

# Guidelines for responsible management of mutual funds in Odin Forvaltning



Adopted by the Board of Directors of Odin Forvaltning AS on December 10<sup>th</sup> 2024

## Contents

1. Introduction.....	3
2. Scope.....	3
3. Purpose .....	3
4. Principles and guidelines .....	3
5. Methods.....	4
5.1 Integration.....	4
5.2 Active ownership .....	4
Voting.....	5
Company dialogue .....	5
Collaboration with other investors.....	5
5.3 Exclusions and observation .....	5
Product-based exclusion criteria.....	5
Behaviour-based exclusion criteria.....	6
6. Collaboration and development.....	6
7. Approval and responsibility .....	6
8. Documentation and reporting.....	7
Appendix 1.....	8

## 1. Introduction

Odin Forvaltning AS (Odin) is an active, responsible and long-term fund manager. The company is a wholly owned subsidiary of SpareBank Forvaltning AS. Odin's main task is to work to create long-term returns for our customers.

## 2. Scope

The guidelines describe Odin's work with responsible and sustainable investments and apply to all funds managed by Odin.

## 3. Purpose

The purpose of the guidelines is to ensure that Odin is a responsible investor and owner. Responsible investment is important to Odin for a number of reasons:

- Odin has a responsibility for the impact that the business has on society. Odin has acknowledged this responsibility by committing to the UN Principles for Responsible Investment ("UN PRI").
- Odin acknowledges the responsibility to contribute to responsible business and a more sustainable future.
- Odin is a long-term fund manager. It is in Odin's interests to promote long-term and sustainable value generation in the companies in which Odin invests.
- Unitholders expect Odin to act responsibly and to make sure that they are provided with information on Odin's work to integrate sustainability risks and factors.
- Odin shall live up to the expectations of SpareBank 1 Forvaltning.

## 4. Principles and guidelines

Our investment philosophy is intricately linked to a long-term perspective and thorough analyses at company level.

Odin Forvaltning AS signed up to the UN Principles for Responsible Investment in June 2012. This means that:

1. We will incorporate ESG topics into our investment analysis and decision-making processes
2. We will be active owners and incorporate ESG topics into our ownership practice
3. We will work for satisfactory reporting of ESG topics from the companies we are invested in
4. We shall promote acceptance of, and implementation of, the principles in the financial market
5. We will work together to ensure the effective implementation of the principles
6. We will report on our activities and developments in the work of implementing the principles

The UN Principles for Responsible Investment were established through cooperation between the UN Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact (UNGC).

The responsible investment work of the Odin funds is anchored in 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 UN Sustainable Development Goals (UN SDGs)
- The Paris Agreement
- The Task Force on Climate-related Financial Disclosures (TCFD)
- The OECD Guidelines for Multinational Enterprises
- The OECD Principles of Corporate Governance
- The Norwegian Code of Practice for Corporate Governance (NUES)
- The Swedish Corporate Governance Code (the Code)

## 5. Methods

There are several tools that can be used to act as a responsible manager:

1. **Integration** – which means that ESG considerations are integrated into investment decisions
2. **Active ownership** – which means that we are an active owner of the companies we are invested in through company dialogue and exercising our voting rights at general meetings
3. **Exclusions and observation** – which means that we reject certain companies based on behaviour and/or the products/services they offer.

### 5.1 Integration

Odin shall integrate sustainability risks and factors into its analysis of companies before and during investments.

A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of investments.

Sustainability factors include environmental, social and personnel issues, as well as issues relating to respect for human rights and the fight against corruption.

To ensure that ESG considerations are integrated, all investments must be:

- assessed for sustainability risk (ESG analysis)
- assessed for the principal adverse impacts on sustainability factors (PAI indicators)
- screened quarterly against information about sustainability factors

At Odin, each individual portfolio manager and analyst is responsible for taking ESG criteria into account in the investment process. In order to make good assessments, access to information is essential and we use information from several sources. We use publicly available information such as annual reports, NGO reports and the like, but also information from meetings with company management representatives from relevant companies and from analysts. We also use external research firms for objective assessments of companies.

### 5.2 Active ownership

Odin funds are concentrated, and it is natural for us to be active owners in the companies in which we invest. Odin's active ownership includes:

### Voting

The Odin funds vote at general meetings and participate in nomination committees where appropriate.

- See our [guidelines](#) for exercising voting rights
- See our [guidelines](#) for voting

### Company dialogue

The purpose of our dialogues with companies and funds we are invested in is to relate our sustainability expectations and to follow-up on, and reduce, sustainability-related risks.

### Collaboration with other investors

- The Odin funds make an assessment on a case-by-case basis of whether it is most appropriate to conduct a company dialogue alone or whether we collaborate with other investors through, for example, the UN PRI Collaboration Platform

Read more about our active ownership in the appendix.

## **5.3 Exclusions and observation**

The ODIN funds expect the companies in which the funds invest to act responsibly. A number of companies will be 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. There are certain sectors and individual companies that we avoid based on ethical considerations, based on the product they offer and/or the company's behaviour.

### Product-based exclusion criteria

Odin shall not invest, directly or through funds, in companies that:

- Develops or manufactures weapons, or key components of weapons, which, in their normal use, violate fundamental humanitarian principles,
  - including biological weapons, chemical weapons, nuclear weapons, non-detectable fragments, incendiary weapons, blinding laser weapons, anti-personnel mines and cluster munitions.
- Produces tobacco or cannabis for recreational use
- Generates 5 per cent or more of its revenues from to coal or oilsands (oilsands extraction, coal extraction for energy use (thermal coal) or coal-based power production) \*

\*For companies with revenues related to fossil energy, a forward-looking assessment is made that emphasises building of new capacity and plans to reduce the share of revenue from fossil- or increase the share from renewable energy-sources.

Some of the funds have adopted stricter exclusion criteria. These criteria include:

- 5 per cent of revenue related to weapons
- 5 per cent of revenue related to oil and gas
- 5 per cent of revenue related to pornography
- 5 per cent of revenue related to gambling
- 5 per cent of revenue related to alcohol production

Please see the fund's prospectus for fund-specific exclusion criteria.

Odin funds can invest in green bonds issued by companies that are in breach of the fossil energy related criteria laid out above, provided that the bond complies with recognised principles for green bonds and has undergone independent assessment.

#### Behaviour-based exclusion criteria

The Odin funds must not be invested in companies where there is an unacceptable risk of the company contributing to or being responsible for:

- gross or systematic human rights violations
- gross or systematic violations of workers' rights
- serious violations of the rights of individuals in war or conflict situations
- the sale of weapons to states
  - in armed conflicts that use the weapons in ways that constitute serious and systematic violations of the rules of international law relating to conflicts, or
  - which are covered by the sovereign bond exemption scheme referred to in the mandate for the management of Government Pension Fund Global
- serious environmental damage
- actions or omissions that at an aggregate company level lead to unacceptable greenhouse gas emissions
- gross corruption or other gross economic crime or other particularly gross violation of fundamental ethical norms

We expect the companies we invest in to act in line with the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and their underlying conventions.

All the companies we are invested in must be screened against the exclusion and observation criteria in this guideline. Odin must comply with exclusions adopted by Government Pension Fund Global in accordance with *the Guidelines for Observation and Exclusion from Government Pension Fund Global*.

Companies in which we are invested that are flagged as being in violation of these guidelines will be investigated further to determine whether it would be appropriate to engage in dialogue with the company, either alone or in conjunction with other investors. If this does not have the desired effect, the next step will be exclusion.

## **6. Collaboration and development**

Work on sustainability and responsible investment is a continuous process, and it is often useful to work with other investors in order to expand our knowledge base. That is why we participate in various forums for knowledge exchange. We are a member of the Norwegian Forum for Responsible and Sustainable Investments (Norsif), Sweden's Sustainable Investment Forum (Swesif) and Eierforum, which is part of NUES.

## **7. Approval and responsibility**

The Board of Directors is responsible for the overall guidelines for the investments of the ODIN funds. The document must be revised and approved by the Board of Directors at least annually or in the event of significant changes. The CEO is responsible for appropriate organisation to ensure compliance with the guidelines and for recommending changes.

## 8. Documentation and reporting

ODIN must maintain documentation on an ongoing basis and report annually on the work relating to active ownership and sustainability at ODIN. This reporting shall be made available on the company's websites. We also report annually on PRI.

## APPENDIX 1: GUIDELINES FOR ACTIVE OWNERSHIP

### Introduction

Odin is a long-term active owner of companies and funds and will promote responsible and sustainable business. Odin exercises our role as owner by entering dialogue with companies and funds we own, participating in nomination committees and exercising voting rights at general meetings. The aim is to ensure good corporate governance and promote responsibility, thereby contributing to the best possible long-term value creation.

This guideline provides a description of how Odin works with active ownership.

### Dialogue

We can engage companies and funds in dialogue about sustainability risk or sustainability factors, either directly or in collaboration with other investors. As sustainability topics often concern long-term developments, dialogues will often continue over time. If needed, dialogues will be lifted to the companies' board or general assembly. The following describes different types of dialogues Odin might engage in:

**Investment-driven engagements:** Proactive engagements focused on addressing material risks, including sustainability risks, and enhancing opportunities with financial materiality in mind. The primary objective is to improve financial returns from our investments and ensure that material ESG risks are sufficiently managed. During investment analysis, Odin's portfolio managers identify material ESG risks and shall ensure follow-up when appropriate. The portfolio managers are responsible for investment-driven dialogues, supported by the sustainability team if necessary.

**Thematic dialogues:** Proactive engagements on various topics with a strategic approach, driving long-term improvements in sustainability outcomes for individual companies, sectors and the market. The primary objective is to create positive and minimize negative sustainability impacts, while preemptively addressing ESG risks, also supporting long-term value creation. The sustainability team, together with portfolio managers, lead the analysis of themes and dialogues with companies and/or funds.

**Incident-driven dialogues:** dialogue with companies or funds initiated when risks of breaches with these guidelines are identified. The primary objective is to ensure compliance with the criteria laid out in this guideline. The sustainability team, together with portfolio managers, lead the dialogues with companies and/or funds, and draft targets and expected results for the engagement. A combined assessment of the incident and the company/fund response will determine whether further dialogue is pursued or if the company/fund is to be excluded.

**Collaboration with other investors:** In some instances, collaboration with other investors might be appropriate. By partnering with other investors, we can utilize a broad range of expertise and exert further influence on the companies, and it might be more efficient for companies to engage a collection of investors at one time. Odin will consider collaborations on company-specific or theme-based engagements when relevant. We assess each situation to determine whether to engage independently or collaborate through, for example, platforms like the UN PRI Collaboration Platform or by signing shareholder resolutions.

**Dialogue with other stakeholders:** By openly communicating about how we work with responsible investments and sustainability, participating in sector collaborations and responding to public consultations, we aim to contribute to the development of responsible investments and sustainable growth.

## **Voting and participation in nomination committees**

Exercising our voting rights and participating in nomination committees is a key part of our active ownership. Odin aims to vote at all general assemblies and participate in nomination committees for Nordic companies.

By participating in these forums, Odin works to promote good governance. Odin shall promote responsibility and sustainability by voting for more transparency and reporting where appropriate and can vote against the board or management if we consider their management of material sustainability risks to be insufficient.

Read more about our voting here:

- [Guidelines for exercising voting rights](#)
- [Guidelines on voting](#)

## **Documentation**

Company dialogue must be documented in a way that shows development in dialogues and evaluation of results, and that enable external reporting.