

Annual disclosure of progress towards the UNEP FI Principles of Sustainable Insurance

KLP Skadeforsikring AS, December 2025

KLP Skadeforsikring became a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) in 2024. This is therefore our first reporting cycle under the Principles.

This report provides the status of our work to implement the Principles as of the end of 2025.

We also refer to our sustainability reporting in KLP's consolidated annual report, prepared in accordance with CSRD and ESRS.

Principle 1: We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.

- Through our double materiality analysis, KLP Skadeforsikring has identified ESG areas where we have significant impact or face material risks and opportunities. This analysis was updated at the beginning of 2025. The key ESG topics for our non-life insurance business are climate change (climate risk and greenhouse gas emissions), circular economy, loss prevention aimed at consumers and end-users, and business ethics and governance. The materiality analysis is anchored in the company's Board and executive management, forming the foundation for our strategic priorities.
- Based on the materiality analysis, we have defined two strategic sustainability ambitions:
 1. **Partner for the municipalities in the climate transition**, and
 2. **Driving circular economy in claims settlements**.

Each ambition includes short-term (one year) and long-term (three years) targets, supported by action plans, activity KPIs, and impact KPIs. Examples include ensuring that all core property insurance products have sustainable features and meet EU Taxonomy criteria, assessing and pricing the climate risk we are exposed to, providing all employees with relevant sustainability training, and increasing the share of claims payments for which we can account for the climate footprint through greenhouse gas reporting.

- We monitor and report progress on these ambitions and KPIs regularly to company management, the Board, and the Group Executive Committee.
- Sustainability is a key pillar in our procurement strategy for claims handling. It carries equal weight to quality and price when evaluating bids for framework agreements, and we challenge both new and existing suppliers to adopt more sustainable repair methods and report on these efforts.
- All our suppliers must sign KLP's Principles for Responsible Supplier Conduct, which are based on the UN Global Compact principles.
- Sustainability is also central to our investment activities. Our capital is primarily managed by KLP Asset Management, a leading Norwegian institution in responsible investment.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance (ESG) issues, manage risks and develop solutions.

- Both of our identified sustainability ambitions — “Partner for the municipalities in the climate transition” and “Driving circular economy”— are about KLP taking an active role with customers, partners, and society at large.
- We participate in the EU-funded research project **SOTERIA (Solutions Testing for Regions through Insurance for Climate Adaptation)** together with Norwegian research institutions, insurers, and local authorities. The project explores how innovative insurance solutions can support climate adaptation in European communities.

- We have a long-term collaboration with **Norsk Kommunalteknisk Forening** on the tool *politikerdashboard.no*, which provides municipal decision-makers with accessible insights into their building portfolios, including exposure to climate risk and the climate footprint of their assets.
- In claims handling, we pursue a strategy of working with a small number of carefully selected suppliers in strategic partnerships. These partnerships include initiatives to promote more sustainable repairs. For example, we work with suppliers to identify drivers and incentives for sustainable versus less sustainable repairs and to improve the quality and relevance of their sustainability reporting.
- We participate in a project aimed at creating more circular value chains in property damage restoration, together with several damage restoration companies and other insurers. The goal is to identify concrete measures along the value chain—from insurance product to completed repair—that enable greater use of circular solutions (repairs, reuse).
- We contribute to several national insurance industry working groups addressing topics such as circular economy, climate reporting, and interpretation of the EU Taxonomy for non-life insurance.
- KLP Asset Management, which manages most of our capital, is active in numerous alliances and initiatives for responsible investment, including UNEP FI Principles for Responsible Investment (UN PRI), Climate Action 100+, Nature Action 100, and the Partnership for Carbon Accounting Financials (PCAF).
- Our mother company KLP has set climate targets approved by the **Science-Based Targets Initiative (SBTi)**.
- KLP has endorsed **TCFD** and is a member of the **UN Global Compact**. We are active in Norwegian sustainability networks such as **SKIFT – Næringslivets klimaledere** and **NORSIF**, and we are certified under the Norwegian environmental management scheme **Miljøfyrtårn**.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance (ESG) issues.

- KLP is a mutual company, owned by local authorities in Norway—municipalities, county councils, and public enterprises—and maintains extensive dialogue with them as both owners and customers. Both KLP and KLP Skadeforsikring have broad representation from local authorities on their Boards.
- Municipalities play a key role in building a more climate-resilient society, and a central element of our ambition “Partner for municipalities in the climate transition” is to support this work through knowledge sharing, participation in research and innovation projects, and making data available through public channels.
- We insure significant assets in Norwegian municipalities and conduct extensive loss prevention activities targeting local authorities. These include inspections, courses, webinars, brochures, newsletters, and more. Loss prevention initiatives aim to reduce the likelihood of damage, which has resource and environmental dimensions, but also an important social dimension.
- Through the *politikerdashboard.no* initiative, we work to raise awareness of climate risk related to municipal buildings and the sustainability benefits of better maintenance of public buildings.
- Company leaders and other key personnel regularly participate in events and debates on topics such as climate adaptation and the role of municipalities.
- We actively contribute to consultation responses through our industry association **Finans Norge**. In 2025, we provided input on consultations related to measures for circular economy and climate adaptation.