



KLP goes coal free

By going coal free, we are sending a strong signal on the urgency of shifting from fossil to renewable energy, says KLPs CEO Sverre Thornes.

- Coal cannot, and should not be part of the energy supply in the future. Therefore, we have decided to divest completely from coal, says CEO Sverre Thornes in KLP, the Norwegian public-sector occupational pensions provider.

KLP and the KLP funds are now excluding companies that derive more than five percent of their revenues from coal-based activities. The limit is set to five percent given that it is challenging to attain accurate figures from companies on all revenue below this level. In practical terms, the decision entails that KLP, and consequently Norwegian municipalities, health enterprises and businesses with public-sector occupational pensions, now have a coal free management of their pensions.

- We are experiencing a strong commitment among our customers to intensify our climate efforts. As a manager of around 600 billion NOK in occupational pensions, we have a great responsibility. By divesting completely from coal and at the same time increasing our investments in, among other things, renewable energy, we contribute to this.

Excluded 3.2 billion NOK worth of coal

In effect of the decision, KLP and the KLP funds have sold off stocks and bonds with a total value of around 3.2 billion NOK. 46 companies have been excluded, including coal-giants like RWE, Sasol and BHP Group.

KLP decided to exclude companies that derive more than 50 percent of their revenues from coal-based activities in 2014. The limit was tightened to 30 percent of revenues in 2017.

- We are now taking it a step further to send a strong signal about the urgency of shifting from fossil to renewable energy, says Thornes.

The decision means that KLP goes beyond what the Government has proposed for the Government Pension Fund Global (GPF). The Government is continuing the threshold where the GPF can invest in companies that have up to 30 per cent of the revenues from coal-based activities.

However, KLP will follow the government's proposal also to exclude companies that extract more than 20 million tons of coal and produce more than 10,000 megawatts (MW) of energy from coal power annually. This implies that companies that have significant coal operations, but where the share of revenues is less than five per cent, are also excluded by KLP.

Active owner

KLP does not merely exclude companies with revenues from coal-based activities in order to take action on climate change. We are an active owner, and one of the targets of our engagement is that companies that are heavy users of fossil energy will start using renewable energy sources in their production.

Every year, KLP is in dialogue with a large number of companies in order to accelerate the shift from fossil to renewable energy. Last year, KLP had more than 100 company engagements regarding climate related issues.

Investment in renewable energy

Moreover, KLP is a significant investor in renewable energy, particularly in Norwegian power companies. In recent years, KLP has invested in the distributed renewable energy company Otovo as well as renewable energy projects in developing countries, such as the world's largest solar energy park in Egypt in collaboration with Norway's Development Finance Institution, Norfund. KLP is also invested in Sweden's largest wind power company, Stena Renewable and the infrastructure funds of Copenhagen Infrastructure Partners.

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KLP is the pension company of Norwegian municipalities, health enterprises and companies affiliated to the public sector. Around 900.000 people's pensions are managed by KLP. KLP is owned by municipalities, health enterprises and businesses with public-sector occupational pensions. At KLP, to think society, environment and responsible investment is part of the daily operation.