

KLP's Science Based Targets

KLP's near term greenhouse gas (GHG) emission reduction targets have been officially validated by the Science Based Targets initiative (SBTi), aligning KLP's climate strategy with the global goal of limiting temperature rise to 1.5°C above pre-industrial levels. These targets demonstrate KLP's commitment to fostering a low-carbon economy and addressing climate-related financial risks.

KLP recognizes that achieving global climate goals requires a collective effort. While individual influence may be limited, KLP is committed to leveraging its role as a financial institution to accelerate the transition to a sustainable, low-carbon economy. Failing to meet climate targets will impose substantial societal costs and pose significant systemic risks to markets. Moreover, falling behind the market's transition to a low-carbon economy presents considerable financial risks.

KLP views climate risk as a key driver of return risk for pension capital. We believe that unmitigated global warming will inevitably lead to higher pension costs in the future. By setting ambitious science-based targets and taking decisive action, KLP contributes to reducing transition risks and building a more resilient investment portfolio for our pension beneficiaries. Read more about this in our [climate strategy](#).

KLP's Climate Commitments towards 2030

KLP's SBTi approved climate commitments towards 2030 include:

Scope 1 and 2 Targets (Direct Operations):

- KLP commits to reduce absolute scope 1 GHG emissions 50 percent by 2030 from a 2022 base year.
- KLP commits to increase active annual sourcing of renewable electricity from 14 percent in 2022 to 100 percent by 2030.

Scope 3 Targets (Portfolio Investments):

- KLP commits to 55 percent of its listed equity, corporate bonds, and funds by financed emissions setting SBTi validated targets by 2030 from a 2022 base year.
- KLP commits to reduce its real estate portfolio GHG emissions within its direct investment portfolio 37 percent per square meter by 2030 from a 2022 base year.
- KLP commits to continue providing electricity generation project finance for only renewable electricity through 2030.

KLP's portfolio targets cover 73 percent of its total investment and lending by financed emissions as of 2022. The targets include all asset classes, except for municipal bonds, sovereign bonds, and residential mortgages. Funds from investors external to KLP and retail customers are also excluded from the target coverage.

Strategic Actions to Achieve the Targets

The SBTi validation aligns with KLP's revised climate strategy for its investment portfolio linked to public sector occupational pensions. Approved by KLP's board in 2024, the strategy introduces new, concrete measures to drive the transition toward net-zero emissions. The long-term goal of our climate strategy is to achieve net-zero greenhouse gas emissions by 2050. The emissions targets approved for 2030, which are validated by SBTi, represent one of our key milestones. Additional goals for 2035 and 2040 have also been set to ensure that KLP reduces financed emissions in line with the objectives of the Paris Agreement.

KLP is implementing a comprehensive strategy to align with the 1.5°C pathway:

1. Active ownership: KLP will engage in bilateral efforts and actively contribute to broad investor collaborations to influence companies and industries toward more sustainable practices,
2. Buy-and-hold bonds: All new investments in companies with science-based targets aligned with 1.5°C emission pathways or companies that produce climate solutions,

3. Equity and other corporate bonds: Risk-based divestment from companies in high-emission sectors that are poorly adapted to climate transition (gradually steering towards and implied temperature rise of 1.5°C),
4. Direct investments in climate and nature solutions (an increase of minimum 6 billion NOK per year),
5. Real estate: KLP will reduce the real estate investment portfolio GHG emissions with 37 percent per square meter by 2030 by reduced use of energy and materials, as well as installation of renewable energy, increase the share of renewables in the energy mix, and increase reuse of building materials.

About the SBTi:

The Science Based Targets initiative (SBTi) provides a robust framework for companies and financial institutions to align their emissions reduction goals with climate science. Targets validated by the SBTi ensure credibility, transparency, and alignment with the global effort to combat climate change. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. For more information, visit: sciencebasedtargets.org.