLINES		82 500	3
SINGAPORE TECH ENGR.		200 900	5
SITC INTERNATIONAL HOLDINGS		119 000	4
SKANSKA B		30 101	7
SKF B		31 433	7
SMC CORP		4 700	28
SMITH (A.O.) CORP		14 500	11
SMITHS GROUP		26 703	5
SNAP-ON INC		5 500	10
SOHGO SECURITY SERVICES CO		4 000	1
SOUTHWEST AIRLINES CO		12 100	5
SPIRAX-SARCO ENGINEERING PLC		5 780	11
STANLEY BLACK & DECKER INC		15 154	25
STOLT-NIELSEN LTD		86 629	12
SUMITOMO CORP		105 800	14
SUNRUN INC		15 300	5
SYDNEY AIRPORT		99 003	6
TAISEI CORP		10 300	3
TECHTRONIC INDUSTRIES CO		125 500	22
TELEPERFORMANCE		5 151	20

NOK MILLIONS	Organisation number	Volume	Market value
TFI INTERNATIONAL INC		7 700	8
THOMSON REUTERS CORP		19 217	20
TOBU RAILWAY CO		12 800	3
TOKYU CORP		36 600	4
TOPPAN PRINTING CO		17 850	3
TOROMONT INDUSTRIES LTD		7 000	6
TOSHIBA CORP		35 970	13
TOTO		10 800	4
TOYOTA INDUSTRIES CORP		11 200	8
TOYOTA TSUSHO		19 700	8
INGERSOLL-RAND PLC		23 149	41
TRANSDIGM GROUP INC		5 000	28
TRANSUNION		17 600	18
TRANSURBAN GROUP		270 399	24
UBER TECHNOLOGIES INC		119 300	44
UNION PACIFIC CORP		66 955	149
UNITED PARCEL SERVICE B		73 136	138
UNITED RENTALS INC		7 100	21
VAT GROUP AG		2 888	13
VERISK ANALYTICS INC-CLASS A		16 000	32
VESTAS WIND SYSTEMS		97 486	26
VINCI		47 212	44
VOLVO A		15 492	3
VOLVO B		137 444	28
WABTEC CORP		17 814	14
WARTSILA B		50 555	6
WASTE CONNECTIONS INC		25 000	30
WASTE MANAGEMENT		41 058	60
WEST JAPAN RAILWAY CO		18 400	7
WOLTERS KLUWER		22 559	23
WSP GLOBAL INC		11 800	15
GRAINGER (WW)		4 300	20
XINYI GLASS HOLDINGS LTD		134 000	3
XYLEM INC		17 710	19
YAMATO HOLDINGS CO		23 200	5
YASKAWA ELECTRIC CORP		16 600	7
TOTAL, INDUSTRY			4 531
ACCENTURE PLC		50 729	185
ADOBE SYSTEMS		37 891	189
ADVANCED MICRO DEVICES		97 000	123
ADVANTEST CORP		18 500	15

NOK MILLIONS	Organisation number	Volume	Market value
ADYEN NV		1 606	37
AFFIRM HOLDINGS INC		7 000	6
AFTERPAY TOUCH GROUP LTD		17 184	9
AKAMAI TECHNOLOGIES		15 200	16
AMADEUS IT HOLDING SA-A SHS		39 196	23
AMPHENOL CORP		48 044	37
ANALOG DEVICES		43 240	67
ANSYS INC		7 100	25
APPLE		1 312 612	2 055
APPLIED MATERIALS		71 540	99
ARISTA NETWORKS INC		19 600	25
ARROW ELECTRONICS		5 900	7
ASANA INC - CL A		4 300	3
ASM INTERNATIONAL NV		3 278	13
ASML HLDG		33 323	236
AUTODESK		16 900	42
AUTOMATIC DATA PROCESS		34 534	75
AVALARA INC		7 000	8
AVEVA GROUP PLC		9 946	4
AZBIL CORP		6 500	3
BECHTLE AG		8 775	6
BENTLEY SYSTEMS INC-CLASS B		11 800	5
BILL.COM HOLDINGS INC		6 400	14
BLACK KNIGHT INC		11 800	9
RESEARCH IN MOTION		34 500	3
SQUARE INC - A		30 600	44
BROADCOM LTD		32 551	191
BROADRIDGE FINANCIAL SOLUTIO		9 200	15
BROTHER INDUSTRIES		17 800	3
CADENCE DESIGN SYS INC		21 900	36
CANON INC		85 550	18
CAP GEMINI SA		13 200	29
CDW CORP/DE		10 200	18
CERIDIAN HCM HOLDING INC		9 200	8
CGI GROUP A		18 300	14
CHECK POINT SOFTWARE TECH		7 100	7
CISCO SYSTEMS		334 511	187
CITRIX SYSTEMS		7 800	7
CLOUDFLARE INC - CLASS A		17 400	20
COGNEX CORP		12 000	8
COGNIZANT TECH SOLUTIONS		44 054	34

NOK MILLIONS	Organisation number	Volume	Market value
COMPUTERSHARE		31 031	4
CONSTELLATION SOFTWARE INC		1 700	28
CORNING		65 948	22
COUPA SOFTWARE INC		5 900	8
CROWDSTRIKE HOLDINGS INC - A		15 700	28
CYBERARK SOFTWARE LTD/ISRAEL		2 700	4
DASSAULT SYSTEMES		54 211	28
DATADOG INC - CLASS A		15 100	24
DELL TECHNOLOGIES INC-CL V		23 000	11
DISCO CORP		2 000	5
DOCUSIGN INC		15 600	21
DROPBOX INC-CLASS A		22 900	5
DYNATRACE INC		13 100	7
EDENRED		15 712	6
ENPHASE ENERGY INC		11 100	18
ENTEGRIS INC		9 600	12
EPAM SYSTEMS INC		4 500	27
ERICSSON (LM) B		244 462	24
F5 NETWORKS		4 500	10
FAIR ISAAC CORP		1 800	7
FIDELITY NAT'L INFO SVCS		47 781	46
FISERV		47 377	43
FLEETCOR TECHNOLOGIES INC		5 820	11
FORTINET INC		11 400	36
FUJI FILM HOLDINGS CO		30 000	20
FUJITSU		16 720	25
GARTNER INC		6 800	20
GLOBAL PAYMENTS INC		23 246	28
GMO PAYMENT GATEWAY INC		3 000	3
GODADDY INC - CLASS A		16 600	12
GUIDEWIRE SOFTWARE INC		6 400	6
HALMA PLC		25 351	10
HAMAMATSU PHOTONICS KK		10 600	6
HEWLETT PACKARD ENTERPRIS		117 565	16
HEXAGON AB SER. B		142 051	20
HIROSE ELECTRIC CO		1 984	3
HP INC		91 865	31
HUBSPOT INC		3 800	22
IBIDEN CO		6 300	3
INFINEON TECHNOLOGIES		107 710	44
INTEL CORP		318 055	144

NOK MILLIONS	Organisation number	Volume	Market value
INTL BUSINESS MACHINES CORP		69 236	82
INTUIT		22 018	125
IPG PHOTONICS CORP		3 000	5
ITOCHU TECHNO-SOLUTIONS		7 000	2
JACK HENRY & ASSOCIATES INC		4 900	7
JUNIPER NETWORKS		23 500	7
KEYENCE CORP		15 400	85
KEYSIGHT TECHNOLOGIES IN		14 700	27
KLA TENCOR CORP		11 700	44
KYOCERA CORP		26 000	14
LAM RESEARCH CORP		11 550	73
LASERTEC CORP		6 400	17
LIGHTSPEED COMMERCE INC		7 100	3
LOGITECH NAMEN		13 895	10
MARVELL TECHNOLOGY GROUP		62 600	48
MASTERCARD A		69 707	221
MICROCHIP TECHNOLOGY		42 000	32
MICRON TECHNOLOGY		91 500	75
MICROSOFT CORP		567 919	1 684
MONGODB INC		4 600	21
MONOLITHIC POWER SYSTEMS INC		3 700	16
MURATA MANUFACTURING CO		45 000	32
NEC CORP		23 740	10
NEMETSCHEK SE		3 775	4
NETWORK APPLIANCE		19 639	16
NEXI SPA		42 859	6
NICE SYSTEMS LTD		5 223	14
NOKIA CORP		400 488	22
NOMURA RESEARCH INST		24 321	9
SYMANTEC CORP		52 900	12
NTT DATA CORP		58 700	11
NUANCE COMMUNICATIONS INC		25 900	13
NUVEI CORP-SUBORDINATE VTG		4 400	3
NVIDIA		197 836	513
NXP SEMICONDUCTORS NV		21 512	43
OBIC CO		5 000	8
OKTA INC		10 200	20
OMRON CORP		16 700	15
ON SEMICONDUCTOR CORP		31 700	19
OPEN TEXT CORP		25 000	10
ORACLE CORP		134 798	104

NOK MILLIONS	Organisation number	Volume	Market value
ORACLE CORP JAPAN		2 300	2
OTSUKA CORP		7 800	3
PALANTIR TECHNOLOGIES INC-A		121 400	19
PALO ALTO NETWORKS INC		7 300	36
PAYCHEX		26 357	32
PAYCOM SOFTWARE INC		4 100	15
PAYPAL HOLDINGS INC		89 420	149
PTC INC		8 000	9
QORVO INC		9 600	13
QUALCOMM		89 500	144
NEC ELECTRONICS CORP		105 500	11
RICOH CO		44 900	4
RINGCENTRAL INC-CLASS A		5 300	9
ROHM CO		6 700	5
SAGE GROUP (THE)		75 587	8
SALESFORCE.COM		76 515	171
SAP STAMM		84 195	105
SCSK CORP		10 800	2
SEAGATE TECHNOLOGY HOLDINGS		15 219	15
SEIKO EPSON CORPORATION		18 100	3
SERVICENOW INC		15 546	89
SHIMADZU CORP		16 000	6
SHOPIFY INC - CLASS A		9 100	111
Sinch AB		32 770	4
SKYWORKS SOLUTIONS INC		12 028	16
SNOWFLAKE INC-CLASS A		15 400	46
SOLAREdge TECHNOLOGIES INC		4 700	12
SPLUNK INC		12 800	13
SS&C TECHNOLOGIES HOLDINGS		15 900	11
STMICROELECTRONICS NV		53 789	23
SUMCO		22 000	4
SYNOPSYS		11 800	38
TDK CORP		27 600	9
TE CONNECTIVITY LTD		26 550	38
TELEDYNE TECHNOLOGIES INC		4 500	17
TEMENOS GROUP AG-REG		4 500	5
TERADYNE INC		13 200	19
TEXAS INSTRUMENTS		72 805	121
TIS INC		12 900	3
TOKYO ELECTRON		11 700	59
TRADE DESK INC/THE -CLASS A		36 200	29

NOK MILLIONS	Organisation number	Volume	Market value
TREND MICRO		13 600	7
TRIMBLE NAVIGATION LTD		19 200	15
TWILIO INC - A		13 600	32
TYLER TECHNOLOGIES INC		2 800	13
UNITY SOFTWARE INC		3 900	5
VENTURE CORP LTD		20 300	2
VERISIGN		9 100	20
VISA INC-CLASS A SHARES		134 290	257
VMWARE INC-CLASS A		15 834	16
WESTERN DIGITAL		26 594	15
WESTERN UNION		24 794	4
WISETECH GLOBAL LTD		17 765	7
WIX.COM LTD		3 900	5
WORKDAY INC-CLASS A		14 389	35
WORLDLINE SA		19 833	10
XERO LTD		13 135	12
XILINX		18 973	35
YOKOGAWA ELECTRIC CORP		14 000	2
ZEBRA TECHNOLOGIES CORP-CL A		4 300	23
ZENDESK INC		9 700	9
ZOOM VIDEO COMMUNICATIONS-A		16 600	27
ZSCALER INC		6 900	20
TOTAL, IT			10 313
AGNICO-EAGLE MINES		17 687	8
AIR LIQUIDE		43 271	66
AIR PRODUCTS & CHEMICALS		19 600	53
AKZO NOBEL		16 688	16
ALBEMARLE CORP		10 600	22
AMCOR PLC		125 100	13
ANGLO AMERICAN (GB)		123 695	45
ANTOFAGASTA		31 496	5
ARCELOR-MITTAL A		63 627	18
ARKEMA		6 686	8
ASAHI KASEI CORP		118 500	10
AVERY DENNISON CORP		6 511	12
BALL CORP		30 990	26
BASF		87 960	54
BLUESCOPE STEEL		62 987	8
BOLIDEN		20 847	7
CCL INDUSTRIES INC - CL B		12 100	6
CELANESE CORP		10 200	15

NOK MILLIONS	Organisation number	Volume	Market value
CF INDUSTRIES HOLDINGS INC		16 500	10
CHRISTIAN HANSEN HOLDING A/S		9 089	6
CLARIANT AG-REG		28 292	5
CORTEVA INC		65 953	27
COVESTRO AG		15 192	8
CRH		68 191	32
CRODA INTERNATIONAL PLC		11 374	14
CROWN HOLDINGS INC		10 200	10
DOW INC		62 753	31
DOWDUPONT INC		49 453	35
EASTMAN CHEMICAL CO		12 300	13
ECOLAB		21 623	45
EMS-CHEMIE HOLDING AG-REG		698	7
EVOLUTION MINING LTD		249 398	6
EVONIK INDUSTRIES AG		14 811	4
EVRAZ PLC		37 000	3
FIRST QUANTUM MINERALS		52 644	11
FMC CORP		13 170	13
FORTESCUE METALS GROUP		180 598	22
FRANCO-NEVADA CORP		17 654	22
FUCHS PETROLUB AG -PREF		4 529	2
GIVAUDAN		902	42
HITACHI METALS		19 600	3
HOLCIM		49 254	22
ISRAEL CHEMICALS LTD		40 032	3
INT'L PAPER CO		27 553	11
INT'L FLAVORS FRAGRANCES		22 322	30
IVANHOE MINES LTD-CL A		49 800	4
JAMES HARDIE INDUSTRIES SE		47 737	17
JFE HOLDINGS		50 300	6
JOHNSON MATTHEY		17 996	4
JSR CORP		26 300	9
KANSAI PAINT CO		19 000	4
KINROSS GOLD CORP		108 200	6
KIRKLAND LAKE GOLD LTD		24 400	9
KONINKLIJKE DSM		15 602	31
LANXESS AG		7 476	4
LINDE PLC		45 091	138
LUNDIN MINING CORP		60 200	4
LYONDELLBASELL INDU-CL A		20 632	17
MARTIN MARIETTA MATRLS		5 700	22

NOK MILLIONS	Organisation number	Volume	Market value
MITSUBISHI CHEMICAL HLDG		121 550	8
MITSUBISHI GAS CHEMICAL		20 100	3
mitsui chemicals		19 120	5
MONDI PLC		52 373	11
MOSAIC CO (THE)		28 800	10
NEWCREST MINING		93 007	15
NEWMONT MINING HLDG		67 357	37
NIPPON PAINT CO LTD		71 370	7
TAIYO NIPPON SANSEI CORP		13 000	2
NIPPON STEEL CORP		87 972	13
NISSAN CHEMICAL IND		11 600	6
NITTO DENKO CORP		14 800	10
NORTHERN STAR RESOURCES LTD		103 054	6
NOVOZYMES B		20 522	15
NUCOR CORP		26 764	27
NUTRIEN LTD		50 800	34
OJI PAPER CO		61 300	3
ORICA		27 493	2
PACKAGING CORP OF AMERICA		7 000	8
PAN AMERICAN SILVER CORP		13 900	3
PPG INDUSTRIES		20 652	31
RIO TINTO LTD		11 592	7
RIO TINTO PLC		134 863	79
RPM INTERNATIONAL INC		13 800	12
SEALED AIR CORP		12 100	7
SHERWIN-WILLIAMS CO		21 700	67
SHIN-ETSU CHEMICAL CO		37 200	57
SIKA INHABER		13 462	50
SMURFIT KAPPA GROUP PLC		26 401	13
SOLVAY		6 758	7
STEEL DYNAMICS INC		15 900	9
STORA ENSO R		47 320	8
SUMITOMO CHEMICAL CO		185 600	8
SUMITOMO METAL MINING CO		21 050	7
SVENSKA CELLULOSE AB SCA-B		68 979	11
SYLVAMO CORP		4	0
SYMRISE AG		12 123	16
TORAY INDUSTRIES		169 100	9
TOSOH CORP		20 000	3
UMICORE		16 837	6
UPM-KYMMENE		46 159	15

NOK MILLIONS	Organisation number	Volume	Market value
VOESTALPINE		7 772	2
VULCAN MATERIALS CO		12 285	22
WEST FRASER TIMBER CO LTD		10 500	9
WESTROCK CO		19 144	7
SILVER WHEATON CORP		40 757	15
TOTAL, RAW MATERIALS			1 808
ALEXANDRIA REAL ESTATE EQUIT		12 050	24
AMERICAN TOWER CORP A		37 408	96
AROUNDTOWN SA		73 217	4
ASCENDAS REAL ESTATE INV		239 142	5
AVALONBAY COMMUNITIES		12 135	27
AZRIELI GROUP		2 982	3
BOSTON PROPERTIES		10 583	11
BRITISH LAND CO		68 884	4
CAMDEN PROPERTY TRUST		8 700	14
CAN APARTMENT PROP REAL ESTA		10 432	4
CAPITAMALL TRUST		536 068	7
CAPITALAND INVESTMENT LTD/SI		156 900	3
CBRE GROUP INC		29 400	28
CITY DEVELOPMENTS		23 700	1
CHEUNG KONG PROPERTY HOLDING		183 417	10
FONCIERE DES REGIONS		6 232	5
CROWN CASTLE INT'L CORP		36 013	66
DAITO TRUST CONSTRUCTION		4 800	5
DAIWA HOUSE IND CO		52 300	13
DAIWA HOUSE RESIDENTIAL INV		211	6
DEXUS/AU		109 610	8
DIGITAL REALTY TRUST INC		22 600	35
DUKE REALTY CORP		34 100	20
EQUINIX INC		7 252	54
EQUITY LIFESTYLE PROPERTIES		16 900	13
EQUITY RESIDENTIAL		30 401	24
ESR CAYMAN LTD		235 800	7
ESSEX PROPERTY TRUST INC		4 600	14
EXTRA SPACE STORAGE INC		10 000	20
FASTIGHETS AB BALDER-B SHRS		11 789	7
FIRSTSERVICE CORP		4 300	7
GECCINA		3 382	4
GLP J-REIT		237	4
GOODMAN GROUP		144 503	25
GPT GROUP		212 960	7

NOK MILLIONS	Organisation number	Volume	Market value
HANG LUNG PROPERTIES		140 500	3
HEALTH CARE PPTY INVEST		40 100	13
HENDERSON LAND DEV.		109 700	4
HONGKONG LAND HOLDINGS LTD		85 800	4
HOST HOTELS AND RESORTS		67 596	10
SHOEI CO LTD/CHIYODA-KU		14 200	1
INVITATION HOMES INC		47 200	19
IRON MOUNTAIN		28 308	13
JAPAN RETAIL FUND INVT		459	3
JAPAN REAL ESTATE INV		75	4
KLEPIERRE		16 648	3
LAND SECURITIES GROUP		40 819	4
LEG IMMOBILIEN AG		4 608	6
LEND LEASE GROUP		36 373	2
LINK REIT		147 088	11
MAPLETREE COMMERCIAL TRUST		188 400	2
MAPLETREE LOGISTICS TRUST		190 945	2
MEDICAL PROPERTIES TRUST INC		42 100	9
MID-AMERICA APARTMENT COMM		10 000	20
MIRVAC GROUP		296 314	6
MITSUBISHI ESTATE CO		81 779	10
MITSUI FUDOSAN CO		75 000	13
NEW WORLD DEVELOPMENT		78 741	3
NIPPON BUILDING FUND		110	6
NIPPON PROLOGIS REIT INC		111	3
NOMURA REAL ESTATE HLD		6 700	1
NOMURA REAL ESTATE MASTER FU		320	4
ORIX JREIT INC		127	2
PROLOGIS INC		58 886	87
PUBLIC STORAGE		12 500	41
REALTY INCOME CORP		47 208	30
REGENCY CENTERS CORP		10 000	7
RIOCAN REIT		8 396	1
SAGAX AB-B		9 802	3
SBA COMMUNICATIONS CORP-CL A		8 154	28
WESTFIELD RETAIL TRUST		377 045	8
SEGRO		104 390	18
SIMON PROPERTY GROUP		26 296	37
SINO LAND		228 030	3
STOCKLAND		165 127	4
SUMITOMO REALTY & DEV CO		33 100	9

NOK MILLIONS	Organisation number	Volume	Market value
SUN COMMUNITIES INC		9 000	17
SUN HUNG KAI PROPERTIES		102 164	11
SWIRE PACIFIC A		40 600	2
SWIRE PROPERTIES LTD		87 200	2
SWISS PRIME SITE-REG		4 709	4
UDR INC		25 100	13
UNIBAIL GROUP STAPLED		8 018	5
UNITED OVERSEAS LAND		34 787	2
VENTAS		30 111	14
CENTRO RETAIL AUSTRALIA		233 070	3
DEUTSCHE ANNINGTON IMMOBILIE		56 154	27
VORNADO REALTY TRUST		12 539	5
WELLTOWER INC		36 115	27
WEYERHAEUSER CO		58 464	21
WHARF REAL ESTATE INVESTMENT		129 000	6
WP CAREY INC		15 200	11
ZILLOW GROUP INC - A		4 600	3
ZILLOW GROUP INC - C		14 300	8
TOTAL, PROPERTY			1 223
ACTIVISION BLIZZARD INC		63 400	37
ALPHABET INC-CL A		23 760	607
ALPHABET INC-CL C		23 004	587
AMC ENTERTAINMENT HLDS-CL A		32 000	8
AT&T		557 311	121
AUTO TRADER GROUP PLC		98 243	9
BCE INC		8 280	4
BOLLORE		57 936	3
BT GROUP		820 121	17
CABLE ONE INC		500	8
CAPCOM CO LTD		21 600	4
CELLNEX TELECOM SAU		37 085	19
CHARTER COMMUNICATIONS INC-A		10 312	59
COMCAST CORP A (NEW)		365 916	162
CYBERAGENT INC		30 000	4
DENTSU		18 100	6
DEUTSCHE TELEKOM		270 006	44
DISCOVERY COMMUNICATIONS-A		9 300	2
DISCOVERY COMMUNICATIONS-C		18 862	4
DISH NETWORK CORP		20 301	6
ELECTRONIC ARTS		23 860	28
ELISA OYJ		8 631	5

NOK MILLIONS	Organisation number	Volume	Market value
EMBRACER GROUP AB		35 786	3
FOX CORP - CLASS A - W/I		28 000	9
FOX CORP- CLASS B - W/I		12 300	4
HAKUHODO DY HOLDINGS		13 200	2
HKT TRUST AND HKT LTD		196 880	2
IAC/INTERACTIVECORP		5 200	6
INFORMA PLC		103 148	6
INFRASTRUTTURE WIRELESS ITAL		16 896	2
INTERPUBLIC GROUP OF COS		27 400	9
KAKAKU.COM INC		10 139	2
KDDI		126 700	33
KOEI TECMO HOLDINGS CO LTD		5 700	2
KPN (KON.)		244 884	7
LIBERTY BROADBAND-A		1 700	2
LIBERTY BROADBAND-C		12 500	18
LIBERTY GLOBAL C		24 332	6
LIBERTY GLOBAL A		15 535	4
LIBERTY MEDIA CORP-LIBERTY-C		14 400	8
LIBERTY SIRIUSXM GROUP		6 000	3
LIBERTY MEDIA COR-SIRIUSXM C		17 678	8
LIVE NATION ENTERTAINMENT IN		12 000	13
CENTURYLINK INC		78 416	9
MATCH GROUP INC		19 681	23
FACEBOOK INC-A		189 550	562
NETFLIX INC		34 896	185
NEWS CORP - CLASS A		24 545	5
NEXON CO LTD		34 900	6
NINTENDO CO		8 700	36
NTT CORP		107 032	26
OMNICOM GROUP		19 316	12
FRANCE TELECOM		166 582	16
PEARSON		54 518	4
PINTEREST INC- CLASS A		42 500	14
PROXIMUS		9 645	2
PUBLICIS GROUPE		18 955	11
QUEBECOR INC -CL B		13 100	3
REA GROUP LTD		3 640	4
ROGERS COMMUNICATIONS B		24 478	10
ROKU INC		8 600	17
SCOUT24 AG		6 304	4
SEA LTD-ADR		11 300	22

NOK MILLIONS	Organisation number	Volume	Market value
SEEK LTD		23 372	5
SHAW COMMUNICATIONS B		42 887	11
SINGAPORE TELECOM		764 380	12
SIRIUS XM RADIO INC		95 000	5
SNAP INC - A		79 200	33
SOFTBANK CORP		242 800	27
SOFTBANK CORP		97 100	40
TELECOM CORP NEW ZEALAND		109 332	3
SQUARE ENIX HOLDINGS CO LTD		6 500	3
SWISSCOM		2 067	10
TAKE-TWO INTERACTIVE SOFTWARE		9 500	15
TELE2 B		58 368	7
TELECOM ITALIA ORD		824 953	4
TELEFONICA DEUTSCHLAND HOLDI		37 149	1
TELEFONICA		465 035	18
TELIASONERA		221 882	8
TELSTRA CORP		313 037	8
TELUS CORP		40 148	8
T-MOBILE US INC		50 554	52
TOHO CO		8 100	3
TWITTER INC		62 400	24
UBISOFT ENTERTAINMENT		6 266	3
UNITED INTERNET		7 491	3
UNIVERSAL MUSIC GROUP NV		55 407	14
VERIZON COMMUNICATIONS		328 898	151
CBS CORP B		44 233	12
VIVENDI		55 407	7
VODAFONE GROUP		2 125 716	28
DISNEY (WALT)		144 354	197
WPP PLC		84 744	11
YAHOO JAPAN CORP		221 800	11
ZOOMINFO TECHNOLOGIES INC		20 500	12
TOTAL, TELECOM & MEDIA			3 607
ALGONQUIN POWER & UTILITIES		125 862	16
ALTAGAS LTD		52 257	10
AMERICAN WATER WORKS CO INC		29 500	49
APA GROUP		212 509	14
DONG ENERGY A/S		15 663	18
ATMOS ENERGY CORP		22 300	21
AUSNET SERVICES		277 704	5
BROOKFIELD RENEWABLE COR-A		16 800	5

NOK MILLIONS	Organisation number	Volume	Market value
CANADIAN UTILITIES A		29 831	8
CENTERPOINT ENERGY		92 700	23
CK INFRASTRUCTURE HOLDINGS L		74 500	4
CONSOLIDATED EDISON		54 210	41
E. ON		182 624	22
EDF		51 228	5
EDISON INTERNATIONAL		62 389	38
EDP RENOVAVEIS SA		27 819	6
EDP ENERGIAS DE PORTUGAL		286 574	14
ELIA SYSTEM OPERATOR SA/NV		2 621	3
ENAGAS		22 997	5
ENEL		677 588	48
GDF SUEZ		147 329	19
AQUA AMERICA INC		34 000	16
NORTHEAST UTILITIES		54 322	44
EXELON CORP		163 563	83
FORTUM OYJ		51 517	14
HONGKONG CHINA GAS		1 962 956	27
HYDRO ONE LTD		50 400	12
IBERDROLA		495 489	52
MERCURY NZ LTD		107 826	4
MERIDIAN ENER-PARTLY PAID SH		271 932	8
NATIONAL GRID		289 598	37
GAS NATURAL SDG		31 690	9
NEXTERA ENERGY INC		325 900	268
NORTHLAND POWER INC		32 800	9
OSAKA GAS CO		78 900	11
PG&E CORP		263 200	28
PUBLIC SV ENTERPRISE CO		83 515	49
RED ELECTRICA CORPORACION SA		54 363	10
SEMPRA ENERGY		51 508	60
SEVERN TRENT		19 989	7
SNAM SPA		232 526	12
SSE PLC		86 177	17
SUEZ ENVIRONNEMENT SA		32 639	6
TERNA		140 063	10
TOKYO GAS CO		77 120	12

NOK MILLIONS	Organisation number	Volume	Market value
UGI CORP		38 800	16
UNITED UTILITIES GROUP PLC		64 346	8
VEOLIA ENVIRONNEMENT		53 644	17
VERBUND OESTERR ELEK A		6 692	7
TOTAL, DISTRIBUTION			1 226
TOTAL FOREIGN			43 875
TOTAL SHARES			53 350
TOTAL PROPERTY			1 300
TOTAL ENERGY			2 727
TOTAL FINANCIAL			7 534
TOTAL CONSUMER DISCRETIONARY			5 439
TOTAL DISTRIBUTION			3 766
TOTAL HEALTHCARE			5 543
TOTAL INDUSTRY			5 236
TOTAL IT			10 684
TOTAL CONSUMER STAPLES			3 951
TOTAL RAY MATERIALS			2 586
TOTAL TELECOM			4 339
TOTAL UNSPECIFIED			245
TOTAL SHARES			53 350
EQUITY FUNDS			
ABERDEEN INDIRECT PARTNERS EUROPA		29 586	3
JPMORGAN EUROPEAN PROPERTY FUND		51	1
KLP AKSJE FREMV. MARKEDER MER SAMFUNNSANSVAR		499 475	474
KLP AKSJE FREMVOKSENDE MARKEDER FLERFAKTOR	920672159	1 382 779	1 777
KLP AKSJE FREMVOKSENDE MARKEDER INDEKS I	996715426	4 063 046	10 237
KLP AKSJEASIA INDEKS I	990122571	222 770	508
KLP AKSJEASIA INDEKS II	990140847	131 851	204
KLP AKSJEASIA INDEKS III	916909381	200 000	335
KLP AKSJEASIA INDEKS IV	816909422	42 311	68
KLP AKSJEEUROPA INDEKS I	990122555	795 305	1 996
KLP AKSJEGLOBAL FLERFAKTOR I	912651037	7 623 226	20 775
KLP AKSJEGLOBAL INDEKS I	987570113	3 671 593	20 362
KLP AKSJEGLOBAL MER SAMFUNNSANSVAR	920672183	467 737	881
KLP AKSJEGLOBAL MER SAMFUNNSANSVAR II	923251626	14 102	21
KLP AKSJEGLOBAL SMALL CAP FLERFAKTOR	920672094	2 224 120	3 372
KLP AKSJEGLOBAL SMALL CAP INDEKS I	919174501	3 477 938	5 613
KLP AKSJEGLOBAL SMALL CAP INDEKS II	919175451	3 557 433	5 719
KLP AKSJENORDEN INDEKS	980854043	34 550	266
KLP AKSJENORDEN MER SAMFUNNSANSVAR	923251642	488 113	815

NOK MILLIONS	Organisation number	Volume	Market value
KLP AKSJENORGE	880854062	718 976	6 937
KLP AKSJENORGE INDEKS	988425958	1 768 511	6 567
KLP AKSJENORGE INDEKS II	992966092	332 132	1 063
KLP AKSJEUSA INDEKS II	990140790	27 450	103
KLP AKSJEUSA INDEKS III	917232164	967 724	2 474
KLP AKSJEUSA INDEKS IV	817232582	210 896	459
KLP AKSJEUSA INDEKS USD	986332650	96 059	4 542
KLP FRAMTID MER SAMFUNNSANSVAR	925057436	33 000	44
KLP LANG HORISONT MER SAMFUNNSANSVAR	925057517	150 000	179
LaSalle Encore Plus		115 236 821	1 129
NMI FRONTIER FUND KS		8 975 000	32
NMI GLOBAL FUND KS		3 853 750	18
SSGA EMERGING MARKETS SRI ENHANCED EQUITY FUND		16 892 570	2 316
TOTAL EQUITY FUNDS			99 293
PRIVATE EQUITY			
21 INVEST FRANCE		35 000 000	116
ABINGWORTH BIOVENTURES V		8 000 000	12
ABRIS CEE MID-MARKET FUND III L.P.		30 000 000	261
ACCEL GROWTH FUND VI		20 000 000	84
ACCEL LONDON VII		5 000 000	10
ACCEL US XV		5 000 000	12
ADVENT GLOBAL TECHNOLOGY I		25 000 000	331
ADVENT GLOBAL TECHNOLOGY II		30 000 000	0
ALLIANCE VENTURE DELTA		21 328 012	2
ALLIANCE VENTURE DELTA SIDE CAR		85 312 048	10
ALTOR 2003 FUND		2 000 000	0
ALTOR FUND IV		7 000 000	62
ALTOR FUND V (NO.2) AB		25 000 000	111
ASTORG MIDCAP I		25 000 000	28
ASTORG V		50 000 000	246
ASTORG VI		50 000 000	460
ASTORG VII		16 950 000	122
AUCTUS IV		21 125 000	156
AVEDON CAPITAL IV		45 000 000	0
AXA RESIDENTIAL EUROPE		100 000 000	1 035
Accel Leaders III		35 000 000	213
CAPMAN BUYOUT VIII		9 840 500	4
CATELLA EUR RESIDENTIAL FUND III SCS SICAV-SIF		100 000 000	474
CHEQUERS CAPITAL XVII		10 000 000	63
CIO CONSTRUCTION EQUITY FUND(CLIMATE INVESTOR)		50 000 000	289
CLIMATE INVESTOR 2		25 000 000	0

NOK MILLIONS	Organisation number	Volume	Market value
COFOUNDER AS		3 500 028	0
COFOUNDER II AS		106 499 972	71
CONSILIUM PRIVATE EQUITY FUND III		20 000 000	197
CONTANGO VENTURES II		27 950 000	10
CREANDUM SPV TR		5 000 000	53
CREANDUM V		11 000 000	313
CREANDUM VI		13 000 000	0
Creandum Select Fund I		14 000 000	111
DEUTSCHE PRIVATE EQUITY IV		50 000 000	63
ECE PROGRESSIVE INCOME GROWTH FUND (EPIG)		50 000 000	0
EGERIA PRIVATE EQUITY FUND IV		30 000 000	226
EGERIA PRIVATE EQUITY FUND V SCSP		20 000 000	67
ENDLESS FUND IV A LP		7 500 000	119
ENERGY VENTURES II B IS		31 213 670	0
ENERGY VENTURES II KS		50 000 000	0
ENERGY VENTURES III LP		75 000 000	18
ENERGY VENTURES IV LP		30 000 000	66
FORBION CAPITAL FUND I CO-INVESTMENT FUND I		7 000 000	42
FORBION CAPITAL FUND I CO-INVESTMENT FUND II		5 300 000	55
FORBION CAPITAL FUND II		15 000 000	88
FORBION CAPITAL FUND II CO-INVEST I C.V.		7 000 000	4
FORBION CAPITAL FUND III		20 000 000	297
FORBION CAPITAL FUND IV		10 000 000	80
FORBION CAPITAL FUND V		10 000 000	11
FRANCE SPECIAL SITUATIONS FUND II		30 000 000	235
FSN CAPITAL II		13 000 000	0
FSN CAPITAL IV		232 000 000	161
GENSTAR CAPITAL PARTNERS IX		30 000 000	302
GENSTAR CAPITAL PARTNERS X		42 000 000	41
GERMAN EQUITY PARTNERS IV		15 000 000	57
H2 V		15 000 000	184
HADEAN CAPITAL I		5 000 000	24
HERKULES PRIVATE EQUITY III		120 000 000	0
HGCAPITAL 6		43 127 840	7
HGCAPITAL MERCURY		14 783 081	38
HGCAPITAL MERCURY III		5 000 000	5
HGCAPITAL SATURN II		35 000 000	246
HITECVISION ASSET SOLUTIONS		35 000 000	117
HITECVISION IV LP		13 000 000	34
HITECVISION V LP		35 100 000	144
HITECVISION VI LP		70 000 000	945

NOK MILLIONS	Organisation number	Volume	Market value
HITECVISION VII LP		70 000 000	611
HgCapital Genesis IX		20 000 000	122
IDEKAPITAL 2 AS		120 000 000	33
INDEX GROWTH VI		39 000 000	83
INDEX VENTURE XI		19 000 000	25
INDEX VENTURES GROWTH II		20 000 000	155
INDEX VENTURES GROWTH III		21 000 000	1 080
INDEX VENTURES GROWTH IV		29 000 000	492
INDEX VENTURES GROWTH V		30 000 000	253
INDEX VENTURES IX		18 000 000	291
INDEX VENTURES ORIGIN I		5 000 000	19
INDEX VENTURES VI		10 000 000	812
INDEX VENTURES VII		13 000 000	746
INDEX VENTURES VIII		16 000 000	452
INDEX VENTURES X		20 000 000	158
INNKA 4 PARTNERS L.P.		5 000 000	16
INSIGHT PARTNERS XI		30 000 000	422
INSIGHT PARTNERS XII		30 000 000	91
KLEINER PERKINS SELECT II		20 000 000	0
KLEINER PERKINS XX		10 000 000	0
LITORINA FUND V		300 000 000	153
LIVINGBRIDGE 6 LP		25 000 000	282
LIVINGBRIDGE ENTERPRISE 2 LP		13 000 000	101
LIVINGBRIDGE ENTERPRISE 3 LP		15 000 000	67
LIVINGBRIDGE VII		40 000 000	152
M&G EUROPEAN PROPERTY FUND SICAV-FIS		100 000 000	1 003
MB EQUITY FUND V		35 000 000	329
MEDICXI GROWTH I LP		12 000 000	104
MEDICXI III		14 000 000	15
MIURA FUND III		30 000 000	135
MOMENTUM II AS		50 000 000	16
MONTEFIORE CO-INVESTMENT V		20 000 000	106
MONTEFIORE INVESTMENT V		25 000 000	43
NAUTA TECH INVEST 2		500 000	0
NAUTA TECH INVEST 3		1 980 000	7
NAZCA CAPITAL III		22 500 000	19
NORSELAB I		50 000 000	36
NORTHZONE CONVICTION I		15 000 000	309
NORTHZONE IX		12 000 000	227
NORTHZONE V		5 000 000	0
NORTHZONE VI		5 000 000	41

NOK MILLIONS	Organisation number	Volume	Market value
NORTHZONE VII		12 000 000	128
NORTHZONE VIII		12 000 000	477
NORVESTOR IV		10 000 000	0
NORVESTOR V		17 000 000	9
NORVESTOR VI		156 000 000	96
NORVESTOR VII		116 000 000	196
NORWEGIAN MICROFINANCE INITIATIVE FUND III KS		79 925 084	65
NORWEGIAN MICROFINANCE INITIATIVE FUND IV KS		120 793 848	43
PARAGON FUND II		20 000 000	127
PARETO EIENDOMSFELLESKAP II AS		1 948 690	29
PARTNERS GROUP SECONDARY 2008		40 000 000	34
PERUSA PARTNERS FUND 2		18 000 000	72
PLATINUM EQUITY SMALL CAP FUND		5 000 000	23
PLATINUM FUND V		50 000 000	481
PRIVEQ INVESTMENT FUND IV		225 000 000	38
PRIVEQ INVESTMENTS V		282 000 000	187
PROA CAPITAL IBERIAN FUND II		33 000 000	140
PROA CAPITAL IBERIAN FUND III		20 000 000	139
PROLOGIS EUROPEAN LOGISTIC FUNDS		100 000 000	501
Pareto Eiendomsfelleskap II IS		2 067 843 908	2 895
QUADRIGA CAPITAL PRIVATE EQUITY FUND IV		25 000 000	94
SINTEF IV B		21 000 000	5
SINTEF VENTURE V		75 000 000	21
SK CATALYST I		10 000 000	58
SKAGERAK MATURO V		34 931 818	7
SNO FUND II		50 000 000	18
SNO TRUE NORTH		15 000 000	44
SOFINNOVA CAPITAL VII		10 000 000	60
SOFINNOVA CAPITAL VIII		12 000 000	120
SPECIAL SITUATIONS VENTURE PARTNERS III		14 500 000	25
SUMMA EQUITY FUND II		170 000 000	251
SVB Capital Partners IV		17 500 000	191
SVB STRATEGIC INVESTORS FUND IX L.P		10 000 000	120
SVB STRATEGIC INVESTORS FUND VIII L.P		10 000 000	191
SVB Sprout Endurance Partner		30 000 000	347
SVB Strategic Investor Fund X		25 000 000	104
Saga IV EUR-B KS		20 000 000	41
Saga V EUR-B KS		8 770 936	34
Saga V New EUR-B KS		6 229 064	48
Sarsia Seed Fond II AS		70 611 765	39
Synova Capital Fund IV LP		15 000 000	96

NOK MILLIONS	Organisation number	Volume	Market value
TDR CAPITAL III B		30 000 000	563
TENZING PRIVATE EQUITY FUND I LP		15 000 000	177
THOMA BRAVO DISCOVERY III		15 000 000	93
THOMA BRAVO GROWTH I		15 000 000	44
THOMA BRAVO XIII		30 000 000	377
THOMA BRAVO XIV		50 000 000	358
TRITON FUND III		30 000 000	23
Tenzing Private Equity Fund II		31 300 000	31
VENDIS CAPITAL III		30 000 000	137
VEP SPECIAL SITUATIONS FUND 2		9 000 000	46
VEP SPECIAL SITUATIONS FUND 3		12 000 000	55
VERDANE CAPITAL VI KS		50 000 000	7
VERDANE CAPITAL VII KS		140 000 000	0
WATERLAND PRIVATE EQUITY FUND VII		50 000 000	411
WATERLAND PRIVATE EQUITY FUND VIII		65 000 000	120
WYNNCHURCH CAPITAL PARTNERS V		30 000 000	91
XENON Private Equity VI		11 500 000	71
TOTAL PRIVATE EQUITY			27 733
ALTERNATIVE INVESTMENTS IN SHARES			
KLP ALFA GLOBAL ENERGI	996415406	1 158 951	1 892
TOTAL ALTERNATIVE INVESTMENTS IN SHARES			1 892
INFRASTRUCTURE FUNDS			
CIP ATKL BRASILIANA K/		173 445	2
CIP IV US AIV Non-QFPF K/S		145 802 704	97
COPENHAGEN INFRASTRUCTURE II US AIV NON-QFPF K/S		331 802 972	284
COPENHAGEN INFRASTRUCTURE PARTNERS II K/S (non-US)		1 157 752 526	719
COPENHAGEN INFRASTRUCTURE PARTNERS III A K/S		391 504 147	0
COPENHAGEN INFRASTRUCTURE PARTNERS III K/S		2 083 231 343	1 480
COPENHAGEN INFRASTRUCTURE PARTNERS IV K/S		148 506 424	147
COPENHAGEN INFRASTRUCTURE NEW MARKETS FUND I K/S		99 826 555	79
INFRASTRUCTURE ALLIANCE EUROPE 1 SCSP		143 850 000	1 065
NEXTPower III LP		100 000 000	415
SILVESTICA GREEN FOREST AB		150 000 000	1 693
SILVESTICA GREEN FOREST II		20 000 000	187
TOTAL INFRASTRUCTURE FUNDS			6 167
TOTAL INVESTMENTS			188 435

SHARES AND UNITS DISTRIBUTION BY PORTFOLIO	Common portfolio	Investment option portfolio	Corporate portfolio	Total
SHARES	50 683	0	0	50 683
LONG TERM SHARES	2 659	0	8	2 667
EQUITY FUND UNITS	98 553	740	0	99 293
PRIVATE EQUITY	27 733	0	0	27 733
ALTERNATIVE INVESTMENTS	1 884	9	0	1 892
INFRASTRUCTURE FUNDS	6 167	0	0	6 167
TOTAL	187 679	749	8	188 435

PERCENTAGE UNITS STOCK MARKET LISTED	
SHARES NORWAY	71.6%
SHARES FOREIGN	99.9%
EQUITY FUND UNITS	0.0%
ALTERNATIVE INVESTMENTS	0.0%

Note 16 **Securities adjustment fund**

NOK MILLIONS	Acquisition cost 31.12.2021	Fair value 31.12.2021	Valuation reserves 31.12.2021	Valuation reserves 31.12.2020
Valuation reserves shares	105 786	176 282	70 496	43 109
Valuation reserves share derivatives	0	-611	52	57
Valuation reserves fixed interest investments	108 741	115 347	6 607	11 877
Valuation reserves interest rate derivatives	0	365	0	34
Variation margin daily settlement futures			242	61
Total valuation reserves on short term financial assets			77 397	55 137
Securities adjustment fund			77 397	55 137

The securities adjustment fund comprises positive unrealized gains on the the short-term financial assets linked to the common portfolio. If net valuation reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit or loss. Unrealized securities valuation reserves associated with short-term financial assets in foreign currency that can be ascribed to foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign exchange rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund either but are taken directly to profit or loss.

Note 17 Investment properties

NOK MILLIONS	2021	2020
Rental income	41	42
Operating expenses	-1	-2
Value adjustment	0	44
Net financial income	0	0
Net income from investment properties	40	85

NOK MILLIONS	2021	2020
Book value 01.01	1 017	955
Profit for the year	40	85
Transfers to KLP	-53	-23
Book value 31.12	1 004	1 017

Fair value on properties per. 31.12.2021 are NOK 977 millions.

Note 18 Intangible assets

NOK MILLIONS	2021	2020
Book value 01.01.	602	358
Acquisition cost 01.01.	1 748	1 439
Total additions	277	310
<i>of which internally developed</i>	0	3
<i>of which bought</i>	277	306
Disposals	0	0
Acquisition cost 31.12. ¹	2 025	1 748
Accumulated depreciation and write-dows prev.years	-1 146	-1 081
Ordinary depreciation for the year	-77	-66
Impairment ²	-75	0
Accumulated depreciation and write-dows 31.12.	-1 298	-1 146
Book value 31.12.	727	602

Depreciation period	1 to 20 years	1 to 20 years
---------------------	---------------	---------------

¹ Intangible assets contains IT-systems 1 to 20 years

² At the end of 2021 there were identified several IT-systems where the book value exceeded the estimated recoverable amount. Estimated recoverable amount is calculated by estimating future earnings with book value. Essentially, some of the investments have no longer value. There are several reasons for this. Among other things, linking it to the outdated functionality due to rule changes and/or technological developments. This resulted in the following assessment:

NOK MILLIONS	2021	2020
Book value before impairment	534	0
Recoverable amount	459	0
Impairment	75	0

The write-downs are included as a part of insurance related administration costs in the income statement.

Note 19 **Technical matters**

Insurance liabilities distributed by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans	Group life	31.12.2021	31.12.2020	Change 2021	Change 2020
Premium reserve	486 277	0	486 277	457 533	28 745	-3 874
Supplementary reserves	48 812	0	48 812	43 460	5 352	7 251
Securities adjustment fund	77 397	0	77 397	55 137	22 259	-623
Premium fund	41 268	0	41 268	38 588	2 680	25 734
Total insurance liabilities	653 754	0	653 754	594 718	59 036	28 488

Insurance liabilities per subsegment of group pension insurance for municipalities, including institutions with similar pension plans - group life insurance does not have any subsegments

NOK MILLIONS	Occupational pension schemes without investment options	Occupational pensions schemes with investment options	31.12.2021	31.12.2020	Change 2021	Change 2020
Premium reserve	484 728	1 549	486 277	457 514	28 763	-3 876
Supplementary reserves	48 626	186	48 812	43 460	5 352	7 251
Securities adjustment fund	77 397		77 397	55 137	22 259	-623
Premium fund	40 769	499	41 268	38 588	2 680	25 734
Total insurance liabilities	651 520	2 234	653 754	594 700	59 054	28 486

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities under contracts with contractual obligations

NOK MILLIONS	Premium reserve	Supplementary reserves	Securities adjustment fund	Premium fund	Total 2021	Total 2020
Insurance liabilities 01.01	456 036	43 325	55 137	38 124	592 623	563 532
Net reserves taken to profit/loss	27 666	-611	22 259	684	49 998	19 396
Surplus on returns result	0	5 940	0	8 781	14 721	12 320
Risk result assigned to insurance contracts	0	0	0	588	588	0
Release of premium reserves related to new public pension	1 065	0	0	2 436	3 502	44
Total changes taken to profit/loss	28 731	5 329	22 259	12 489	68 809	31 760
Transfers between funds/allocated to premium payment	-41	-29	0	-9 350	-9 420	-2 678
Receipts/payments on transfer	0	1	0	-494	-493	14
Total changes not taken to profit/loss	-41	-28	0	-9 844	-9 913	-2 650
Total changes in insurance liabilities	28 691	5 301	22 259	2 645	58 896	29 110
Insurance liabilities 31.12	484 728	48 626	77 397	40 769	651 520	592 642

Changes to insurance liabilities during the period in question for coverage of the undertaking's liabilities related to the value of a particular portfolio of investment options

NOK MILLIONS	Premium reserve	Supplementary reserves	Premium fund	Total 2021	Total 2020
Insurance liabilities 01.01	1 478	135	464	2 077	2 698
Net reserves taken to profit/loss	74		7	81	-472
Surplus on returns result		59	77	136	30
Risk result assigned to insurance contracts			1	1	0
Other assignment of surplus	-3		7	4	-44
Total changes taken to profit/loss	71	59	92	223	-487
Transfers between funds/allocated to premium payment		-7	-57	-65	-87
Receipts/payments on transfer		-1	0	-1	-48
Total changes not taken to profit/loss	0	-8	-57	-65	-135
Total changes in insurance liabilities	71	51	35	158	-622
Insurance liabilities 31.12	1 549	186	499	2 234	2 077

Technical accounts by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2021	2020	2021	2020	2021	2020
Premium income	50 161	37 099	0	2	50 161	37 102
Net income common portfolio	49 770	24 169	0	1	49 770	24 170
Net income investment option portfolio	181	74			181	74
Other insurance-related income	1 274	1 192			1 274	1 192
Life insurance claims	-30 438	-28 357	0	-4	-30 438	-28 360
Change insurance liabilities - contractual	-59 440	-27 647	0	-2	-59 440	-27 649
Change insurance liabilities - investment option	-177	487			-177	487
Funds assigned to insurance contracts	-9 415	-4 111			-9 415	-4 111
Insurance-related operating expenses	-1 372	-1 171	0	-1	-1 372	-1 172
Other insurance-related costs	-1 286	-1 206			-1 286	-1 206
Technical result	-742	530	0	-3	-742	526

Technical accounts by sub-sectors - main sector group life has no sub-sectors

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2021	2020	2021	2020	2021	2020
Premium income	50 026	37 525	135	-426	50 161	37 099
Net income common portfolio	49 770	24 169			49 770	24 169
Net income investment option portfolio			181	74	181	74
Other insurance-related income	1 272	1 190	2	2	1 274	1 192
Life insurance claims	-30 358	-28 276	-81	-81	-30 438	-28 357
Change insurance liabilities - contractual	-59 440	-27 647			-59 440	-27 647
Change insurance liabilities - investment option			-177	487	-177	487
Funds assigned to insurance contracts	-9 369	-4 111	-46	0	-9 415	-4 111
Insurance-related operating expenses	-1 361	-1 165	-11	-5	-1 372	-1 171
Other insurance-related costs	-1 283	-1 204	-2	-2	-1 286	-1 206
Technical result	-744	482	2	48	-742	530

Result analysis by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2021	2020	2021	2020	2021	2020
Returns result after supplementary provisions	15 134	12 610	0	0	15 134	12 610
Risk result	-721	-395	0	-2	-721	-398
Administration result	35	172	0	-1	35	171
Consideration for interest guarantee	251	494	0	0	251	494
Total result elements before allocation to customers	14 698	12 881	0	-3	14 698	12 877
Returns result allocated to supplementary reserves	-5 999	-8 238	0	0	-5 999	-8 238
Returns result and risk result alloc. to premium fund and bufferfund	-9 447	-4 111			-9 447	-4 111
Rebooking from equity	6	0			6	0
Technical result	-742	530	0	-4	-742	526

Result analysis by sub-sectors - main sector group life has no sub-sectors

Subsegments of group pension insurance for municipalities, including institutions with similar pension plans

NOK MILLIONS	Occupational pension schemes without investment options		Occupational pension schemes with investment options		Total	
	2021	2020	2021	2020	2021	2020
Returns result after supplementary provisions	14 998	12 580	136	30	15 134	12 610
Risk result	-722	-395	1	0	-721	-395
Administration result	35	170	0	1	35	171
Consideration for interest guarantee	251	491	0	4	251	494
Balancing of released premium reserves relateted to new public pension	0	-44	0	44	0	0
Total result elements before allocation to customers	14 560	12 802	138	78	14 698	12 880
Returns result allocated to supplementary resreves	-5 940	-8 208	-59	-30	-5 999	-8 238
Returns result and risk result alloc. to premium fund and buffer fund	-9 370	-4 111	-77	0	-9 447	-4 111
Rebooking from equity	6	0	0	0	6	0
Technical result	-744	482	2	48	-742	530

Claims by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2021	2020	2021	2020	2021	2020
Claims paid in accordance with insurance agreements	-22 092	-20 701	0	-4	-22 092	-20 704
Total	-22 092	-20 701	0	-4	-22 092	-20 704

TRANSFER AND NEW SUBSCRIPTION

Transfer by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2021	2020	2021	2020	2021	2020
FUNDS TRANSFERRED IN						
Premium reserve	0	2 850	0	0	0	2 850
Strengthening reserves	0	0	0	0	0	0
Funds received taken through profit or loss	0	2 850	0	0	0	2 850
Premium fund	0	561	0	0	0	561
Supplementary reserves to fund	0	0	0	0	0	0
Total funds received	0	3 411	0	0	0	3 411
Number of contracts	1	10	0	0	1	10
FUNDS TRANSFERRED OUT						
Premium reserve	6 882	6 408	0	0	6 882	6 408
Strengthening reserves	23	0	0	0	23	0
Supplementary reserves	611	490	0	0	611	490
Valuation reserves	830	758	0	0	830	758
Funds paid out taken through profit or loss	8 346	7 656	0	0	8 346	7 656
Premium fund	494	78	0	0	494	78
Total funds paid out	8 840	7 734	0	0	8 840	7 734
Number of contracts	32	53	0	0	32	53

New subscription by main sectors

NOK MILLIONS	Group pension insurance for municipalities, including institutions with similar pension plans		Group life		Total	
	2021	2020	2021	2020	2021	2020
New subscription	12	25	0	0	12	25
Number of contracts	51	45	0	0	51	45

Note 20 **Hedge accounting**

31.12.2021 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value
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HEDGED OBJECT

Hybrid tier 1 securities	-984	-621	-1 604
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HEDGING INSTRUMENT

Combined interest rate and currency swap (CIRCUS)	984	620	620
Hedge effectiveness as at 31.12.2021		100 %	
Hedge effectiveness through the year		100 %	

31.12.2020 NOK MILLIONS	Nominal value	Changed value in hedged risk	Book value
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HEDGED OBJECT

Hybrid tier 1 securities	-984	-780	-1 764
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HEDGING INSTRUMENT

Combined interest rate and currency swap (CIRCUS)	984	779	779
Hedge effectiveness as at 31.12.2020		100 %	
Hedge effectiveness through the year		100 %	

The hybrid Tier 1 securities loan is hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is recognized in accordance with the rules on fair value hedging. This means that the hedging is carried out by an external party, that a formal earmarking and documentation of the hedge relationship is entered into, as well is that it is expected to be very effective and that this is continuously reviewed, as well as that the recognition decided is carried out as described below. In practice the hedging involves a swap of currency terms (JPY 15 billion JPY against NOK 0.984 billion) and interest terms (fixed interest at 5.07 per cent against NIBOR +2.65 per cent) on the borrowing and the combined interest and currency swap respectively. The hedge effectiveness is measured by looking at the change in fair value of the hedged object and the hedging instrument. The hedge effectiveness equals 100 per cent.

The hedge effectiveness is valued retrospectively each month and is then considered effective if the change in fair value between hedged object and hedging instrument lies within the bracket 80 per cent to 125 per cent.

Fair value hedging means that the hedged value development of the hedged object is recognized through profit or loss. Correspondingly the value change on the hedging instrument is recognized through profit or loss. The aim of the hedging arrangement above is to hedge the hedged object with a hedging instrument in which the hedging instrument's terms give negative

correlation in relation to the hedged object: this significantly reduces or eliminates the effect on income. If the hedging ratio is 100 per cent the net effect on income of the hedged object and the hedging instrument will be 0.

KLP uses hedging widely but the majority of instances are ordinary financial hedging. The above item is the only one in which hedge accounting is used. The aim of financial hedging is the same, i.e. to reduce or eliminate the effect on income the hedged part of the hedge relationship represents.

Since the value change on the hedged object and the hedging instrument has a high negative correlation, the profit/loss effect will be relatively low. See also Note 2 for the Group for a detailed description of the hedge accounting in the accounts.

Note 21 Subordinated loan capital and hybrid Tier 1 securities

2021 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2021	Due date
BORROWINGS ¹				
June 2015*	EUR 294	2 530	3 000	2045
Total subordinated loan capital		2 530	3 000	
April 2004	JPY 15 000	984	1 604	Perpetual
Total hybrid tier 1 securities		984	1 604	
Total subordinated loan capital and hybrid Tier 1 securities		3 513	4 604	

2020 NOK MILLIONS	Loan amount currency ²	Loan amount NOK	Book value 31.12.2020	Due date
BORROWINGS ¹				
June 2015*	EUR 294	2 530	3 135	2045
Total subordinated loan capital		2 530	3 135	
April 2004	JPY 15 000	984	1 764	Perpetual
Total hybrid tier 1 securities		984	1 764	
Total subordinated loan capital and hybrid Tier 1 securities		3 513	4 898	

¹ Interest costs on the two subordinated loans were NOK 124 million (NOK 555 million) and NOK 64 million (NOK 67 million) for the hybrid tier 1 securities in 2021. Figures in brackets are 2020 figures.

² Amount in local currency (millions).

EUR 294:

The interest on the loan is fixed at 4.25 per cent p.a. The loans was issued the 10th of June 2015 and is due in 2045. The loan can be redeemed by KLP after 10 years, and at every interest payment date that follows. The loan is currency hedged with EUR denominated bonds as shown in the table below. This arrangement is not subject to hedge accounting.

JPY 15 000:

The interest on the loan is fixed USD interest of 5.07 per cent p.a. The loan is perpetual but the Group has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in Note 20.

2021 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2021	Due date
Bonds	EUR 292	2 524	16	396	2 936	2025
Total hedging transactions		2 524	16	396	2 936	

2020 NOK MILLIONS	Nominal currency ²	Acquisition cost NOK	Accrued interest	Unrealized currency	Book value 31.12.2020	Due date
Bonds	EUR 292	2 524	16	524	3 065	2025
Total hedging transactions		2 524	16	524	3 065	

¹ Interest costs on the two subordinated loans were NOK 124 million (NOK 555 million) and NOK 64 million (NOK 67 million) for the hybrid tier 1 securities in 2021. Figures in brackets are 2020 figures. ² Amount in local currency (millions).

Note 22 **Transferred assets with restrictions**

TRANSFERRED ASSETS THAT ARE NOT DEDUCTED, AND RELATED LIABILITIES

All assets transferred are recognised in the financial position statement if KLP is still exposed to changes in the fair value of the assets. This applies to repurchase agreements and agreements concerning securities lending. Repurchase agreements are a form of borrowing with collateral whereby KLP sells securities with an agreement to repurchase those securities at a predetermined price. Cash received is recognised as a deposit (debt). Securities transferred in connection with repurchase agreements are not deducted in the financial position statement.

Agreements concerning securities lending are transactions whereby KLP lends securities to a counterparty and receives a commission for it. Since both repurchase agreements and securities lending result in the securities being returned to KLP, the risk of value changes rests with KLP. However, the securities are not available to KLP while being transferred. The securities still reported in the financial position statement, and related debt, are assessed at fair value.

ASSETS TRANSFERRED THAT ARE STILL CAPITALISED

NOK MILLIONS	31.12.2021	31.12.2020
REPURCHASE AGREEMENTS		
Certificates and bonds	0	0
Paid-in by credit institutions ¹	1 200	1 759
SECURITIES LENDING		
Shares	2 874	1 947
Total assets transferred that are still capitalised	4 075	3 706

LIABILITIES RELATED TO THE ASSETS

NOK MILLIONS	31.12.2021	31.12.2020
REPURCHASE AGREEMENTS		
Paid-in by credit institutions	0	0
SECURITIES LENDING		
Paid-in by credit institutions	0	0
Certificates and bonds	2 523	1 547
Shares	523	546
Total liabilities	3 046	2 094

All the assets in the table above are subject to resale or collateral with the counterparty.

ASSETS TRANSFERRED THAT ARE NOT DEDUCTED, AND RELATED LIABILITIES

KLP receives collateral under reverse repurchase agreements and agreements concerning securities borrowing, which it is permitted to sell or pledge under the agreements. The transactions are carried out in accordance with standard agreements employed by the parties in the financial market.

In general, the agreements require additional security to be put up if the value of the securities fall below a predetermined level. According to the agreements, the recipient of the collateral has the unlimited right to sell or pledge the collateral in return for providing corresponding collateral on the date of settlement.

SECURITIES RECEIVED THAT ARE PERMITTED TO BE SOLD OR PLEDGED

NOK MILLIONS	31.12.2021	31.12.2020
REVERSE REPURCHASE AGREEMENTS		
Certificates and bonds ¹	0	0
<i>Of which sold or pledged</i>	0	0
SECURITIES BORROWING		
Shares	0	0
<i>Of which sold or pledged</i>	0	0
Total assets transferred and still capitalised	0	0

¹ A correction has been made in previously published figures as of 31.12.2020 where NOK 1 755 million was on the line "Certificates and bonds" under "Reverse repurchase agreements". The correct value is NOK 1 759 million and is now placed on the line "Paid in by credit institutions" which belongs to the category "transferred assets that are still capitalized".

Note 23 Return on capital

PER CENT	2021	2020	2019	2018	2017
CUSTOMER PORTFOLIOS					
TOTAL OF COMMON PORTFOLIO					
Return I	5	4.8	4.5	3.5	3.9
Return II	8.4	4.2	8.5	1.5	6.7
Return III	6.7	5.5	8.8	0.5	6.7
TOTAL - INVESTMENT OPTION PORTFOLIO	8.9	4.2	9.9	0.6	7.5

Return I = Book return

Return II = Value-adjusted return. This is the book return +/- unrealized value changes charged to the securities adjustment fund.

Return III = Value-adjusted returns including value changes on assets are recognized at amortized cost. These value changes are not included in the accounting income for the year.

PER CENT	2021		2020		2019		2018		2017	
	Return I	Return II	Return I	Return II	Return I	Return II	Return I	Return II	Return I	Return II

THE COMMON PORTFOLIO'S SUB-PORTFOLIOS HAVE HAD THE FOLLOWING RETURNS:

Balanced portfolio 1	5.1	8.4	4.9	4.2	4.5	8.6	3.5	1.4	3.9	6.7
Balanced portfolio 2	4.7	8.3	4.7	4.2	4.4	8.5	3.5	1.5	4.0	6.8
Moderate portfolio ¹	NA	NA	NA	NA	NA	NA	3.8	1.7	3.1	6.0

¹ LKM was discontinued 30.06.2019. LKM was incorporated in LKB1 from 01.07.2019.

PER CENT	2021	2020	2019	2018	2017
CORPORATE PORTFOLIO					
Return on financial investments in the corporate portfolio	3.4	3.1	4.3	4.2	4.0
For the corporate portfolio there is no difference in return I and II since no special provisions are made for any unrealized added value.					

Note 24 **Sales costs**

NOK MILLIONS	2021	2020
Personnel costs	85	81
Commission	0	0
Other costs	58	60
Total sales costs	143	141

Note 25 **Pensions obligations, own employees**

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen"). The Company also offers a pension scheme in addition to Fellesordningen. This obligation is covered through operation. Fellesordningen is a defined-benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ("obligatorisk tjenestepension", or OTP). The Company has a contractual early retirement (AFP) scheme.

The accounting treatment of pension obligations is described in more detail in Note 2.

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
PENSION COSTS						
Present value of accumulation for the year	86	5	91	73	5	78
Administration cost	2	0	2	2	0	2
Planchanges	0	0	0	0	0	0
Social security contributions - pension costs	12	1	13	10	1	11
Capital activity tax - pension tax	4	0	5	4	0	4
Pension costs taken to profit/loss incl. social security, capital activity tax and admin.	104	6	110	89	6	95
NET FINANCIAL COSTS						
Interest cost	27	3	31	32	3	35
Interest income	-21	0	-21	-24	0	-24
Management costs	1	0	1	1	0	1
Net interest cost	7	3	10	9	3	12
Social security contributions - net interest cost	1	0	1	1	0	2
Capital activity tax - net interest cost	0	0	1	0	0	1
Net interest cost including social security contributions and capital activity tax	9	3	12	11	4	15
ESTIMATE DEVIATION PENSIONS						
Actuarial gains (losses)	-50	9	-40	25	16	41
Social security contributions	-7	1	-6	3	2	6
Capital activity tax	-2	0	-2	1	1	2
Actuarial gains (losses) including social security contributions and capital activity tax	-59	11	-48	29	19	49
Total pension costs including interest costs and estimate deviation	54	21	74	129	29	158

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
PENSION OBLIGATIONS						
Gross accrued pension obligations	1 689	174	1 863	1 530	161	1 691
Pension assets	1 398	0	1 398	1 192	0	1 192
Net liability before social security costs and capital activity tax	291	174	465	338	161	499
Social security contributions	41	25	66	48	23	70
Capital activity tax	15	9	23	17	8	25
Gross accrued obligations incl. social security costs and capital activity tax	1 745	207	1 952	1 595	191	1 786
Net liability incl. social security costs and capital activity tax	346	207	553	403	191	594

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
RECONCILIATION PENSION OBLIGATIONS						
Capitalized net liability/(assets) 31.12. last year	403	191	594	340	168	508
Pension costs taken to profit/loss	104	6	110	89	6	95
Financial costs taken to profit/loss	9	3	12	11	4	15
Actuarial gains and losses included social security contributions and capital activity tax	-59	11	-48	29	19	49
Social security contributions paid in premiums/supplement	-13	-1	-14	-7	-1	-8
Capital activity tax paid in premiums/supplement	-5	0	-5	-3	0	-3
Premium/supplement paid-in including admin	-92	-5	-97	-55	-5	-60
Capitalized net liability/(assets) 31.12. this year	346	207	553	403	191	594

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
CHANGE IN PENSION OBLIGATIONS						
Gross pension assets 01.01.	1 595	191	1 786	1 365	168	1 533
Present value of accumulation for the year	86	6	91	73	5	78
Interest cost	27	3	30	32	3	35
Actuarial losses (gains) gross pension obligation	63	11	74	143	19	162
Social security contributions - pension costs	12	1	13	10	1	11
Social security contributions - net interest cost	1	0	1	1	0	2
Social security contributions paid in premiums/supplement	-13	-1	-14	-7	-1	-8
Capital activity tax - pension costs	4	0	5	4	0	4
Capital activity tax - net interest cost	0	0	1	0	0	1
Capital activity tax paid in premiums/supplement	-5	0	-5	-3	0	-3
Payments	-26	-5	-31	-22	-5	-27
Gross pension obligation 31.12.	1 745	207	1 952	1 595	191	1 786

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
CHANGE IN PENSION ASSETS						
Pension assets 01.01	1 192	0	1 192	1 025	0	1 025
Interest income	21	0	21	24	0	24
Actuarial (loss) gain on pension assets	122	0	122	113	0	113
Administration cost	-2	0	-2	-2	0	-2
Financing cost	-1	0	-1	-1	0	-1
Premium/supplement paid-in including admin	92	5	97	55	5	60
Payments	-26	-5	-31	-22	-5	-27
Pension assets 31.12	1 398	0	1 398	1 192	0	1 192

NOK MILLIONS	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
PENSIONS SCHEME'S OVER-/UNDER-FINANCING						
Present value of the defined benefits pension obligation	1 745	207	1 952	1 595	191	1 786
Fair value of the pension assets	1 398	0	1 398	1 192	0	1 192
Net pensions liability	346	207	553	403	191	594

PER CENT	31.12.2021	31.12.2020
FINANCIAL ASSUMPTIONS (COMMON TO ALL PENSION SCHEMES)		
Discount rate	1.90%	1.70 %
Salary growth	2.75%	2.25 %
The National Insurance basic amount (G)	2.50%	2.00 %
Pension increases	1.73%	1.24 %
Social security contribution	14.10%	14.10 %
Capital activity tax	5.00 %	5.00 %

The assumptions as at 31 December 2020 have been applied to measurement of the cost of pension for 2021, whilst for calculation of the pension obligation on 31 December 2021, the assumptions and membership numbers as at 31 December 2021 have been applied. The assumptions are based on the market situation as at 31 December 2021 and are in accordance with the recommendations of the Norwegian Accounting Standards Board (NASB).

ACTUARIAL ASSUMPTIONS

KLP's JOINT PENSION SCHEME FOR LOCAL AUTHORITIES AND ENTERPRISES ("FELLESORDNINGEN):

An important part of the basis of pension costs and pension obligations is how mortality and disability develop amongst the members of the pension scheme.

KLP has used the K2013BE mortality table based on Finance Norway's analyses of mortality in life insurance populations in Norway and Statistics Norway's extrapolations.

KLP uses own disability table for actuarial assumptions related to disability, a table based on changes in disability figures in KLPs customer base.

Withdrawal of contractual early retirement (AFP) (per cent in relation to remaining employees):

The costs of AFP depend on how many in each year-group take AFP. On reaching 62 years there are 42.5 per cent who retire with an AFP pension.

It is only those who are employed and working right up to retirement who are entitled to AFP. This is taken into account in the calculation of the AFP obligation.

Voluntary termination for “Fellesordning” (in %)						
Age (in years)	<24	24-29	30-39	40-50	51-55	>55
Turnover	25 %	15 %	7.5%	5 %	3 %	0 %

PENSIONS VIA OPERATIONS

AFP/early retirement is not relevant to this scheme. In regard to mortality the same variant of K2013BE has been used as for “Fellesordningen”.

NUMBER	Joint scheme	Via operation	2021	Joint scheme	Via operation	2020
MEMBERSHIP STATUS						
Number active	603	23	626	586	25	611
Number deferred (previous employees with deferred entitlements)	480	11	491	447	11	458
Number of pensioners	223	50	273	219	49	268

PER CENT	2021	2020
COMPOSITION OF THE PENSION ASSETS:		
Property	13.8%	13.3 %
Lending	11.9%	12.9 %
Shares	30.9%	24.2 %
Long-term/HTM bonds	27.7%	28.9 %
Short-term bonds	13.8%	16.9 %
Liquidity/money market	1.9%	3.9 %
Total	100.0 %	100.0 %

The pension funds are based on KLP's financial funds in the common portfolio. The table shows percentage placing of the pension funds administered by KLP at the end of the year. Value-adjusted return on the assets was 8.36 per cent in 2021 and 4.23 per cent in 2020.

Expected payment into benefits plans after cessation of employment for the period 1 January – 31 December 2022 is NOK 117 million.

SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2021	
The discount rate is reduced by 0.5 %	Increase
Gross pension obligation	10.8%
Accumulation for the year	17.8%
Salary growth increases by 0.25%	Increase
Gross pension obligation	0.6%
Accumulation for the year	1.4%
Mortality is strengthened by 10 %	Increase
Gross pension obligation	2.8%
Accumulation for the year	2.1%

The sensitivity analysis above is based on all other assumptions being unchanged. In practice that is an unlikely scenario and changes in some assumptions are correlated. The calculation of gross pension obligation and accumulation for the year in the sensitivity analysis has been done using the same method as in calculating gross pension obligation in the financial position statement.

The duration in the Joint scheme is estimated at 18.3 years.

Note 26 Tax

NOK MILLIONS	2021	2020
Accounting income before tax	288	1 289
Items of other comprehensive income before tax	68	-76
DIFFERENCES BETWEEN ACCOUNTING AND TAX INCOME		
Reversal of value reduction, financial assets	755	16
Reversal of value increase, financial assets	-729	-1 307
Book gain on realization of shares and other securities	3	183
Tax gain on realization of shares and other securities	2	0
Other permanent differences	14	0
Change in differences affecting relationship between book and taxable income	-67	282
Taxable income	334	388
Group contribution received with tax effect	670	419
Surplus/deficit for the year is transferred to carryforward deficit	1 004	807
RECONCILIATION OF BASIS FOR DEFERRED TAX		
TAX-INCREASING TEMPORARY DIFFERENCES		
Gains and losses account	1 373	1 596
Risk equilization fund	4 154	4 154
Financial instruments	1 384	2 131
Total tax-increasing temporary differences	6 911	7 882
Difference not included in the basis for deferred taxes	-4 154	-4 154
Total tax-increasing temporary differences	2 757	3 728
TAX-REDUCING TEMPORARY DIFFERENCES		
Long-term liabilities	-982	-1 272
Total tax-reducing temporary differences	-982	-1 272
Net temporary differences	1 775	2 455
Basis for deferred tax assets	1 775	2 455
25% deferred tax assets	444	614
Deferred tax in the balance sheet	-444	-614
Capitalized liability for tax settlement	-259	-1 155
Tax on group contributions directly charged to the balance sheet	-168	-105
Change in deferred tax taken to profit/loss	170	-68
SUMMARY OF TAX EXPENSE FOR THE YEAR		
Change in deferred tax taken to profit/loss	170	-68
Tax payable of wealth	-8	-27
Tax payable taken to profit/loss	-83	-97
Corrected errors in previous years	35	0
Total tax taken to profit/loss	113	-192

NOK MILLIONS	2021	2020
TAX TAKEN TO PROFIT/LOSS		
Tax	125	-204
Tax on other comprehensive income	-12	12
Total tax taken to profit/loss	113	-192
RECONCILIATION OF COST OF TAXES AGAINST ORDINARY PROFIT BEFORE TAX		
Accounting income before tax	356	1 213
Expected tax in accordance with nominal rate (25%)	-89	-303
Tax effect of:		
Permanent differences	175	139
Corrected errors in previous years	9	0
Total tax taken to profit/loss	95	-165
Effective tax rate	-27 %	14 %
WEALTH TAX		
Taxable value assets	616 491	548 426
Taxable value liabilities	-610 457	-538 369
Net wealth	6 034	10 057
Base amount wealth tax	6 034	10 057
Wealth tax (0.15%)	8	15

Note 27 **Salary and obligations towards senior management etc.**

The KLP Board of Directors has laid down principles and guidelines for remuneration that apply for the entire Group and set up a remuneration committee as a subcommittee of the Board. The committee reports on and carries out checks that the remuneration schemes in the Group are in line with the Board's principles and guidelines.

Senior employees are defined as the Group CEO and Executive Vice Presidents employed in the parent company KLP and forming part of the Group senior management.

Senior employees who were members of the Group senior management before 1 May 2013, are pensionable at the age of 65, but may choose to change this to aged 70. None of those senior management have chosen to avail themselves of the opportunity to change the retirement age as of 31.12.2021. Persons who were appointed to Group senior management as of 1 May 2013, are pensionable at the age of 70.

All employees of the KLP Group in Norway are registered in KLP's pension scheme for municipalities and companies. The employees earn pension rights in this scheme for salaries up to 12G.

Employees in the KLP Group with salaries above 12 G and for employees with lower retirement age than 67 years, also earn pension benefits for salaries above 12G if they were employed before 2 May 2013 and had a salary above 12G at that time. Full retirement pension in this additional cover amounts to 66 % of salary above 12G, and is achieved after at least 30 years of earnings in the scheme. Employees with a special agreement for a lower pension age than 67 years are ensured an old-age pension corresponding to 66 % of all pensionable salary up to 67 years. This add-on was closed May 2, 2013 and does not apply to employees who started after that date. Nor does the scheme apply to employees who were employed at this time in KLP, but who only receive salary above 12G after this date.

The Group CEO has severance pay corresponding to one year's salary including supplementary benefits in the event of termination of employment. There are no obligations to provide the Chairman of the Board special consideration or other benefits on termination or change of the appointment. KLP pays directors' liability insurance for members of its Board of Directors.

The KLP Group offers loans for various purposes. There are separate loan terms for employees, and no senior executives have terms that deviate from this. Loans to external members of the Board of Directors and external members of the Corporate Assembly are only granted under ordinary loan terms.

Fees to Board members are determined by the Corporate Assembly. Benefits and loans to deputies and observers are not specified in this note. It has been paid out a total of 441 thousand kroner to observers and deputies in 2021. This group of people consists of five persons.

All benefits are shown without the addition of social security contributions and capital activity tax.

For Board members elected by and among the employees stated that only about compensation and loans that can be linked to their directorship.

Attention is drawn otherwise to the description of the main principles on determination of remuneration in the KLP Group that may be found at klp.no.

2021 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2021	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2021	Payment plan ¹
SENIOR EMPLOYEES												
Sverre Thornes, <i>Group CEO</i>	4 383	240	1 485	-	-	-	-	-	-	20 000	1.00	HC
Marianne Sevaldsen	2 925	184	1 182	-	-	-	-	-	-	4 021	1.00	A43
Aage E. Schaanning	3 758	165	1 269	-	-	-	-	-	-	6 390	1.00	HC
Rune Hørnes	2 801	156	296	-	-	-	-	-	-	-	-	-
Gro Myking	2 749	188	357	-	-	-	-	-	-	7 669	1.00	A30/A41
Kirsten Grutle	1 075	114	61	-	-	-	-	-	-	-	-	-
THE BOARD OF DIRECTORS ²												
Egil Johansen, <i>Chair</i> (9 of 10)	392	-	-	-	-	-	-	-	-	-	-	-
Jenny Følling (10 of 10)	297	-	-	-	-	-	-	-	-	-	-	-
Odd Haldgeir Larsen (9 of 10)	242	-	-	-	-	-	-	-	-	1 924	1.55	A35
Karianne Melleby (9 of 9)	316	-	-	-	-	-	-	-	-	-	-	-
Øivind Brevik (10 of 10)	291	-	-	-	-	-	-	-	-	-	-	-
Cathrine M. Lofthus (5 of 5)	172	-	-	-	-	-	-	-	-	-	-	-

2021 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2021	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2021	Payment plan ¹
Cecilie Dae (1 of 1)	-											
Susanne Torp-Hansen, <i>elected by and from the employees</i> (5 of 5)	133											
Freddy Larsen, elected by and from the employees (5 of 5)	172											
Vibeke Heldal, <i>elected by and from the employees</i> (5 of 5)	119	-	-	-	-	-	-	-	-	-	-	-
Erling Bendiksen, elected by and from the employees (5 of 5)	100	-	-	-	-	-	-	-	-	-	-	-
CORPORATE ASSEMBLY												
Total Corporate Assembly, including employee representatives	765	-	-	5 419	-	-	-	-	-	87 244	-	-
EMPLOYEES												
Loans to employees of KLP to subsidized interest rate	-	-	-	66 726	-	-	-	-	-	1 070 121	-	-
Loans to employees of KLP to ordinary terms and conditions	-	-	-	1 899	-	-	-	-	-	31 278	-	-

2020 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹
SENIOR EMPLOYEES												
Sverre Thornes, <i>Group CEO</i>	4 240	291	1 433	-	-	-	-	-	-	11 120	1.0	A45
Marianne Sevaldsen	2 848	209	1 120	-	-	-	-	-	-	4 187	1.0	A43
Aage E. Schaanning	3 659	209	1 222	-	-	-	-	-	-	5 179	1.0	HC
Rune Hørnes	2 692	165	384	-	-	-	-	-	-	-	-	-
Gro Myking	2 619	204	470	-	-	-	-	-	-	6 088	1.0	A30
Kirsten Grutle	726	44	519	-	-	-	-	-	-	-	-	-
Mona Refsdal	1 061	122	329	-	-	-	-	-	-	2 632	1.0	HC/A42
THE BOARD OF DIRECTORS ²												
Egil Johansen, <i>Chair</i> (12 of 12)	391	-	-	-	-	-	-	-	-	-	-	-
Jenny Følling (12 of 12)	288	-	-	-	-	-	-	-	-	-	-	-
Odd Haldgeir Larsen (12 of 12)	233	-	-	-	-	-	-	-	-	2 072	1.7	A35
Karianne Melleby (12 of 12)	313	-	-	-	-	-	-	-	-	-	-	-
Øivind Brevik (12 of 12)	289	-	-	-	-	-	-	-	-	-	-	-
Cathrine M. Lofthus (11 of 12)	289	-	-	-	-	-	-	-	-	-	-	-
Susanne Torp-Hansen, <i>elected by and from the employees</i> (12 of 12)	233	-	-	-	-	-	-	-	-	-	-	-
Freddy Larsen, <i>elected by and from the employees</i> (12 of 12)	289	-	-	-	-	-	-	-	-	-	-	-
CORPORATE ASSEMBLY												
Total Corporate Assembly, including employee representatives	725	-	-	4 502	-	-	-	-	-	36 275	-	-
EMPLOYEES												
Loans to employees of KLP to subsidized interest rate	-	-	-	91 473	-	-	-	-	-	994 954	-	-

2020 NOK THOUSANDS	Paid from the Company						Paid from another company in the same group					
	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹	Salary, fees etc.	Other benefits	Annual pension accumulation	Loan	Interest rate as at 31.12.2020	Payment plan ¹
Loans to employees of KLP to ordinary terms and conditions	-	-	-	4 411	-	-	-	-	-	29 381	-	-

¹ A=Annuity loan, last payment, HC = Housing Credit

² The numbers in brackets represents the number of meetings attended by the total number of meetings held during the period in which the person has been on the board.

NOK THOUSANDS	2021	2020
The period costs related to lending terms and conditions for employees.	7 652	9 513

Note 28 Number of employees

	2021	2020
Number of permanent employees 31.12.	588	569
Number of temporary employees 31.12.	30	15
Total number of employees 31.12.	618	584
Number of full time equivalents permanent employees	576	555
Number of full time equivalents temporary employees	20	14
Total number of full time equivalents	595	569

Note 29 Auditor's fee

NOK MILLIONS	2021	2020
Ordinary audit	1.9	2.1
Certification services	0.2	0.2
Tax advisory services	0.4	0.1
Non-audit services	0.0	0.0
Total auditor's fee	2.5	2.5

The audit fee is expensed according to received invoice. The amounts above include VAT.

Note 30 Transactions with related parties

All transactions with related parties are carried out on market terms and conditions. The exception is administrative services used across the Group. Costs for administrative services are allocated at actual cost in accordance with actual usage. All related parties are 100 per cent owned subsidiaries.

NOK MILLIONS	2021	2020
INCOME STATEMENT ITEMS		
Purchase of asset management services from KLP Kapitalforvaltning AS	-118	-114
Purchase of asset management services from KLP Banken AS	-59	-59
Lease of office premises from KLP Huset AS	35	27
Sale of pension insurance/group life to subsidiaries	0	94
Net repayment administrative services	329	364
Total	186	310

NOK MILLIONS	31.12.2021	31.12.2020
BALANCE SHEET ITEMS ¹		
Net outstanding accounts to:		
KLP Skadeforsikring AS	299	63
KLP Forsikringsservice AS	1	1
KLP Kapitalforvaltning AS	14	20
KLP Eiendom AS	41	-30
KLP Bank konsern	30	27
Total intercompany	384	81
KLP Huset AS, classified in the accounts as "Shares and holdings in property subsidiaries" (corporate portfolio)	126	164
KLP Eiendom AS, classified in the accounts as "Shares and holdings in property subsidiaries" (common portfolio)	6 839	6 950
KLP Eiendom AS, classified in the accounts as "Shares and holdings in property subsidiaries" (investment option portfolio)	33	33
Total intercompany receivables	7 382	7 228

¹ Net internal outstanding accounts include Group contribution items at the various companies.

Note 31 Other liabilities

NOK MILLIONS	31.12.2021	31.12.2020
Accounts payable	10	4
VAT and tax deductions due	521	478
Non-settled securities trade	367	2 261
Total other liabilities	898	2 743

Note 32 SCR ratio

The Solvency II balance sheet includes assets and liabilities at fair value. For assets that have a different value in the accounts change in balance value are added. There are no observable market values for KLP's insurance liabilities, which are thus calculated by way of a best estimate based on actuarial assumptions. In addition there is a risk margin that is to reflect a third party's capital costs by taking over these liabilities.

Tier 1 capital appears from the Solvency II balance sheet and Hybrid Tier 1 securities. Tier 2 capital consist of subordinated loans and ancillary own funds. The Financial Supervisory Authority of Norway has accepted that KLP's right to call in further member contribution if necessary, which is laid down in the Company's articles of association, can be counted as ancillary own funds, the amount corresponding to 2.5 per cent of the Company's premium reserve. Capital that may be included in Tier 2 capital is limited upwards to 50 per cent of SCR.

Without the use of the transitional measure on technical provisions the Company's SCR ratio is 316 per cent, which is well over the Company's target of at least 150 per cent. With the transitional measure on technical provisions the SCR ratio is 345 per cent.

	31.12.2021	31.12.2020
SOLVENCY II-SCR RATIO ¹	316 %	282 %

NOK BILLIONS	31.12.2021	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Assets, book value	706	652
Added values - hold-to-maturity portfolio/loans and receivables	7	16
Added values - other lending	0	0
Other added/lesser values	0	0
Deferred tax asset	0	0
Total assets - solvency II	713	668

NOK BILLIONS	31.12.2021	31.12.2020
SIMPLIFIED SOLVENCY II FINANCIAL POSITION STATEMENT		
Best estimate	647	596
Risk margin	13	14
Hybrid Tier 1 securities/Subordinated loan capital	5	5
Other liabilities	11	18
Deferred tax liabilities	1	1
Total liabilities - solvency II	676	634
Excess of assets over liabilities	36	33
- Deferred tax asset	0	0
+ Hybrid Tier 1 securities	2	2
Tier 1 basic own funds	38	36

NOK BILLIONS	31.12.2021	31.12.2020
Total eligible tier 1 own funds	38	36
Subordinated loans	3	4
Tier 2 basic own funds	3	4
Ancillary own funds	12	11
Tier 2 ancillary own funds	12	11
Deduction for max. eligible tier 2 own funds	-8	-7
Total eligible tier 2 own funds	7	8
Deferred tax asset	0	0
Total eligible tier 3 own funds	0	0
Solvency II total eligible own funds	45	43
Market risk	7	7
Diversification market risk	-2	-2
Counterparty risk	0	0
Life risk	13	14
Diversification life risk	-2	-3
Diversification general	-3	-3
Operational risk	3	3
Loss absorbing ability deferred tax	-2	-1
Solvency capital requirement (SCR)	14	15
Linear minimum capital requirement (MCR_linear)	5	8
Minimum	4	4
Maximum	6	7
Minimum capital requirement (MCR)	5	7
Solvency II -SCR ratio ¹	316 %	282 %

¹ Final calculation of Solvency II-SCR ratio as of 31.12.2020 gives a Solvency II-SCR ratio of 282 %. This is a reduction of 4 % compared to previously reported.

Note 33 Other insurance-related income and costs

NOK MILLIONS	2021	2020
OTHER INSURANCE-RELATED INCOME		
Contribution service pension/contractual early retirement (AFP)	1 265	1 189
Miscellaneous interest income	2	3
Other income	6	0
Total other insurance-related income	1 274	1 192
OTHER INSURANCE-RELATED COSTS		
Payments service pension/contractual early retirement (AFP)	1 265	1 189
Other interest costs	20	17
Total other insurance-related costs	1 286	1 206

Note 34 Contingent liabilities

NOK MILLIONS	31.12.2021	31.12.2020
Guarantee liability	2	2
Committed, not subscribed investment in private equity and property funds	24 615	22 365
Approved, not paid out KLP loan pledge	1 457	3 643
Total contingent liabilities	26 074	26 011

Note 35 Leases

NOK MILLIONS	31.12.2021	31.12.2020
RIGHT-OF-USE ASSETS	Property	
Opening balance 01.01.	1 081	204
Addition	0	981
Depreciation	-108	-104
Closing balance 31.12.	973	1 081

NOK MILLIONS	31.12.2021	31.12.2020
LEASE LIABILITIES	Property	
Opening balance 01.01.	1 099	210
Addition	0	981
Repayments	-88	-92
Closing balance 31.12.	1 012	1 099

NOK MILLIONS	2021	2020
	Property	
Interest expense lease liabilities	26	17
Interest expense lease liabilities	26	17

Note 36 Change in liabilities from financing activities

NOK MILLIONS	31.12.2020	Cash flow from financing activities	Non-cash changes ¹	31.12.2021
Other subordinated loan capital	3 135	0	-135	3 000
Hybrid Tier 1 securities	1 764	0	-159	1 604
Total liabilities from financing activities	4 898	0	-294	4 604

¹ Non-cash flow changes are mainly unrealized currency.

Note 37 **Change in fair value IFRS 9**

31.12.2021 NOK MILLIONS	Financial assets at amortized cost ¹ Passed SPPI
Fair value 31.12.2020	205 967
Bought	22 202
Sold	-2 530
Redemption at maturity	-9 308
Change in fair value	-8 232
Fair value 31.12.2021	208 100

¹ Investments held to maturity and bonds classified as loans and receivables

31.12.2021 NOK MILLIONS	Financial assets valued at fair value
Fair value 31.12.2020	290 560
Bought	156 747
Sold	-144 409
Change in fair value	22 434
Fair value 31.12.2021	325 331

31.12.2021 NOK MILLIONS	Other loans and receivables at amortized cost Passed SPPI	Other loans and receivables at amortized cost Not passed SPPI	Other loans and receivables at amortized cost Total
Fair value 31.12.2020	77 298	1 393	78 691
New loans	10 349	0	10 349
Repayment on-/ redemption of loans	-7 426	-1 104	-8 531
Change in fair value	-2 157	-34	-2 191
Fair value 31.12.2021	78 064	255	78 319

In accordance with the notes requirements, the entity has conducted an SPPI test on the portfolio at amortized cost. Based on the preliminary assessment all investments except one loan passes the test. Also refers to note 5 Fair value of financial assets and liabilities and note 11 Credit risk.

Note 38 **Events after the reporting period**

KLP and the KLP funds decided in February 2022 to freeze all investments in Russia. Twenty-two Russian companies were excluded, and active efforts will be made to dispose of these investments. The investments amount to around NOK 350 million in all. The decision is based on due diligence as there is an unacceptable risk of complicity in breaches of KLP's guidelines from the activities of these companies. KLP does not generally exclude at the country level, and the assessments should relate to the specific companies. However, this was an exceptional case, and

after an overall assessment it was decided to exclude all investments in Russia. The risk of human rights violations in war and conflict situations, the introduction of a comprehensive sanctions' regime, and the decision by the Norwegian government to withdraw SPU (Government Pension Fund Global) investments were all crucial to this decision.

The Norwegian Competition Authority is investigating whether KLP has violated the Competition Act

In February 2022, the Norwegian Competition Authority carried out unannounced securing of evidence with KLP because they believe there is reasonable reason to assume that KLP has violated the Norwegian Competition Act. It is the provision in section 11 of the Norwegian Competition Act on undue exploitation of a dominant position that the Norwegian Competition Authority investigates whether KLP has breached, and the securing of evidence was carried out on the basis of a decision from Hordaland District Court.

KLP has given the Norwegian Competition Authority access to everything they have requested, and is prepared to cooperate with the Norwegian Competition Authority in the further investigation.



To the General Meeting of Kommunal Landspensjonskasse gjensidig forsikringsselskap

Independent Auditor's Report

Opinion

We have audited the financial statements of Kommunal Landspensjonskasse gjensidig forsikringsselskap, which comprise:

- The financial statements of the parent company Kommunal Landspensjonskasse gjensidig forsikringsselskap (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Kommunal Landspensjonskasse gjensidig forsikringsselskap and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 16 years from the election by the general meeting of the shareholders in 2006 for the accounting year 2006.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's business activities has in general been unchanged compared to the previous years. There has not been any regulatory changes, transactions or other events with material impact on the 2021 financial statements. Therefore, the key audit matters relevant for our audit have been the same in 2021 as for the prior year's audits.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment properties</i></p> <p>We have focused on this area because it represents a substantial part of the assets on the balance sheet and the lack of a liquid market for investment properties. Valuation of investment properties is performed using an internal valuation model that involves estimated future cash flows discounted to present value. The valuation model involves the use of management judgement when determining the expected future market rent, rehabilitation cost and discount rate.</p> <p>The accuracy of the calculation also depends on internal information about the properties, e.g. space, expiration of existing lease contracts and lease amounts.</p> <p>Refer to note 3.2, 7 and 15 in the consolidated financial statements for a further description of the valuation of investment properties.</p>	<p>We have evaluated and tested the design and operating effectiveness of the group's internal controls over valuation of investment properties. In particular, we assessed whether management had established controls that ensured evaluation of expected future market rents, rehabilitation cost and discount rates against both external valuations and market data and between properties in the portfolio. We challenged management's judgement by evaluating management's explanations for significant deviations between the assumptions applied and the external valuations and market data. We found the valuation model used by management was reasonable and in accordance with market practice.</p> <p>In order to conclude on the accuracy of the calculations, we tested important internal assumptions on a sample basis against lease contracts and other documentation without identifying significant deviations. We confirmed that the model calculation was appropriately reflecting the valuation model and assumptions selected.</p> <p>We tested that all investment properties had been subject to valuation by comparing the list of properties in the valuation model against the list of properties</p>



booked in the accounting system. We compared the output from the valuation model against the external valuations for a selection of the properties. Management explained significant deviations and we challenged the basis for their view of why the deviations did not warrant a change in book values.

We also assessed and came to the conclusion that the disclosures related to investment properties were sufficient and adequate.

Calculation of technical provisions – life insurance

We have focused on the calculation of the 'technical provisions – life insurance' because it is a significant estimate in the financial statements requiring a complex assessment of future events. An inherent risk exists related to whether the technical provisions are sufficient to cover the future claim payments to the policy holders.

The calculation of the technical provisions will largely depend on the data quality in the insurance system and the use of assumptions in line with regulatory requirements and relevant industry standards.

Refer also to note 2.14, 3.1, 8.1 and 20 in the consolidated financial statements for a further description of the calculation of technical provisions – life insurance.

We have evaluated and tested the design and operating effectiveness of the established internal controls over data quality in the insurance system that forms the basis for the calculation of the technical provisions within life insurance, including general IT controls. In particular, we assessed whether management had established controls that ensured complete and accurate policy data, including controls around data gathering, data processing and sub ledger interfaces.

We have evaluated and tested the design and operating effectiveness of the established internal controls over quality assurance of assumptions and calculation methodology applied. We concluded that we could rely on these controls for the purposes of our audit. Our evaluation includes an assessment on whether key assumptions such as mortality are reasonable.

We have reviewed the actuary's recalculation of the premium reserves, which the actuary has compared against the premium reserve calculated by the insurance system. Furthermore, we have reviewed the group's roll forward of technical provisions within life insurance and compared the result of this roll forward against the technical provisions calculated by the insurance system. The recalculations do not show a significant deviation against the technical provisions calculated by the insurance systems. We have assessed the methodology and tested the significant assumptions applied.

In our view, the calculation of technical provisions in life insurance was subject to controls with appropriate design and operating effectiveness. The assumptions in the calculations were applied consistently and in accordance with regulatory requirements and industry standards.



We have involved our own actuaries and performed independent calculations on a sample basis of certain parts of the Company's technical provisions.

We also considered and found that the information regarding the insurance liabilities in notes to the financial statements is sufficient and adequate.

Valuation of derivatives and financial assets measured at fair value through profit or loss

We have focused on this area because it represents a substantial part of the assets on the balance sheet and because the fair value in certain instances will have to be estimated using valuation models that apply judgement.

The majority of the financial assets measured at fair value through profit or loss are traded in an active market. For these assets, we have focused on KLP's guidelines and processes to ensure an accurate basis for the valuation.

For derivatives and financial assets for which fair value is determined based on models and certain assumptions are unobservable, we have focused on assessing the assumptions underlying the valuation.

Refer to note 3.3, 6 and 7 in the consolidated financial statements for a description of the valuation of financial assets measured at fair value through profit or loss.

We have assessed that KLP's guidelines for valuation of financial instruments are in accordance with commonly recognized principles and current regulations.

We have evaluated and tested the design and operating effectiveness of the established internal controls over valuation of derivatives and financial assets measured at fair value through profit or loss, including general IT controls. For derivatives and financial assets traded in liquid markets, this included controls that ensure accurate and complete registration of the basis for the pricing and controls that ensure that the prices that are transferred to the systems from the pricing sources agree with the sources and that the correct price is applied to the correct derivative or financial asset. Applying data analytics, we have compared the pricing of a large proportion of the investment portfolio with our own sources.

For derivatives and financial assets for which the valuation is based on models and certain assumptions that are not directly observable, we have tested the controls management has established to ensure that an independent valuation is obtained. We have also performed an independent assessment of the valuation for a sample of financial instruments where the assumptions are not directly observable. Where relevant, we have assessed the reliability of the sources used. We concluded that we could rely on these controls for the purposes of our audit.

To verify the existence of the investment's we have applied data analytics to compare a large proportion of the investment portfolio with reports received from the custodians.

We also assessed and found that the information in the notes regarding the Group's valuation principles and fair value determination were sufficient and adequate.



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Oslo, 18 March 2022

PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Contact information

KLP

Kommunal Landspensjonskasse gjensidig forsikringsselskap

Pb. 400 Sentrum, 0103 Oslo

Org.nr.: 938 708 606

Visitors address

Dronning Eufemias gate 10, Oslo

klp.no

Tlf: +47 55 54 85 00

klp.no/kontakt