ODIN Sustainable Corporate Bond

Impact report 2023

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Introduction

In 2023, bond markets faced significant challenges due to persistent inflation, leading to interest rate hikes by central banks. This increased borrowing costs and bond market volatility. Geopolitical tensions, especially the full-scale Russian invasion of Ukraine, further disrupted markets and heightened economic uncertainty. Despite these challenges, the issuance of green, social and sustainability-linked bonds remained strong, driven by investor demand for sustainable investments. Corporate bonds showed resilience and overall, 2023 required investors to adapt to a complex environment marked by inflation, geopolitical risks, and the rising importance of ESG factors. Investing and allocating capital toward sustainable bonds has never been more critical than now, as these financial instruments not only contribute to the transition to a more environmentally responsible and just world, but also enhance the resilience of portfolios by aligning them with long-term trends and regulatory frameworks.

As the demand for more transparency and accountability grows, magnified by the sense of urgency for a sustainable transition, sustainable bonds stand out as a prudent choice for investors, seeking financial returns, while achieving a meaningful and credible impact.

At Odin, we are proud to maintain consistency in our investment philosophy and approach. We invest responsibly with a focus on long-term value creation. ODIN Sustainable Corporate Bond, being Odin's first Article 9 fixed income fund, exemplifies this commitment by strategically directing capital toward projects and organizations that contribute to sustainable development and the fund's ESG goals.

This 2023 impact report is an important milestone for us at Odin as it enhances transparency and showcases tangible contributions to the sustainable transition from the bonds we own.

In the report, we present selected impact metrics from the impact reports of the bonds we own. We focus on the sustainability objectives we believe are the most critical and the most standardized in their measurement and reporting of the impact achieved.

We invest in labeled sustainable bonds, such as green, social, and sustainability-linked bonds, as well as in conventional bonds issued by companies that meet our criteria for sustainability and are aligned with the fund's themes. In this report, we showcase a selection of the bonds we own and describe how they contribute to the fund's impact profile

"We invest responsibly with a focus on long-term value creation."

At Odin we are a signatory of UN Principles for Responsible Investments since 2012 as well as active members of various sustainable forums. In our ESG analysis, screenings, and active ownership work, we use and promote various international sustainability frameworks, standards, and key initiatives.

Signatory of:

PRI Principles for Responsible Investment · SWESIF Sveriges Forum för Hållbara Investeringar · Norsif · FINSIF · Sustainalytics · ISS · The Global Goals For Sustainable Development · United Nations Global Compact · Science Based Targets Driving Ambitious Corporate Climate Action

ODIN Sustainable Corporate Bond in a nutshell

Mandate

- An actively managed bond fund with sustainable goals as its objective
- The fund invests in companies that contribute to one or more of seven chosen sustainability themes
- The fund's potential investment universe includes labelled bonds (green, social and sustainability-linked bonds), as well as non-labelled bonds issued by companies whose operations are following the fund's chosen sustainability targets
- The fund reports in accordance with Article 9 of SFDR
- Focus on liquidity
- Interest rate duration between 0-5 years
- European mandate

The team

Portfolio managers

Nils Hast
CIO Fixed Income

Mariann Stoltenberg Lind
Senior Portfolio Manager

"Our team has many years of practical experience and deep knowledge in both fixed income and sustainable finance"

– Nils Hast

Portfolio Management team

Christian Malde
Senior Portfolio Manager

Anders Hoberg
Senior Portfolio Manager

Thea Kleive Tobiassen
Credit Analyst

Sondre Skår
Credit Analyst

ESG team

Marte Storaker
Head of ESG

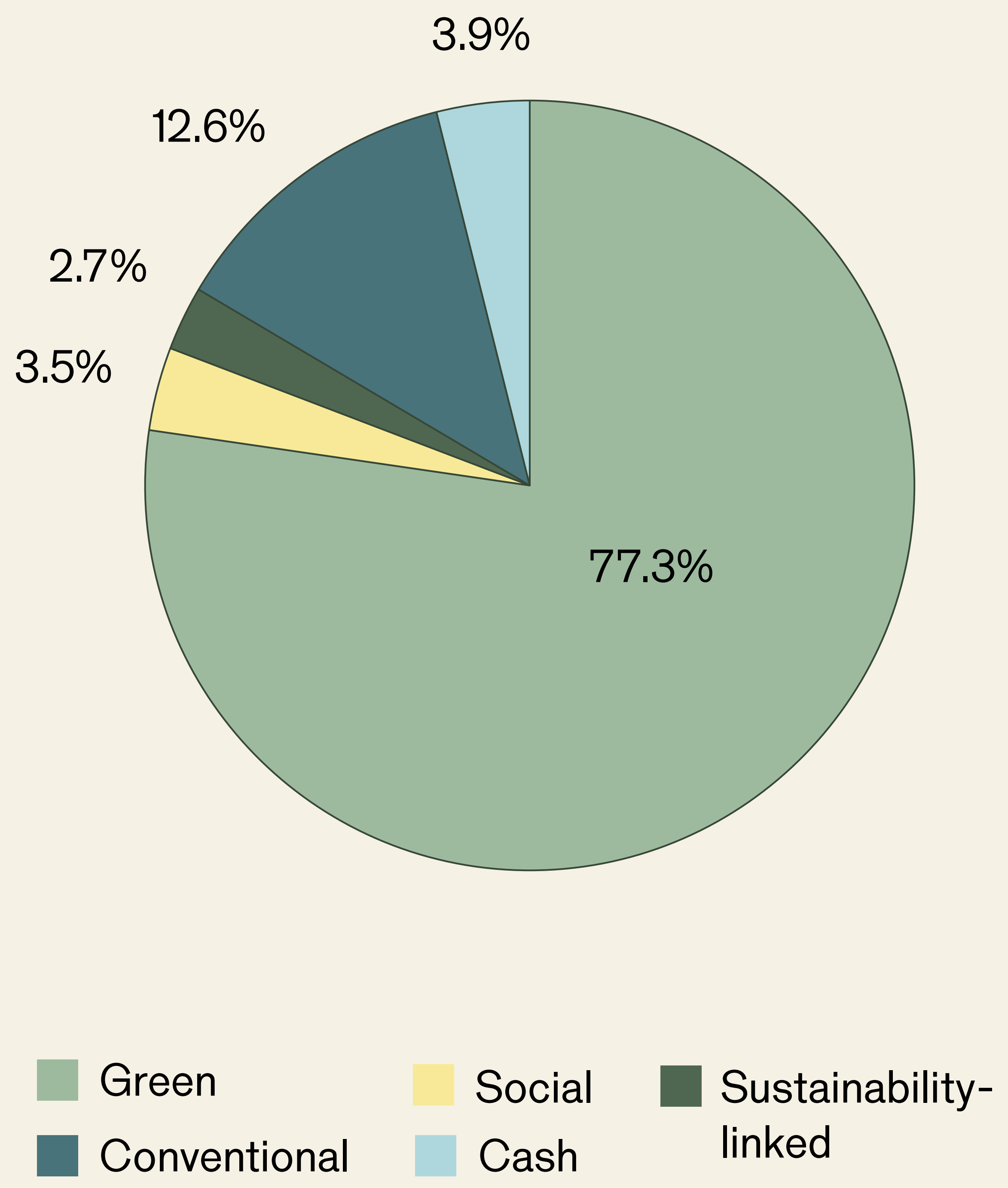
Eivor Oellingrath
Senior ESG analyst

Nikolay Burdakov
Head of ESG Sweden

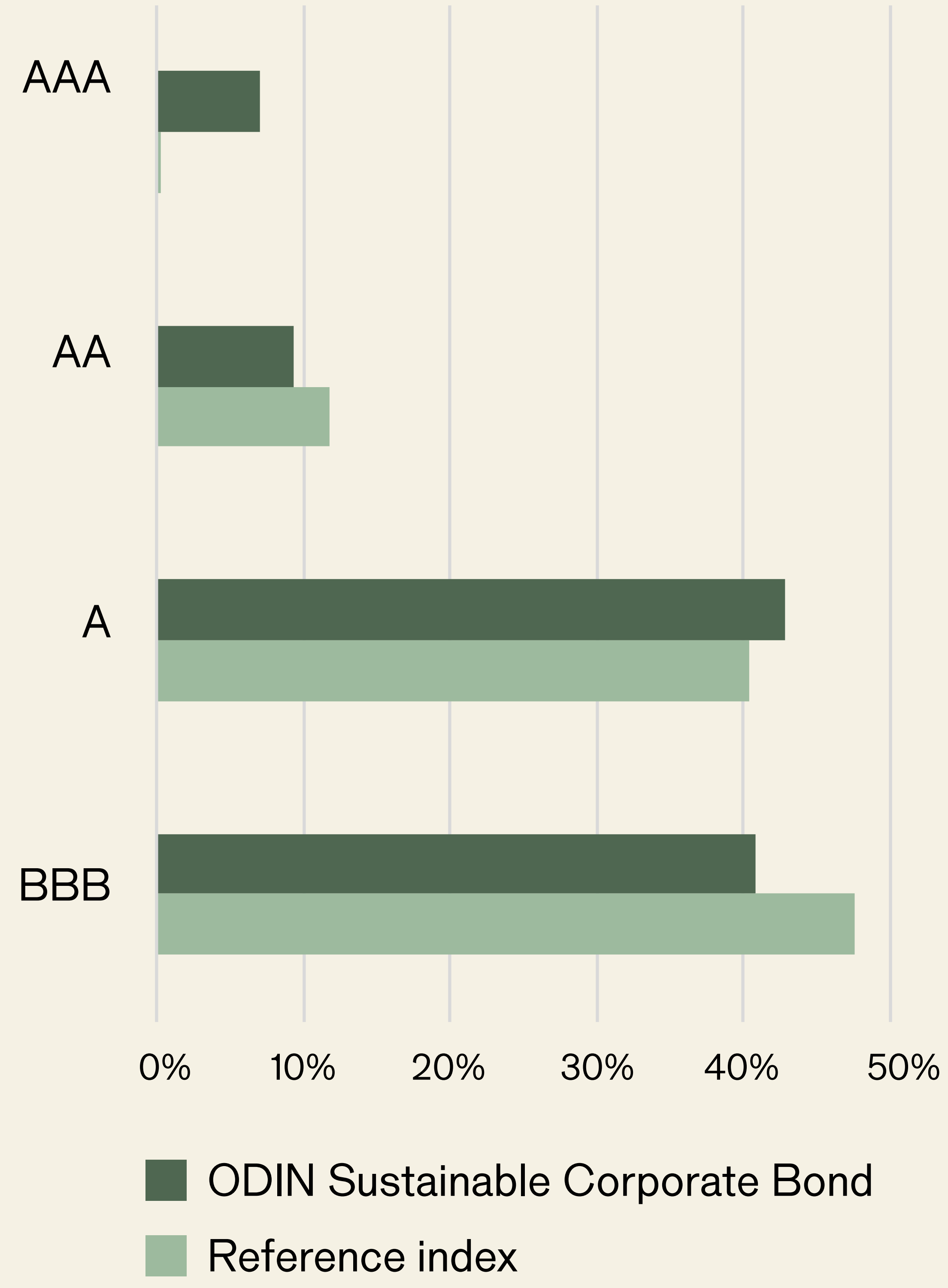
Fund facts

Investment mandate	European Currency hedged in NOK, SEK, EUR
Credit rating	Investment Grade
Established	31 May 2022
Reference index	Morningstar Eurozone 1-5 Yr Corporate Bond TR
Risk level	2 (of 7)
Management fee	0.15% - 0.40%
Domicile	Sweden

Portfolio composition



Portfolio credit quality

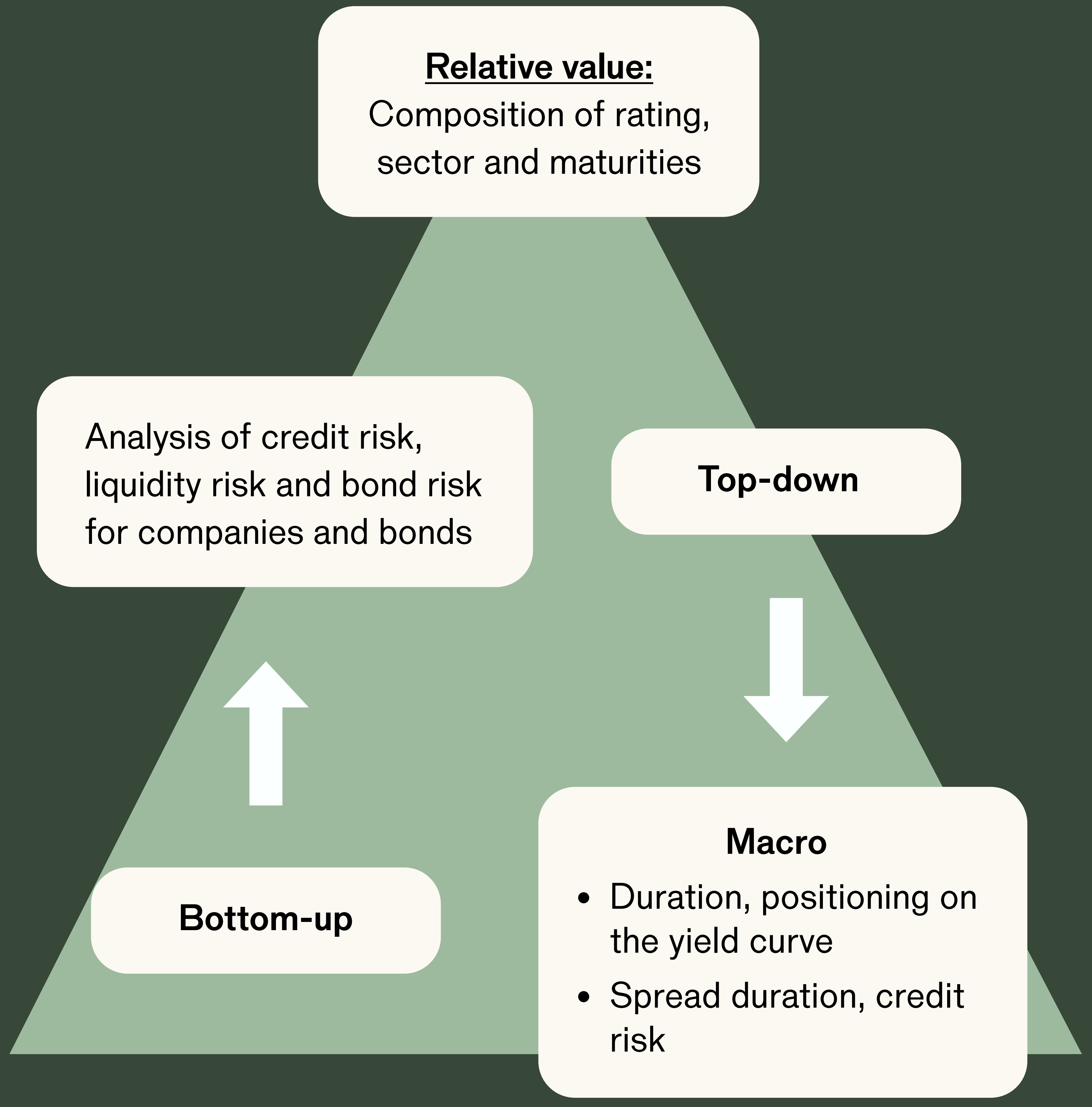


Our investment process

The investment process for ODIN Sustainable Corporate Bond is designed to ensure that each bond selection meets both financial and sustainability criteria. Our approach integrates credit analysis with a comprehensive ESG evaluation, creating a clear framework for sustainable investing.

We recognize the challenges and risks connected to the credibility of sustainability-related claims present in the fixed income market. Our structured ESG analysis supports us in identifying eligible bonds to invest in. Not all labeled bonds meet our criteria for sustainable investment.

Credit analysis



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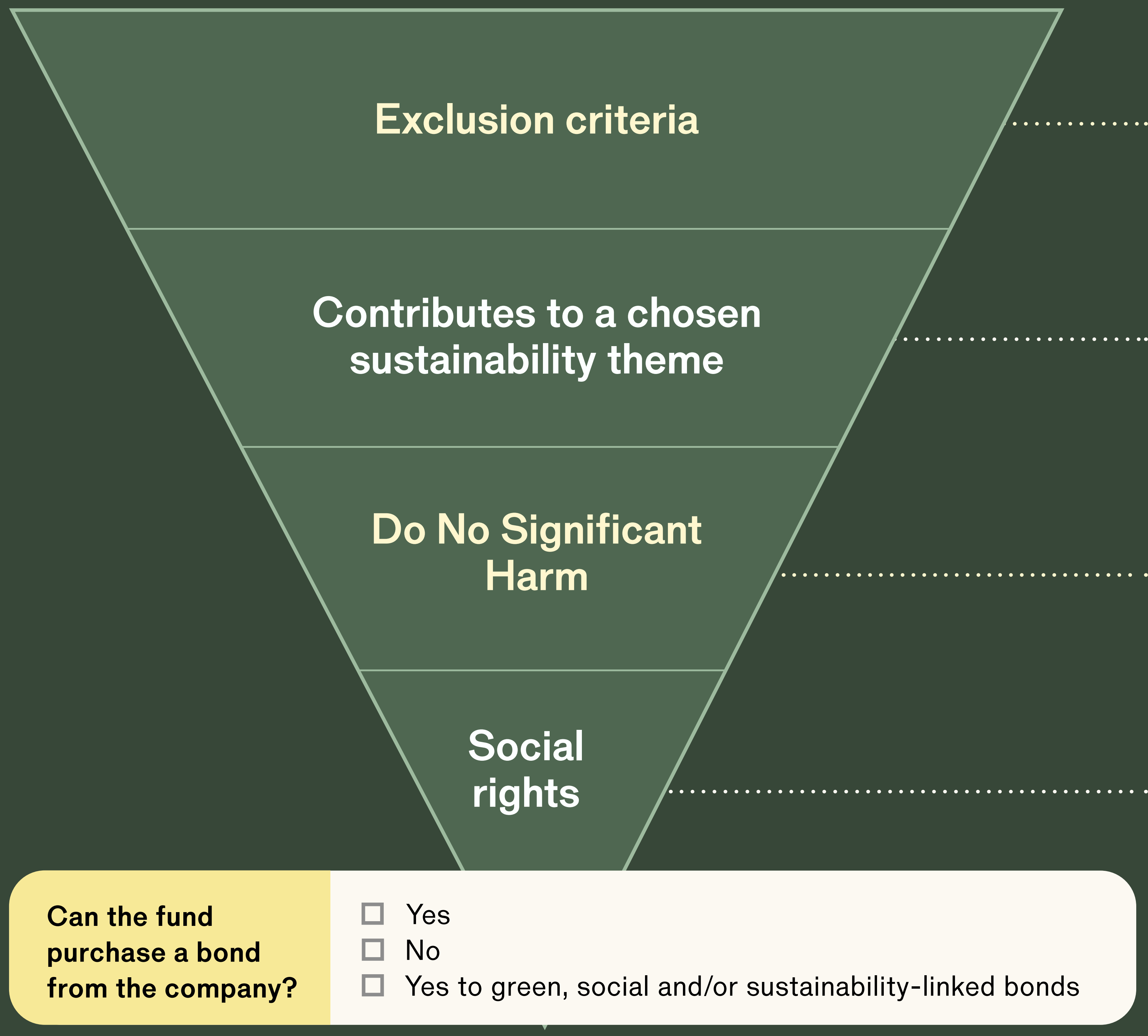
ESG analysis



- Fossil fuel extraction
- Alcohol, tobacco, cannabis
- Weapons and/or war material
- Commercial gambling business
- Pornography
- Genetically modified organisms

- Technologies, products and services offered
- Transition companies
- Clear objectives with reported and meassurable progress
- Best-in-class

- Negative events
- Source of income
- Targets
- Guidelines and policies in place

- UN Global Compact
- Human rights
- The ILO Conventions
- OECD guidelines for multinational companies

Our investment process

The non-qualifying labeled bonds

Simply labeling a bond as sustainable is not sufficient for its inclusion in our fund. On the contrary, we have excluded several labeled bonds because their frameworks did not meet our standards. Here, we provide examples of bonds that did not qualify on a no-name basis.

A Nordic banking group

- ✓ Exclusion criteria
- ✗ Contributes to sustainability themes
- ✗ Does no significant harm
- ✓ Social rights compliance

Reason for non-eligibility:
Green Bond Framework not sufficient

The main eligible asset of the Green Bond Framework is Sustainable Fishery. We found that this part of the framework was not sufficient due to unspecified fish feed sources and no restrictions for fossil fuel-based fishing activities.

European energy producer

- ✓ Exclusion criteria
- ✓ Contributes to sustainability themes
- ✗ Does no significant harm
- ✓ Social rights compliance

Reason for non-eligibility:
Gas generation and Russia exposure

18% of the company's energy output is sourced from gas. Additionally, the company sources 50-75% of the fuel for its nuclear power from Russian state-owned nuclear firm.

Investment allocation overview

Investing in a just, sustainable transition

At Odin, our investment strategy is aligned with key sustainability themes to facilitate delivery of measurable impact. ODIN Sustainable Corporate Bond, reported as an Article 9 fund under the European Sustainable Finance Disclosure Regulation, is a testament to our commitment.

We invest 100% of the fund in alignment with our carefully defined sustainability objectives, which are closely linked to global and European Union sustainability goals. Each investment is made based on our stringent definition of sustainable investments, which includes due diligence on social factors. This ensures that all our investments not only support environmental goals but also uphold social responsibility.

Sustainability Objectives

- Environment: Green sustainable transition within planetary boundaries
- Social: Contribution to improved quality of life and inclusive society

Investment themes

- Renewable energy and energy efficiency
- Low carbon footprint
- Circular economy and resource efficiency
- Sustainable transport and infrastructure
- Water management
- Protection of biological diversity and ecosystems
- Health, quality of life and social inclusion

UN sustainable development goals	EU enviromental* & social objectives
7	#1 Climate change mitigation
13	#1 Climate change mitigation
12	#1 Climate change mitigation #4 The transition to a circular economy
11, 9	#1 Climate change mitigation #2 Climate change adaptation
6	#3 The sustainable use and protection of water and marine resources
15, 14	#5 Pollution prevention and control #6 The protection and restoration of biodiversity and ecosystems
3, 5, 8, 10	EU's pillar of social rights

*EU environmental Taxonomy objectives

Investment allocation overview

Distribution across top holdings and sustainability themes

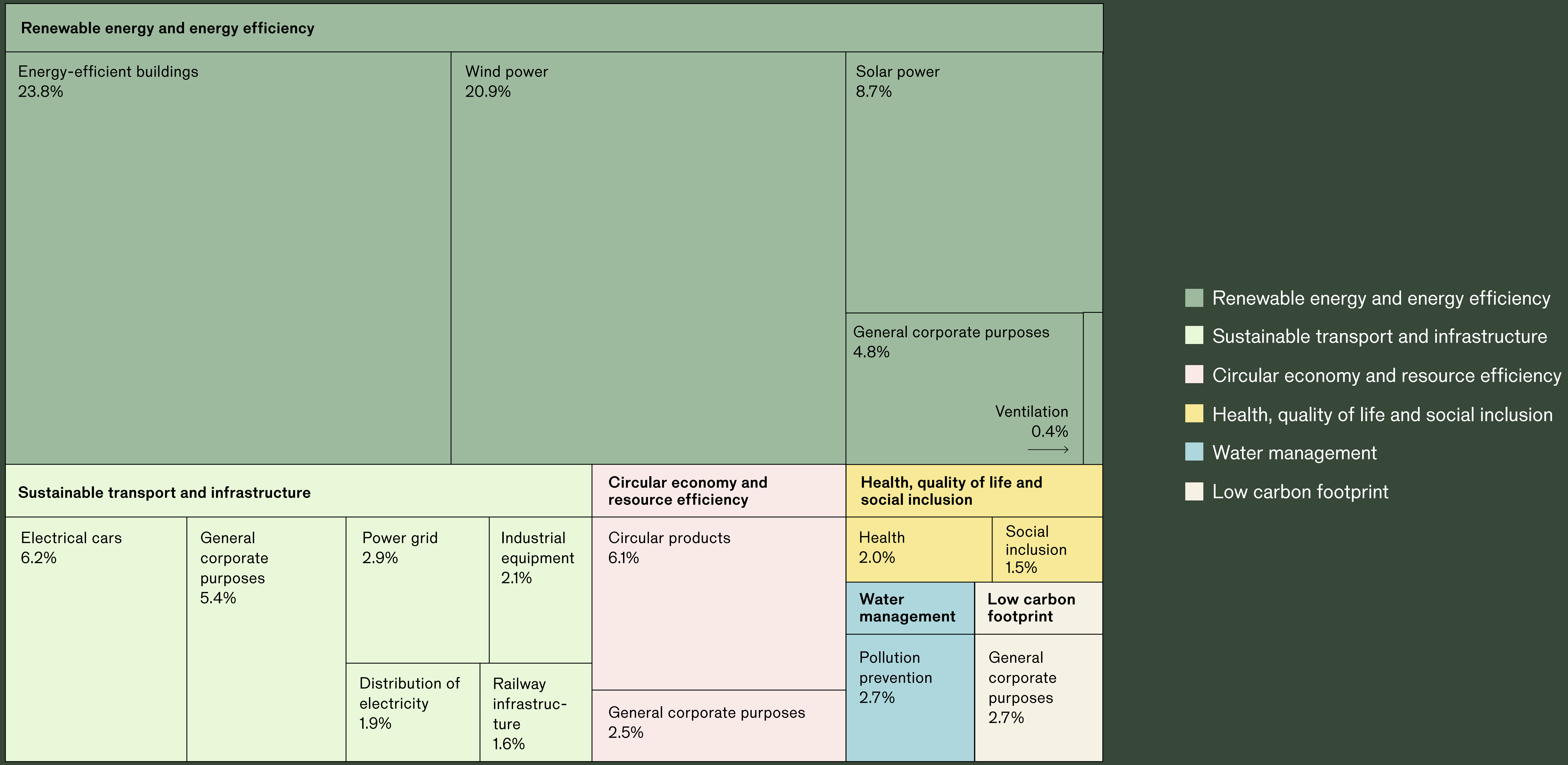
We strive to invest broadly and by the end of 2023 we have exposure to six of the seven sustainability themes in our mandate. Our largest exposure is toward the Renewable Energy and Energy Efficiency theme. Within this theme, the largest share of investments is allocated toward energy-efficient buildings and wind power generation. Other notable sub-themes with a high exposure are investments in electrical cars and circular products.

The portfolio's distribution toward the fund's chosen sustainability themes is an estimate based on the framework of the green/social bonds or on the company's operational activities for conventional bonds

10 largest holdings per 31 Dec 2023

Company	Bond	Industry	Weight	Yield	Primary sustainability-target	Bond Type
AIB Group PLC	AIB 2 7/8 05/30/31	Banks	3%	4.9%	Renewable energy and energy efficiency	Green
A2A SpA	AEMSPA 2 1/2 06/15/26	Electric	2.9%	3.5%	Renewable energy and energy efficiency	Green
Thames Water Utilities Finance	THAMES 4 04/18/27	Water	2.7%	5.3%	Water management	Green
Intesa Sanpaolo SpA	ISPIM 5 03/08/28	Banks	2.7%	4.1%	Renewable energy and energy efficiency	Green
National Grid PLC	NGGLN 3 7/8 01/16/29	Electric	2.5%	3.5%	Sustainable transport and infrastructure	Green
Storebrand Bank ASA	STBNO Float 02/15/24	Banks	2.5%	4.8%	Circular economy and resource efficiency	Conventional
ING Groep NV	INTNED 4 1/8 08/24/33	Banks	2.4%	4.6%	Renewable energy and energy efficiency	Green
SpareBank 1 SR-Bank ASA	SRBANK 3 3/4 11/23/27	Banks	2.3%	3.5%	Renewable energy and energy efficiency	Green
Covestro AG	COVEGR 4 3/4 11/15/28	Chemicals	2.2%	3.5%	Circular economy and resource efficiency	Green
BNP Paribas SA	BNP 4 3/8 01/13/29	Banks	2.2%	3.7%	Renewable energy and energy efficiency	Green

Allocation across themes per 31 Dec 2023



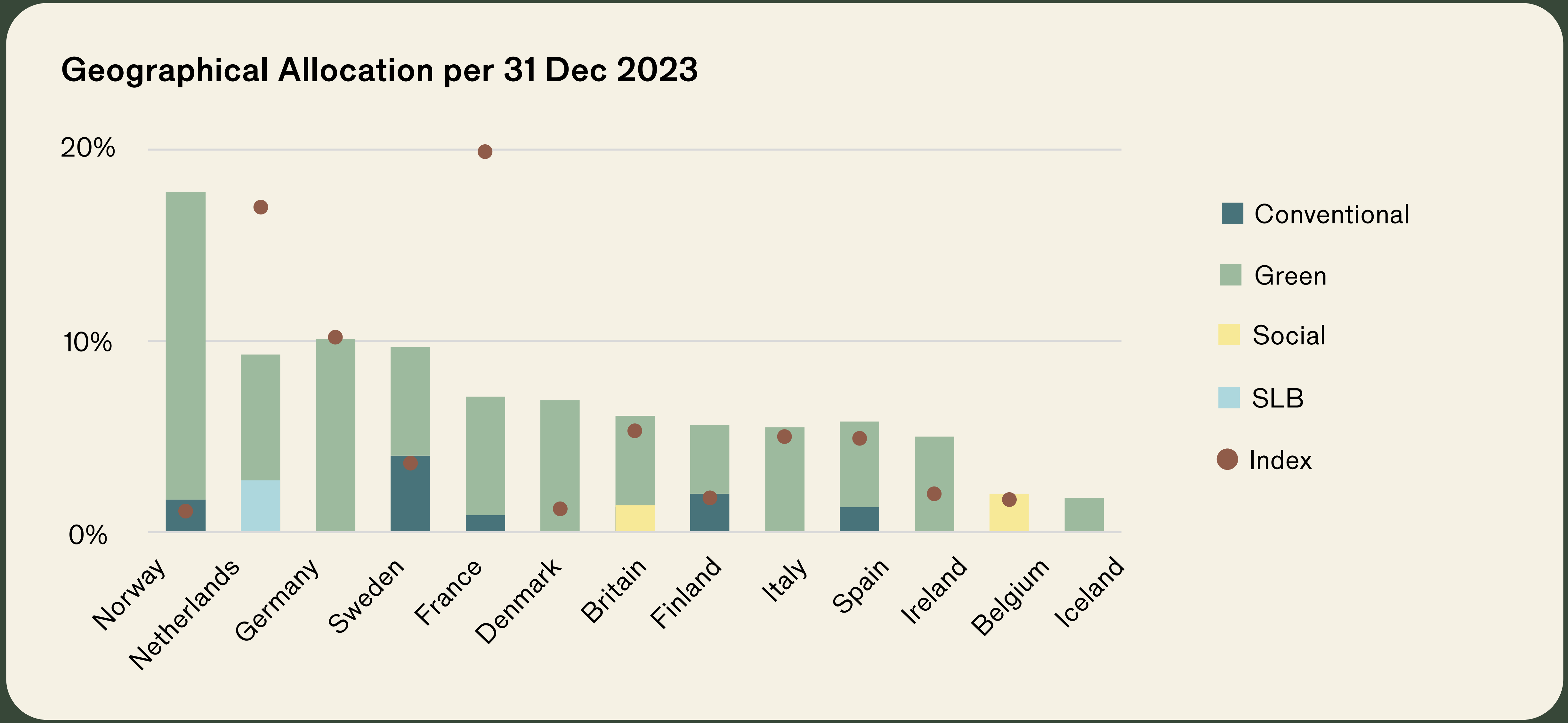
Investment allocation overview

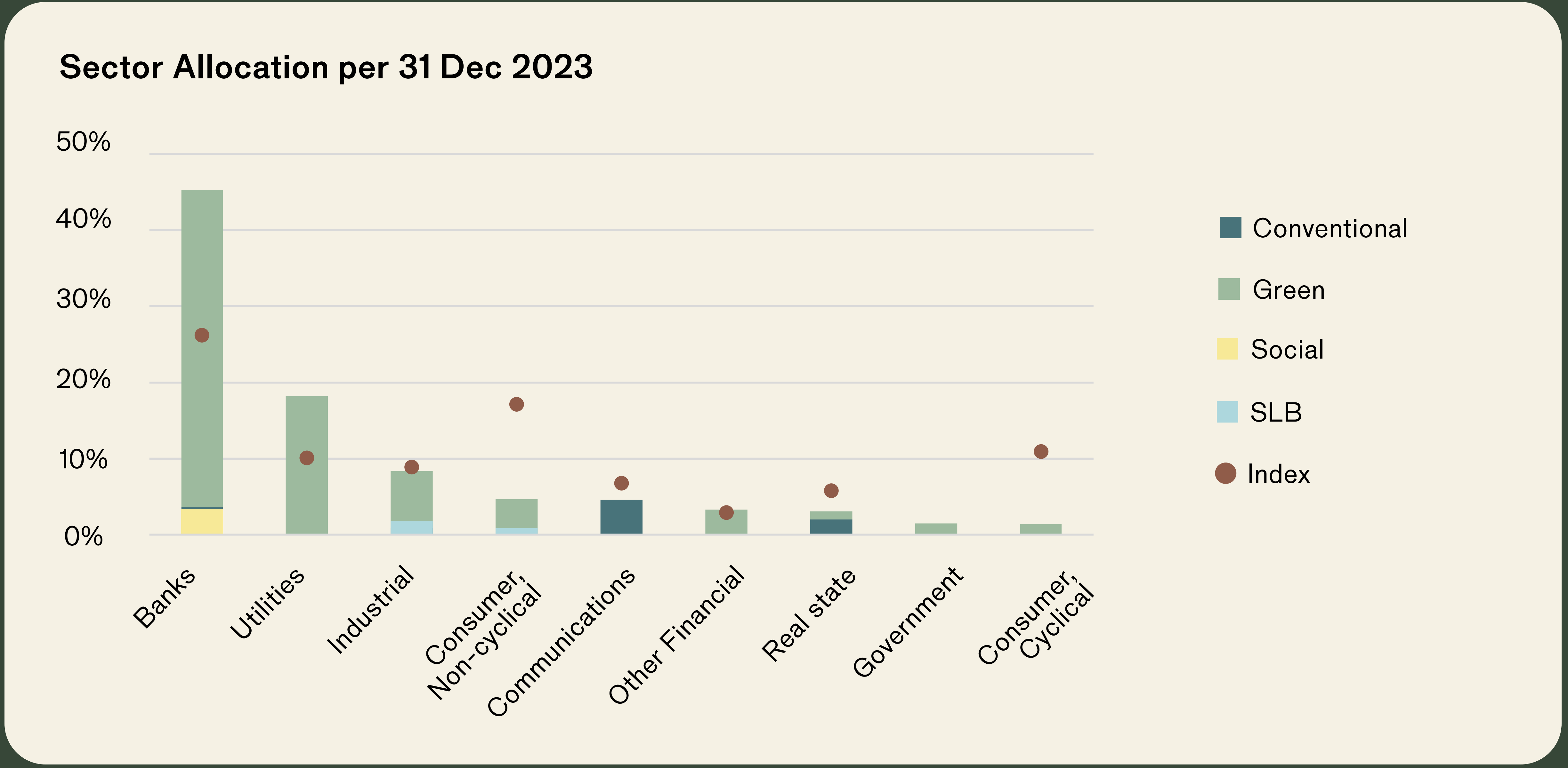
ODIN Sustainable Corporate Bond – What we are investing in

Our portfolio has the largest exposure to the banking sector, which has been a major issuer of eligible green bonds in the market. Banks are well-positioned for issuing labelled bonds as they can structure their bond frameworks and allocate proceeds to various sectors. This contributes to a wider exposure to sustainable projects, including wind, solar, and hydro power generation, energy-efficient buildings, electrification of transport, and social investments. Such broad structuring is challenging for non-financial corporates. Additionally, banks serve as intermediaries between companies and investors, mitigating certain political and credit-quality risks for investors.

Regarding geographical allocation, we do not have a specific target to overweight certain regions. The higher exposure to certain countries is a result of better availability of suitable bonds at attractive prices.

Index - Morningstar Eurozone 1-5 Yr Corporate Bond TR





Selected impact metrics for green bonds

At the end of 2023, 77% of the fund's portfolio was allocated toward green bonds. A large proportion of the fund's bonds promote the sustainability themes Renewable Energy and Energy Efficiency and Sustainable Transport and Infrastructure. This corresponds with the issuer-reported impact metrics summarized on this page, with most issuers reporting on carbon emissions avoided, energy generation and installed energy capacity metrics.

When reporting, issuers of the bonds we own use a range of different impact metrics. We have chosen to display the most used metrics and you can find more details on this in our methodology section. We have tried to stay as close as possible to the actual metrics reported by the issuers. For this reason, we report total and annual impacts for both carbon emissions avoided and energy generation.

Carbon emissions avoided

27 issuers, representing **50%** of the portfolio, reported on carbon emissions avoided.

9 issuers, 13% of portfolio	18 issuers, 37% of portfolio
9 806 697 tCO2e avoided	**5 562 891** tCO2e / year avoided
14 729 tCO2e avoided / M invested	**8 653** tCO2e / year avoided / M invested

Energy generated

15 issuers, representing **32%** of the portfolio, reported on energy generated.

11 issuers, 22% of portfolio	3 issuers, 7% of portfolio
11 322 496 MWh	**787 066** MWh / year
30 191 MWh / M invested	**8 172** MWh / year / M invested

Energy capacity

13 issuers, representing **25%** of the portfolio, reported on energy capacity installed or added.

8 707 MW Capacity	**30** MW Capacity / M Invested

Methodology

- The impact data displayed in this report is based on issuer-reported impact metrics and reflects the total impact of the bonds the fund is invested in.
- For issuers that have reported impact on a portfolio level, all impacts have been divided on total invested amount to show impact/million invested.
- Where impact is not reported in EUR, the exchange rate from European Central Bank (ECB) per 29th December 2023, has been used to convert the invested amount. The relevant bond impact has then been calculated to report impact of all bonds in the fund's portfolio.
- This report does not contain an exhaustive list of the impact reported by the issuers of the bonds in the portfolio, but rather a gathering of the most used and standardized metrics.
- Whereas the issuers have used multiple different definitions to report their impact metrics, we have tried to standardize these where possible. For instance, we have aggregated «additional installed capacity», «installed capacity» and "additional connected capacity" in the same metric in this report . Likewise, Energy Generation and Energy Production are both included in the Energy Generation metric in this report.
- When stating per cent of the portfolio that reported on a certain impact metric, we refer to the sum of weights from all the issuers using the given metric. As some issuers report on multiple metrics, the total per cent of the portfolio stated in this report might add up to more than 100%.

Type of sustainability labelled bonds

The tool-box of sustainable financing instruments has grown in recent years, with the addition of new bond-formats targeting specific financing needs. In general, the formats can be divided into two main groups: Use of Proceeds financing, and Sustainability-linked general corporate financing. Common to all sustainable bonds is the publication of a Sustainable Finance Framework, detailing the sustainability criteria of the financing, accompanied by a Second Party Opinion from a third-party evaluating said criteria.

Use of Proceeds bonds

The most common format for sustainable debt financing, with the longest track-record in the market. Targets specific projects and assets and ring-fences the bond proceeds. The label of the bond indicates what type of projects and/or assets will be financed:

Green bonds

Finances environmental or nature-related activities, such as renewable energy production and energy-efficient buildings

Social bonds

Targets social improvement projects, such as access to affordable healthcare

Sustainability bonds

Include a mix of green and social financing categories

Sustainability-linked Bonds

Bond proceeds are not ring-fenced but can be used for general corporate financing. Tied to pre-defined sustainability Key Performance Indicators and Sustainability Performance Targets, the achievement of which will impact the pricing of the financing.

Case studies

Green and conventional bonds we invest in

Within the labelled bonds universe, green bonds represent the majority, which is reflected in our portfolio composition. These investments drive most of the fund's impact, financing projects that deliver environmental benefits across various sectors and geographies. To maintain a balanced strategy, we also invest in conventional bonds issued by financially stable companies having a clear sustainability profile. The examples of both types of bonds presented underscore our diverse investment strategy and commitment to the sustainable transition.

Fund's sustainability theme:

RENEWABLE ENERGY AND ENERGY EFFICIENCY

RWE

German energy company, focusing on power generation from multiple energy sources, including wind and solar.

RWE Green Bond highlights*:

- **Use of proceeds:** Financing of renewable energy projects, including acquisition, conception, construction, development and installation related to onshore and offshore wind energy, as well as solar energy.
- **Allocation of proceeds:** All proceeds allocated to renewable energy projects.
- **Key impact data:** Specific to bond: 3,279 GWh of renewable energy generated – 194 from solar energy, 2,037 from onshore wind, and 1,046 from offshore wind.
- **Second party opinion:** From Sustainalytics. The eligible category will lead to positive environmental impacts by increasing the capacity for renewable energy production and advance the UN SDGs, specifically SDG 7 – Affordable & Clean Energy.
- **RWE climate transition plan:** RWE has a transition plan in place, aligned with the long-term 1.5C scenario along with agreements with local authorities on phasing out coal power generation facilities in Germany.

Why Odin chose to invest in this bond:

- RWE generates energy from multiple sources, including renewables, but also coal. The issuance of green bonds is seen to support the company's focus to increase renewable energy production as coal is phased out. For Odin, this represents a real and necessary transition of the company's activities and supports the greening of the European energy mix.

* Information from RWE Green Bond Framework 2020 and Green Bond report 2023.

Fund's sustainability theme:

RENEWABLE ENERGY AND ENERGY EFFICIENCY

French company with global presence, specializing in digital automation and energy management

Schneider Electric's bond is a conventional bond with the investment's proceeds used for general corporate purposes.

Schneider Electric's profile:

- The company's solutions focus on digitalization in energy management and automation across various segments, such as buildings, data centers, and infrastructure.
- Schneider Electric has ambitious carbon neutrality and net-zero goals, targeting the entire value chain to reduce carbon footprint, adopt renewable energy, and facilitate the electrification of industries and societies.
- Energy efficiency solutions are at the core of Schneider Electric's business strategy. The company's portfolio includes advanced energy management systems, smart grids, and IoT-enabled devices that enhance operational efficiency, reduce energy consumption, and contribute to a sustainable transition.

Why Odin chose to invest in this bond?

- Schneider Electric has been consistently recognized as one of the most sustainable industrial companies, making a significant impact on the transition to a low-carbon economy. This aligns well with our portfolio. Furthermore, sustainability is an integral part of Schneider Electric's busiess model, ensuring steady financial returns along with strong ESG performance.

Case studies

Social bonds we invest in

We see social bonds as crucial in sustainable finance, funding projects with positive social impacts like affordable housing and healthcare. Social bonds represent a smaller part in the labelled bond universe, but their core concept remains strong.

Per 31 Dec 2023, ODIN Sustainable Corporate Bond was invested in two social bonds, which you can read about below.

Fund's sustainability theme:

HEALTH, QUALITY OF LIFE AND SOCIAL INCLUSION

Belgian financial group, providing banking, investment and insurance services in Europe

KBC Social Bond highlights *:

- **Use of proceeds:** Financing of social investments within the access to essential services category. Specifically, financing of hospitals in Belgium and Luxembourg.
- **Allocation of proceeds:** Most proceeds allocated to infrastructure financing (67%) with smaller portions directed towards equipment and general corporate purposes (21% and 12%, respectively).
- **Key impact data:** 25,509 hospital beds; 12,701,058 consultations; 1,018,245 admissions; 2,478,118 day admissions; 1,897,750 emergency contacts
- **Second party opinion:** From Sustainalytics. Investments from the bond are expected to lead to a positive social impact in Belgium.

Why Odin chose to invest in this bond:

- Access to quality of healthcare in Belgium is good, but there are notable gaps between income groups, as well as a shortage of healthcare workers. Moreover, pressure on healthcare is expected to increase with an ageing population.

* Information from KBC Social Bond Framework and KBC Social Report 2023. Impact data relates to assets partially financed with KBC social bonds in 2022 in Belgium.

Fund's sustainability theme:

HEALTH, QUALITY OF LIFE AND SOCIAL INCLUSION

NatWest Group

British financial group, providing banking, investment and insurance services

NatWest Group Social Bond highlights *:

- **Use of proceeds:** Women empowerment. Funding of social lending, supporting female entrepreneurship in the UK, such as financing of women sole traders, SMEs and partnerships where most of the owners are women.
- **Allocation of proceeds:** All proceed of the bond we own in the fund are allocated toward the women empowerment category.
- **Key impact data:** 14,545 loans to women-led businesses granted
- **Second party opinion:** From Sustainalytics. Investments from the bond are expected to lead to a positive social impact in the UK.

Why Odin chose to invest in this bond?

- In the UK, 32% of enterprises are female led, compared to 40% in peer countries, while SMEs led by women remain disadvantaged in accessing finance. The social bond seeks to reduce SME banking barriers for women-led businesses and improving the observed gender balance.

* Information from NatWest Group 2023 Green, Social & Sustainability Bonds Allocation and Impact report and NatWest Group Green, Social and Sustainability Financing Framework. Impact data presented was estimated.

Case studies

Sustainability-linked Bonds we invest in

Sustainability-linked bonds (SLBs) have demonstrated potential in promoting sustainable transitions among corporations and governments. However, recent fluctuations in issuance volumes and skepticism among investors have raised questions about their future trajectory. Despite these uncertainties, the core concept of SLBs remains promising. These bonds hold the issuing entity of a bond accountable for chosen sustainability targets, incentivizing issuers to meet ambitious environmental and social goals to avoid increasing their cost of capital if these targets are not met.

Investing in SLBs requires a comprehensive evaluation of the issuing company, evaluating ESG performance and targets alongside the specifics of its sustainable finance framework, to establish a comprehensive view of its credibility. If well-structured, an SLB can contribute effectively to a company's sustainable development objectives, enhance the credibility of the company's transitioning efforts, and align them with long-term sustainability goals.

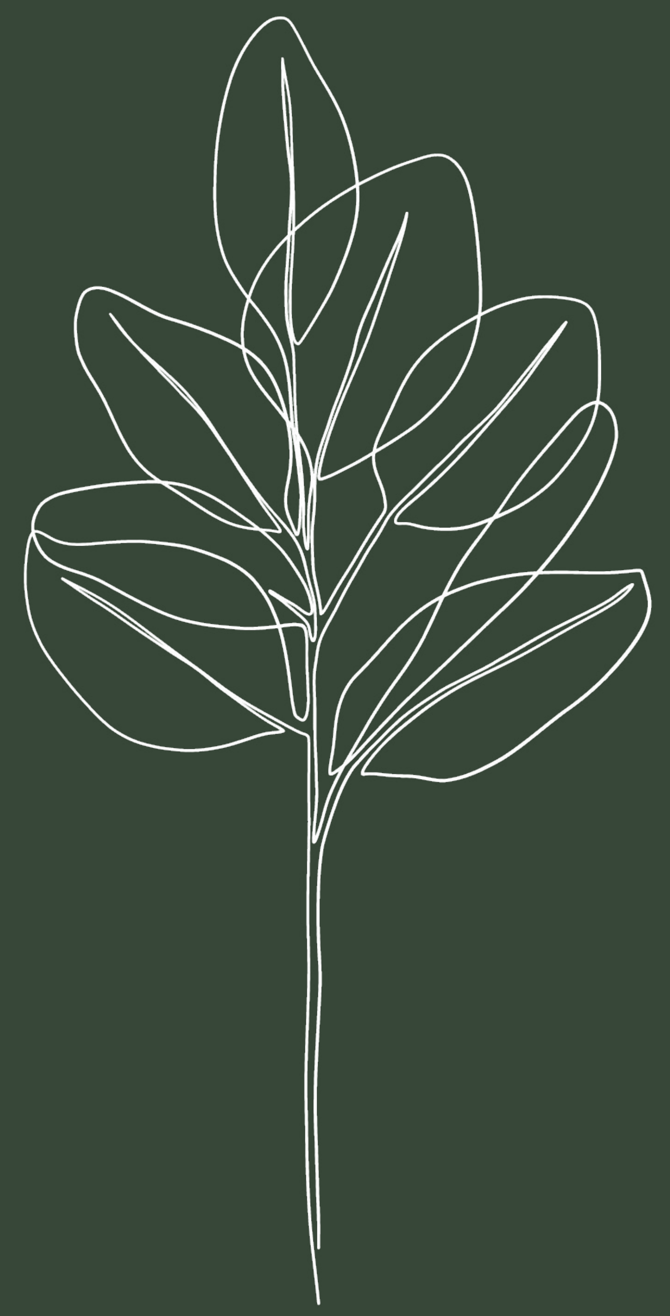
SLBs can serve as an alternative to use-of-proceed bonds for companies needing to improve sustainability performance but lacking a large pool of financeable green assets. Thus, SLBs represent issuing companies in a wider range of sectors, such as healthcare and retail.

While SLBs present a valuable investment opportunity for supporting companies in their sustainable transition, it is important to be aware of the risks associated with this financing instrument.

Insufficient targets within SLB frameworks, potential greenwashing, and maturity profiles not long enough to measure meaningful transition are some of the major challenges associated with SLBs.

At Odin, we recognize that ongoing dialogue and collaboration among market participants are key to refining and advancing SLBs. We participate in various discussions and forums on this topic. As the market evolves, maintaining robust standards and clear frameworks is crucial to ensure that SLBs drive sustainable transitions in fixed-income markets. Ensuring prudence, meaningful KPIs, and ambitious targets are crucial for the progress of SLBs.

At 31 December 2023, ODIN Sustainable Corporate Bond was invested in two SLBs, which were chosen based on comprehensive ESG analysis. One of our SLB investments is showcased here.



Fund's sustainability theme:

SUSTAINABLE TRANSPORT AND INFRASTRUCTURE

ferrovial

Spanish company with global reach, operating within infrastructure and transportation & mobility sectors

Ferrovial Sustainability-Linked Bond highlights *:

- **KPIs selected:** KPI 1: Reduction in Scope 1 and 2 GHG Emissions; KPI 2: Reduction in Scope 3 GHG emissions (incl. GHG emissions from purchased goods/services; upstream distribution; waste generation in operations); KPI 3 Reduction of Serious Injury and Fatality Rate.
- **Sustainability Performance Targets:** KPI 1: Reduce absolute scope 1&2 GHG Emissions by 31.9% from a 2009 baseline by 2028. KPI 2: Reduce absolute scope 3 GHG emissions with 20% from a 2015 baseline by 2028. KPI3: Reduce SIF-FR rate by 35% by 2025 from a rate of 0.57 in 2019.
- **Alignment with sustainability objectives/strategy:** High alignment as health & safety and climate change mitigation (including indirect emissions) are among the most material sustainability topics in the sector.
- **Ambitiousness of targets:** The company has chosen absolute measures for their GHG emission reduction targets, which is seen as positive and ambitious as projections show increased activity in the near future as the industry moves beyond the Covid-pandemic related slump.

Why Odin chose to invest in this bond?

- The infrastructure and mobility sectors both need to decarbonize as part of the global transition to Net Zero 2050. Ferrovial's sustainability KPIs target substantial reductions in absolute emissions in a time where the company's activities are expected to increase, thus positively contributing to this transition.

* Information from Ferovial Sustainability-Linked Financing Framework

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Odin Forvaltning is a company
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