

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Odin Forvaltning AS

LEI: 213800MUX4RIR4HITS15

Summary

Odin Forvaltning AS (Odin), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement covers the principal adverse impacts on sustainability factors of Odin.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

In accordance with Odin Forvaltning's policy for responsible fund management, sustainability is considered in all investment decisions. The consideration is done through integration of ESG assessments ("environment, social, governance" factors) in investment- analysis and -decisions, portfolio screening against information on companies that may be involved in violations of international standards, application of exclusion criteria, and routines for following up in the event of information about possible violations of the guidelines.

At entity level we monitor and assess the mandatory indicators for the main negative impact of investment decisions on sustainability factors, in addition to three voluntary indicators. These are as follows:

1. Investments in companies without measures to reduce CO2 emissions
2. Investments in enterprises without guidelines for human rights
3. Investments in companies without guidelines for combating corruption and bribery in accordance with the UN Convention against Corruption

Odin's investments are in various sectors and industries worldwide. Sustainability risks vary between companies, sectors, and markets. This makes it challenging to measure which sustainability factors we have the most negative impact on. However, we believe that as climate change represents a systematic risk that could affect large parts of the world's population and economy, the greenhouse gas emissions from our investments is the most important negative impact on sustainability factors. In addition, because of increased geopolitical risk, war, and conflict, we have assessed violations of the UN Global Compact's principles 1 and 2 as one of the most significant negative impacts. Through active ownership and dialogue, we work to reduce the negative impacts of our investments.

Description of the principal adverse impacts on sustainability factors

The main adverse impacts on sustainability factors from our investment decisions are outlined in the table below. This includes all mandatory indicators, as well as three voluntary ones. Reporting is based on data from a third-party provider, and the quality of our reporting depends on the accuracy of the underlying data. We follow up data providers on data quality regularly. There is varying access to data for the indicators. Some indicators have been common to report on for a long time, while some indicators are completely new to the companies and data providers. It takes time to get the coverage and quality of these indicators up. Odin Forvaltning AS has investments in bonds and equities issued by smaller Norwegian and Swedish companies where we do not have access to sufficient ESG data. We are working with our companies and data providers to increase coverage for next year's statement.

This is the first time Odin is reporting on principal adverse impacts of its investment decisions on sustainability factors. Therefore, the statement does not contain any historical comparison with previous reporting periods.

Indicators applicable to investments in investee companies

| Adverse sustainability indicator | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period | |
|---|------------------|-----------------------|-------------|-------------|--|---|
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions | 269,098 t | - | Coverage 2023: 75% of the portfolio | Implemented measures: Odin has an ambition to reach "net zero" by 2050. Odin's expectation document describes the expectations we have of the companies in our funds. Odin expects the companies in the funds to report on greenhouse gas emissions and work to reduce emissions. Planned measures: In connection with the strategy, Odin has prepared an action plan for sustainability for the period 2024-2027. During the period, Odin's adaptation to the Paris Agreement will be analyzed. This includes a mapping of the number |
| | | Scope 2 GHG emissions | 80,895 t | - | Coverage 2023: 75% of the portfolio | |
| | | Scope 3 GHG emissions | 2,871,236 t | - | Coverage 2023: 76% of the portfolio | |

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| | Total GHG emissions | 3,218,414 t | - | Coverage 2023: 75% of the portfolio | <p>of companies in Odin funds with science-based targets to reduce emissions, as well as setting targets for the proportion of companies in the funds with such targets in 2030 and 2040. The action plan also involves dialogue with companies with the ambition of getting the companies to set targets for reducing emissions.</p> <p>Objectives for the next reference period: Implement the objectives in the action plan.</p> |
| 2. Carbon footprint | Carbon footprint | 351 tonnes per million euros invested | - | Coverage 2023: 74% of the portfolio | <p>Implemented measures: Odin receives reports on the carbon footprint of the funds. This provides insight into the development of emissions in the funds and the underlying companies. As part of our investment process and ongoing screening, we assess whether companies carry out actions or omissions that, at an aggregate company level, lead to unacceptable greenhouse gas emissions.</p> <p>Planned measures: See PAI 1</p> <p>Objectives for the next reference period: See PAI 1</p> |
| 3. GHG intensity of investee companies | GHG intensity of investee companies | 551 tonnes per million euros invested | - | Coverage 2023: 74% of the portfolio | <p>Implemented measures: Odin receives reports on carbon intensity in the funds, and reports on this in the fund's annual reports. This provides insight into the development of emissions in the funds and the underlying companies. As part of our investment process and ongoing screening, we assess whether companies carry out actions or omissions that, at an aggregate company level, lead to unacceptable greenhouse gas emissions.</p> |

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| | | | | | Planned measures: See PAI 1 Objectives for the next reference period: See PAI 1 |
| 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | 3,3 % | - | Coverage 2023: 61% of the portfolio | Implemented measures: Odin does not invest in companies that derive more than 5 percent of their revenues from thermal coal or oil sands. Several of Odin's funds do not invest in companies in the oil and gas sector. Planned measures: None Objectives for the next reference period: None |
| 5. Share of non-renewable energy consumption and production | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | Consumption: 61% Production: 27% | - | Consumption: Coverage 2023: 44% of the portfolio Production: Coverage 2023: 11% of portfolio | Implemented measures: Companies with revenues from coal and oil sands, or have unacceptably high emissions, are excluded from Odin's investments. Planned measures: Dialogue with data providers about the data quality. See also PAI 1. Objectives for the next reference period: None |
| 6. Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector | A: - B: 0.65 GWh/M€ C: 0.53 GWh/M€ D: 2.97 GWh/M€ | | Coverage 2023: A: - B: 100% C: 100% D: 98% E: - F: 100% | A: Agriculture, forestry and fishing B: Mining and quarrying C: Manufacturing D: Electricity, gas, steam and air conditioning suppl E: Water supply; sewerage; waste management and remediation F: Construction G: Wholesale & retail trade; repair of motor vehicles |

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| | | | E: - F: 0.09 GWh/M€ G: 0.26 GWh/M€ H: 0.74 GWh/M€ L: 0.65 GWh/M€ | | G: 100% H: 100% L: 100% | H: Transportation and storage L: Real estate activities Implemented measures: Odin do not have investments in several of the sectors. Companies with unacceptably high emissions are excluded from Odin's investments. Planned measures: Dialogue with data providers about the data quality. See also PAI 1. Objectives for the next reference period: None |
| Biodiversity | 7. Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | 2,6 % | - | Coverage 2023: 76% of the portfolio | Implemented measures: Companies where there is an unacceptable risk of serious environmental damage are excluded from Odin's investments. Odin's expectation document describes the expectations we have of the companies in our funds. Odin expects the companies in our funds to avoid negative impact on vulnerable areas. In Odin's action plan for sustainability for the period 2024-2027, one of the goals is to map Odin's exposure to nature risks. This includes mapping the reporting of natural risk for the companies in the Odin funds. Planned measures: In line with the action plan, Odin will try to map and analyse Odin's exposure to nature risks. Objectives for the next reference period: Implement the objectives in the action plan. |

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| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average | 0.29 t/m€ | - | Coverage 2023: 5.3% of the portfolio | <p>Implemented measures: See PAI 7</p> <p>Planned measures: Dialogue with data providers about the data quality.</p> <p>Objectives for the next reference period: None</p> |
| Waste | 9. Hazardous waste and radioactive waste ratio | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average | 0.65 tons/ M€ | - | Coverage 2023: 62% of the portfolio | <p>Implemented measures: See PAI 7</p> <p>Planned measures: Dialogue with data providers about the data quality.</p> <p>Objectives for the next reference period: None</p> |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | |
| Social and employee matters | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | 0 | - | Coverage 2023: 76% of the portfolio | <p>Implemented measures: When we make investment decisions, as well as in ongoing screening of the portfolio, we use norm-based exclusion criteria. The criteria are based on the ten principles of the UN Global Compact and underlying international standards. Companies that violate the principles are flagged and followed up, either by us directly or through dialogue with the fund provider.</p> <p>Planned measures: None</p> <p>Objectives for the next reference period: The share of investments that have not complied with the UN Global Compact principles is still zero.</p> |

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| <p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p> | <p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p> | <p>52 %</p> | <p>-</p> | <p>Coverage 2023: 73% of the portfolio</p> | <p>Implemented measures: Odin prepared an action plan for sustainability for the period 2024-2027. During the period, Odin will map companies commitments to sustainability and corporate social responsibility.</p> <p>Planned actions: According to the action plan, Odin will engage in dialogue with companies in the Odin funds to ensure that the companies have a policy on human rights and labour rights, and an obligation to comply with the principles of the UN Global Compact.</p> <p>Objectives for the next reference period: Implement the objectives in the action plan.</p> |
| <p>12. Unadjusted gender pay gap</p> | <p>Average unadjusted gender pay gap of investee companies</p> | <p>22 %</p> | <p>-</p> | <p>Coverage 2023: 0.02% of portfolio</p> | <p>Implemented measures: None</p> <p>Planned measures: Dialogue with data providers about the data quality.</p> <p>Objectives for the next reference period: Improve the data coverage.</p> |
| <p>13. Board gender diversity</p> | <p>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</p> | <p>37 %</p> | <p>-</p> | <p>Coverage 2023: 75% of the portfolio</p> | <p>Implemented measures: Odin Forvaltning has an ambition to vote at all general meetings. Odin will vote against the nomination committee if the board lacks sufficient diversity.</p> <p>Planned measures: None</p> <p>Objectives for the next reference period: None</p> |
| <p>14. Exposure to controversial weapons (anti-personnel mines,</p> | <p>Share of investments in investee companies involved in the manufacture or selling of controversial</p> | <p>0,0 %</p> | <p>-</p> | <p>Coverage 2023: 76% of the portfolio</p> | <p>Implemented measures: Companies that produce or sell controversial weapons are excluded from Odin's investment universe.</p> |

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| | cluster munitions, chemical weapons and biological weapons) | weapons | | | | Planned measures: None Objectives for the next reference period: The share of investments in companies which participate in the production or sale of controversial weapons, is still zero. |
| Indicators applicable to investments in sovereigns and supranationals | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| Environment | 15. Greenhouse gas intensity | Greenhouse gas intensity in countries in which investments have been made | NA | - | Odin does not invest in government bonds | - |
| Social aspects | 16. Countries in which investments have been made, and where social rights have been violated | The number of countries in which social rights have been violated (absolute figure and relative figure divided by all countries in which it has been invested), as referred to in international treaties and conventions, the principles of the United Nations and, if relevant, national law | NA | - | Odin does not invest in government bonds | - |
| Indicators applicable to investments in real estate assets | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period |

| Fossil fuels | 17. Exposure to fossil fuels through real estate assets | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels | NA | - | Odin does not invest in real estate. | |
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| Energy efficiency | 18. Exposure to energy-inefficient real estate assets | Share of investments in energy-inefficient real estate assets | NA | - | Odin does not invest in real estate. | |
| Other indicators for principal adverse impacts on sustainability factors | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| Emissions | Investments in companies without carbon emission reduction initiatives | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement | 36 % | - | Coverage 2023: 59% of the portfolio | <p>Implemented measures: Through dialogue, Odin has encouraged companies to set science-based targets to reduce their emissions in line with the Paris Agreement. Odin prepared an action plan for sustainability for the period 2024-2027. During the period, Odin's adaptation to the Paris Agreement will be analyzed. This includes a mapping of the number of companies in Odin funds with science-based targets to reduce emissions, as well as setting targets for the proportion of companies in the funds with such targets in 2030 and 2040.</p> <p>Planned measures: According to the action plan, Odin will enter into dialogue with companies in the Odin funds with the ambition of getting the companies to set targets for reducing emissions.</p> |

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| | | | | | | Objectives for the next reference period: Implement the objectives in the action plan. |
| Anti-corruption and anti-bribery | Lack of anti-corruption and anti-bribery policies | Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption | 1,54 % | - | Coverage 2023: 60% of the portfolio | <p>Implemented measures: Odin prepared an action plan for sustainability for the period 2024-2027. During the period, Odins will map the companies in the Odin funds' commitments to sustainability and corporate social responsibility.</p> <p>Planned actions: According to the action plan, Odin will engage in dialogue with companies in the Odin funds to ensure that the companies have a policy on human rights and labour rights, a policy on combating corruption and bribery, and an obligation to comply with the principles of the UN Global Compact.</p> <p>Objectives for the next reference period: Implement the objectives in the action plan</p> |
| Human rights | Lack of human rights policy | Share of investments in entities without a human rights policy | 4 % | - | Coverage 2023: 58% of the portfolio | <p>Implemented measures: Odin prepared an action plan for sustainability for the period 2024-2027. During the period, Odins will map the companies in the Odin funds' commitments to sustainability and corporate social responsibility.</p> <p>Planned actions: According to the action plan, Odin will engage in dialogue with companies in the Odin funds to ensure that the companies have a policy on human rights and labour rights, a policy on combating corruption and bribery, and an obligation to comply with the principles of the</p> |

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| | | | | | | UN Global Compact. Objectives for the next reference period: Implement the objectives in the action plan |
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Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The guidelines for responsible investment in Odin Forvaltning AS describe how the risk of negative impact on sustainability are integrated into the investment process. These guidelines are based on our adherence to the UN Principles for Responsible Investment (PRI). The guidelines are also based on key international standards for sustainable and responsible business conduct, and also include norm and product-based screening and exclusions across our institutional funds. Our methodology for identifying principal adverse impact builds on our established guidelines for responsible investment. The Board of Directors is responsible for the overall guidelines for Odin's investments. The document must be revised and approved by the board at least annually or in the event of significant changes. The CEO is responsible for an appropriate organization to ensure compliance with the guidelines and recommend changes.

We collect information on PAI-data from a third-party provider. We prioritize reported data, rather than estimates, where possible. There is a risk that both reported and estimated figures may give a misleading picture of underlying negative impacts on sustainability factors. Odin collaborates with several data providers to ensure that both the coverage of our investment universe and the quality of the data are as good as possible.

The collection and assessment of PAI-data is done quarterly for existing investments or as needed in connection with the analysis of possible new investments. In our monitoring of the PAI-indicators in existing investments, we use a risk-based approach, where our focus is to identify a change in direction in the level of risk that implies an increase in the negative impact on the sustainability of an underlying investment. An assessment shall be made of which indicators are most relevant to the company and an assessment of the company's performance on the relevant indicators. Which indicators are most relevant will vary between sector, company and geographical region, but Odin emphasizes climate change and violations of the UN Global Compact. In addition, we check for compliance with our exclusion criteria and that the companies are not on the exclusion list of the Government Pension Fund Global (NBIM).

Engagement policies

Odin Forvaltning AS has influence on corporate governance in companies where it is directly invested through:

1. Voting
Odin aims to vote at all general meetings
2. Dialogue
Odin has a dialogue with the companies in our funds about relevant ESG topics. If Odin is made aware of breaches of standards and guidelines for responsible business conduct in the funds, a dialogue is established with the company in question.

Where a risk of a sustained increase in negative impact on sustainability is identified, due to weak PAI performance across several PAI indicators or on a significant PAI indicator for the sector, we will initiate a dialogue with the company in accordance with the active ownership routine. This means encouraging the company to take measures to reduce the negative impact. Developments are monitored on an ongoing basis if the company shows a willingness to improve. If such dialogue does not succeed, the company will be placed on the exclusion list, and we will sell the fund or company in which we are invested out of the relevant portfolio within a reasonable time.

Odin has guidelines for responsible investment that set the framework for our investment universe. If we are unable to reduce our negative impact on sustainability factors over time, it will be appropriate to revise the guidelines to adjust the investment universe.

References to international standards

Odin works purposefully to reduce the impact on the climate and environment of our investment decisions in line with the Paris Agreement. We will also integrate due diligence in accordance with the OECD Guidelines for Multinational Enterprises to avoid, as well as manage, negative impacts on people, the environment and the economy through our investments. Our Responsible Investment Policy and our PAI assessments are based on key international goals, standards and frameworks, including:

- The Paris Agreement
- UN Sustainable Development Goals
- UN Universal Declaration of Human Rights
- ILO's core conventions on fundamental principles and rights at work
- UN Global Compact
- The UN-backed Principles for Responsible Investment (PRI)
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises (OECD Guidelines for Responsible Business Conduct)
- OECD Principles of Corporate Governance

Odin Forvaltning AS has an ambition to analyze and map the climate and nature risk in the portfolio, and report risk in accordance with the Task Force for Climate Related Disclosure and the Task Force on Nature Related Disclosure. This work includes scenario analysis of Odin's investments against recognized climate scenarios. Odin Forvaltning AS manages funds for its customers and in order to create value for customers, it is important to manage risks associated with the transition to a low-carbon society. Odin Forvaltning AS cannot achieve "net zero" in isolation in 2050, but will help to encourage, influence and facilitate the contribution of the companies in the funds to the transition.

Historical comparison

This is Odin Forvaltning AS' first declaration on the principal adverse impacts on sustainability factors. There is therefore no historical comparison.