

Sustainability-related information for ODIN Small Cap

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Summary

This document describes how ODIN works to integrate sustainability in the management of the fund. The descriptions of ODIN's work is based on adopted guidelines, including ODIN's guidelines for the responsible management of securities funds and ODIN's guideline for the use of voting rights. These guidelines apply to all funds under management by ODIN.

You can read the documents in their entirety here:

- [Guidelines for responsible management of mutual funds in ODIN Management](#)
- [Guidelines for exercising voting rights](#)
 - [ISS Sustainability Proxy Voting Guidelines](#)

In addition, there is information on sustainability in accordance with the Disclosure Regulation in the fund's prospectus:

- [Prospectus and articles of association](#)

This fund is classified as an Article 8 fund under the the Disclosure Regulation. This means that the fund promotes environmental and social characteristics through its investments. The fund takes into account a wide range of environmental and social properties through the integration of ESG information in analyses, active ownership (dialogue and voting) and exclusions.

The fund is actively managed and thorough assessments are made before investing. This assessment includes an analysis of ESG risk. The fund receives ESG analyses from Sustainalytics. This is a source of information in the analysis of sustainability risk in the company, along with information from the companies, information through the media and from NGOs.

The fund has clear exclusion criteria, including breaches of the UN Global Compact, as well as a number of product criteria (controversial weapons, tobacco, thermal coal, oil sands, etc.).

The Fund is continuously monitored for breaches of the exclusion criteria. This analysis is carried out by Sustainalytics, and the manager will be notified of the risk of violations of the guidelines. In the event of such notifications, the manager shall assess whether dialogue is appropriate to influence the company, or whether the fund should divest from the company.

All investments are followed up through dialogue and voting. ODIN receives an analysis before the Annual General Meeting from ISS in line with their ISS Sustainability Proxy Guidelines. The guidelines emphasise promoting environmental and social characteristics in companies, in addition to ensuring good corporate governance. It is the manager who maintains dialogue with the companies in the fund and makes the final decision on the fund's voting at the annual general meeting. The fund reports on dialogue and voting in the annual report.

No sustainable investment goals

This fund promotes environmental and social characteristics through its investments but does not have sustainable investments as a goal.

The fund takes into account a wide range of environmental and social properties through the integration of ESG information in analyses, active ownership (dialogue and voting) and exclusions. The Fund has committed to a minimum share of sustainable investments at 10% as defined in the Disclosure Regulation¹, but such investments may nevertheless form part of the fund.

The fund takes into account the Principal Adverse Impact Indicators. In the analysis of individual companies, the company's performance on these factors is assessed and followed up continuously. So far, it is challenging to collect data for several of the indicators due to the lack of availability of these data. The fund will analyse companies and report on the indicators on the basis of company data from an analysis bureau.

The fund will report on the principal adverse impacts on sustainability factors in its annual report.

The fund will not invest in companies related to industries that have an adverse effect on the environment and social conditions. ODIN's guidelines for responsible investments are based on international norms. These include:

- The ten principles of the UN Global Compact, which are based on
 - The United Nations Universal Declaration of Human Rights
 - The ILO Declaration on Fundamental Principles and Rights at Work
 - The Rio Declaration on Environment and Development
 - The United Nations Convention against Corruption.
- The United Nations Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises

¹ 'sustainable investment' means an investment in an economic activity that contributes to an environmental objective, measured for example by key indicators of resource efficiency with regard to the use of energy, renewable energy, raw materials, water and soil, waste generation and greenhouse gas emissions, or its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social goal; in particular, an investment that contributes to the struggle against inequality or promotes social cohesion, social integration and labour relations, or an investment in human capital or in economically or socially disadvantaged communities, provided that the investment is not a material detriment to any of these objectives and that the investment objects follow good management practices, in particular with regard to prudent management structures, the relationship with the employees; remuneration to employees and compliance with tax rules,

- The OECD Principles of Corporate Governance

Read more in ODIN's guidelines related to [*responsible investments*](#) >>

The financial product's environmental or social characteristics

The fund promotes environmental characteristics, social characteristics and good governance in the sense that these are important assessments for all of the companies the fund invests in. Among other things, the fund uses the following sustainability indicators when assessing the companies it invests in:

- *The ESG score of the companies*
- *Companies with revenue from products that have been excluded*
- *Companies that are in breach of international norms as described in the guidelines*
- *The carbon footprint of the companies*

The fund is an active owner and works to influence companies through dialogue and voting. These are also indicators the fund reports on annually.

Through the fund's exclusion criteria, companies linked to industries that have an adverse effect on the environment and social conditions are excluded. A number of companies are excluded as a result of a comprehensive assessment of the company's risk profile and future prospects where relevant ESG criteria play an important role. The fund complies with the exclusion list of the Government Pension Fund Global, in addition to separate exclusion criteria set out in ODIN's guidelines for responsible investments. Read more about the exclusion criteria in our guidelines related to [*responsible investments*](#) >>

Investment strategy

The fund is an actively managed equity fund. The fund manager invests freely within the framework of the mandate in what the fund manager thinks are good, undervalued companies.

The fund is index-independent – importance is not attached to the size of the companies or to their market indices. Investment decisions are made on the basis of our own thorough company analyses, which are based on a number of different sources, e.g. visits to the companies and conversations with the companies' management. An assessment of ESG risk in all the companies in the fund is carried out as part of the analysis in connection with any investment decision.

The following principles form the basis for the fund's assessment of good governance practices:

- The United Nations Guiding Principles on Business and Human Rights;
- The OECD Guidelines for Multinational Enterprises;
- The OECD Principles of Corporate Governance and other relevant international norms for corporate governance;

Share of investments

The fund invests directly in the shares of listed companies. All of the fund's investments must comply with the responsible investment requirements set out in the ODIN guidelines for responsible investments. For practical purposes, the fund holds a small amount of cash. This is placed in a bank account.

The companies in which the Fund invests have not yet begun to report the extent to which their activities fall within the definition of sustainable in the EU taxonomy. The fund company therefore considers that it is not currently possible to provide reliable information on what proportion of the fund's investments will be in economic activities that are environmentally sustainable according

to the EU taxonomy, and reports on the basis that 0% of the fund's investments are in accordance with the EU taxonomy. The fund does not have a strategy for investing in line with the taxonomy. When data availability improves, the fund will consider setting targets for the share of investments in line with the taxonomy.

In order to follow up the principle of "not doing significant harm", the companies the fund invests in are required to comply with international standards and conventions and not to breach the fund company's exclusion criteria.

Monitoring of environmental or social characteristics

The fund company's risk control continuously monitors compliance with environmental and social characteristics the fund promotes by checking that the fund complies with ODIN's guidelines for the exclusion of companies. The fund company receives quarterly reports from an analysis company that assesses the fund's investments against ODIN's guidelines. The control applies to companies and industries that we opt out of, and which we believe violate the objective of promoting sustainable development. Read more about this below under the "Methods" heading.

The following sustainability indicators are used to assess the fund's environmental and social characteristics:

- revenue from activities related to the production and distribution of controversial weapons, tobacco, thermal coal, oil sands, etc. See the full list of exclusions for the fund in Information on sustainability in the fund's prospectus.
- monitoring whether companies are violating the principles of the UN Global Compact
- continuous assessment of the development in the companies' ESG scores
- collection and assessment of company data on the main negative impacts on sustainability (PAI indicators)

Methods

The fund monitors all investments on an ongoing basis to ensure that companies with operations in sectors excluded from the fund, and/or companies that violate international norms and conventions, are not held by the fund. This information about each company in the fund is obtained from the research company Sustainalytics. In the event of notification of a violation of ODIN's guidelines by a company which the fund has invested in, this is flagged in the continuous follow-up of the fund, and an internal assessment and analysis of the information is carried out by the responsible manager(s) and the ESG team. If the information is deemed to constitute a violation of ODIN's guidelines, the company will be sold out of the fund.

Data sources and data processing

We retrieve information on the companies' exposure to excluded activities and incidents that result in violations of international norms and conventions from the data provider Sustainalytics. Sustainalytics collects information on the companies' exposure to excluded businesses from publicly available information in the reporting from the companies. Where information is not available from the company, Sustainalytics will estimate the company's exposure.

Sustainalytics also assesses the companies' complicity in violations of the UN Global Compact. The assessment is based on information from the media and special interest organisations, as well as through direct contact with the companies.

ODIN has an ongoing dialogue with its data suppliers to ensure good data quality and improved availability of relevant ESG data.

As active owners we seek to meet the management of companies we own. Through direct dialogue with companies, we address various topics, including sustainability reporting, and in response to an incident where we consider there is a particular risk of a violation of our guidelines.

Limitations with regard to methods and data

In cases where companies fail to report exposure to excluded activities themselves, Sustainalytics will estimate the company's exposure. There is a risk that this estimation is not correct.

The fund takes into account the Principal Adverse Impact Indicators. In the analysis of individual companies, the company's performance on these factors is assessed and followed up continuously. So far, it is challenging to collect data for several of the indicators due to the lack of reporting on these indicators from the companies. The fund manager will analyse companies and report on the indicators on the basis of company data from Sustainalytics.

Due diligence

According to the OECD Guidelines for Multinational Enterprises, due diligence should be understood as a process by which companies can assess, prevent, limit and account for how they handle existing and possible negative impacts of their operations.

ODIN has established guidelines for investment to prevent the fund company from investing in companies that contribute to violations of internationally recognised guidelines. Procedures have been put in place to ensure that these are complied with. Sustainability risk and sustainability requirements are set for each fund, and must be assessed before investing. Continuous checks are also carried out on the company's compliance after investment. If a company violates these guidelines after investment, an assessment shall be made of the most appropriate means to influence the company to improve its practices. The instruments used are influence through dialogue or exclusion of the company.

Guidelines for engagement

The fund complies with ODIN's guidelines for active ownership, which include voting, company dialogue and cooperation with other investors. We vote at general meetings and participate in nomination committees. We use ISS Proxy Voting Service to exercise our voting rights effectively, and vote in accordance with Sustainability Proxy Guidelines.

We are active owners and seek to meet the management of companies we own. The funds address various sustainability issues in their company dialogues, and are active advocates towards companies to improve sustainability reporting, increase ambitions on relevant sustainability goals, and assess ESG risks and opportunities in their businesses.

We contact companies when an incident occurs that potentially poses a risk of violation of our guidelines.

We cooperate with other investors if it is more expedient to engage in company dialogue jointly than alone in order to have greater influence, for example through the UNPRI Collaboration Platform.

Designated reference value

The fund is actively managed and uses a broadly composed index that does not take into account the environmental and social characteristics promoted by the fund.