

Sustainability-related information for ODIN Sustainable Corporate Bond

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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 9 fund under the Disclosure Regulation. This means that the fund has a sustainable investment objective. For this fund it has been decided that the fund's investments will be made within the following sustainable investment objectives.

- Renewable energy and energy efficiency
- Reduced carbon footprint
- Innovation in circular economy, climate adaptation, etc.
- Water management
- Protection and restoration of ecological diversity and ecosystems
- Health, quality of life and social inclusion

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 follow-up) 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. The fund reports on exclusions and dialogue in the annual report.

No significant harm to the sustainable investment objective

All investments made by the fund must significantly contribute on at least one of the fund's five defined sustainability objectives. The fund emphasises avoiding investments in companies where there is doubt as to whether a part of the company's operations could cause significant harm to the other sustainable development goals.

The fund considers the principal adverse impacts on sustainability factors¹. 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 the companies and report on the indicators to the best of its ability.

The fund will report on the principal adverse impacts 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
- The OECD Principles of Corporate Governance

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

¹The Principle Adverse Impact Indicators are a set of 14 indicators listed in the Annex to the Disclosure Regulation (Annex 1).

The financial product's sustainable investment goals

The fund is an actively managed long-term fixed interest fund that targets investments in Swedish, Nordic and other foreign corporate bonds. The fund's sustainable investment objective is to invest in companies that make a significant contribution to a more sustainable future in the following areas:

- *Renewable energy and energy efficiency*
- *Reduced carbon footprint*
- *Innovation in circular economy, climate adaptation, etc.*
- *Water management*
- *Protection and restoration of ecological diversity and ecosystems*
- *Health, quality of life and social inclusion*

The fund's environmentally sustainable investment objectives contribute to the following environmental objectives in the EU taxonomy: climate change mitigation, climate change adaptation, transition to a circular economy and protection of water and natural resources. The fund is not committed to a minimum proportion of investments aligned with the Taxonomy and the investments in this fund will fulfil the Taxonomy criteria to varying degrees. The fund will report on the proportion of investments that are aligned with the Taxonomy in the annual report.

The fund's sustainable investment goals on social issues focus on contributing to improvements in conditions for employees, consumers and local communities. Investments aimed at social goals shall contribute to better health, quality of life and increased social inclusion in broader layers of society.

The fund considers a wide range of environmental and social issues through the integration of ESG information in analyses, active ownership and exclusions. Read more in our guidelines related to [responsible investments](#) >>

Investment strategy

The fund is an actively managed long-term fixed interest fund that targets investments in Swedish, Nordic and other foreign corporate bonds. The fund only invests in companies that meet the fund's criteria, for example in terms of investment facilities and sustainability criteria. The fund's investments are selected on the basis of the fund managers' own assessments. The fund's overriding financial objective is to achieve the highest possible value growth and good risk diversification.

All of the fund's investments must contribute to greater sustainability within the fund's defined investment themes:

- Renewable energy and energy efficiency
- Reduced carbon footprint
- Innovation in circular economy, climate adaptation, etc.
- Water management
- Protection and restoration of ecological diversity and ecosystems
- Health, quality of life and social inclusion

Investment decisions are made on the basis of thorough company analyses from the manager.

The fund invests in companies that act in line with the principles of the UN Global Compact, the UN Principles for Responsible Business Conduct, and the OECD Guidelines for Multinational Enterprises. These principles and guidelines support and respect the protection of internationally recognised human rights, labour rights, environmental responsibility and anti-corruption efforts. There are strict demands on the responsibility of the companies, but beyond this, the fund manager selects freely the companies in which they wish to invest, regardless of which companies are included in the fund's benchmark index.

The fund does not invest in companies that breach ODIN's guidelines for responsible management.

Share of investments

The fund is an actively managed fixed income fund. All of the fund's investments will be made in companies that contribute to at least one of the fund's defined sustainability objectives. All investments in the fund must be sustainable investments with an environmental or social goal. A company that delivers on one of the sustainability objectives and does not harm the other objectives is defined as sustainable.

The minimum proportion of investments with an environmental objective is set at 70% and the minimum proportion of investments with a social objective is set at 0%, but 100% of the investments will be made within the sustainable investment objectives above. The minimum proportions reflect the fund's main emphasis on investments with an environmental objective, but with the freedom for the proportion of the fund's investments within environmental and social objectives to fluctuate somewhat.

All of the fund's investments must comply with the responsible investment requirements set out in the ODIN guidelines for responsible investments. The fund may contain liquid assets deposited in a bank account. The fund may trade in derivative instruments in order to streamline its management. The primary objective is to reduce the fund's interest rate and currency risk.

The fund is committed to investing a minimum 70% share in sustainable investments with an environmental objective but is not committed to these investments being aligned with the Taxonomy requirements. There are several reasons for this:

1. There is a lack of reporting on the share of activities that are aligned with the Taxonomy from companies within the EU. This will improve when it becomes a legal requirement for listed companies to report this.
2. The fund has a global mandate allowing it to invest in companies outside the EU. These companies are not subject to EU reporting requirements.
3. The fund can invest in sectors that are not included in the Taxonomy.

The fund will report on the actual proportion of investments in sustainable investments with an environmental objective in the annual report.

The fund is committed to investing a minimum share of 0% in sustainable investments with a social objective. The fund will report on the actual proportion in the annual report. For each fund, the Disclosure Regulation requires reporting on the proportion of the fund's investments that are considered to be in economic activities that are environmentally sustainable according to the EU taxonomy.

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.

Although the fund has not committed to a minimum share of investments in line with the taxonomy, the fund may still have investments that are in line with the taxonomy's requirements. The proportion of such investments will be reported in the annual report.

Monitoring of sustainable investment goals

The fund company's risk control continuously monitors compliance with the fund's sustainable investment goals by checking that the fund complies with the fund's and 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 contributing significantly to sustainable development. Read more about this below under the "Methods" heading.

The following sustainability indicators are used to monitor the sustainable development goals:

- 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)
- company-specific KPIs (Key Performance Indicators) on sustainability
- company- and or bond-specific KPIs (Key Performance Indicators) on sustainability

Methods

The fund continuously monitors all investments to ensure that companies with operations in the fund monitor 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 will manager 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 companies' 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 and bases its assessment of good governance practices on the following principles:

- 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.

We are active owners and seek to meet the management of companies we own. We address various sustainability topics in our company dialogues. We 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.

Achieving the sustainable investment objective

The fund is actively managed and uses a broadly composed index that is not aligned with the fund's sustainable investment objectives.