

# Odin Fund Management

## Climate and Nature report 2024



ODIN



## Climate and Nature Report in line with the recommendations from TCFD and TNFD

At Odin, we are long-term investors in high-quality companies. Our promise to our clients is to create long-term value by investing in resilient, future-oriented companies that contribute to the sustainable transition. We believe true quality comes from integrating sustainability into business practices. Sustainability assessments are part of investment analysis, helping us identify risks and opportunities. Companies that act responsibly—considering employee welfare, local communities, climate change, and broader environmental and social impacts—are better positioned for strong long-term returns.

This has always been a part of Odin's investment philosophy. Sustainability isn't new to us—it's fundamental to how we invest.

In 2024, we launched Odin's Action Plan on sustainability for the period 2024-2027. One of our strategic sustainability targets is for our funds to be responsible products, which integrate sustainability in investment decisions, and transparently communicate how this impacts our investments.

To be able to deliver on this target, we need to understand the inherent ESG-risks, both on company and portfolio level. Therefore, in 2024 we initiated a project to map our funds' climate- and nature-related risks.

Our work is guided by the recommendations put forth in the frameworks from well-known Task Force on Climate-related Financial Disclosures ("TCFD"), and the more recently established Task Force on Nature related Financial Disclosures ("TNFD"). The frameworks provide a structured approach to identifying, assessing and handling risks and opportunities related to climate and nature in our portfolio. In combination, the two frameworks provide a holistic understanding of environmental risks and opportunities, which will help us ensure long-term value creation.

This is our first climate and nature report. The following pages summarize our work so far, the mapping of our exposure and how we prioritize areas for further analysis and work.

### Core elements of the TCFD and TNFD Frameworks



**Governance:** of climate- and nature-related risks and opportunities

**Strategy:** The actual and potential impacts of climate- and nature- related risks and opportunities on the organisation's business, strategy and financial planning

**Risk Management:** Processes for identifying, assessing and managing climate- and nature-related risks and opportunities.

**Targets and Metrics:** used to assess and manage relevant climate- and nature-related risks and opportunities



## Governance of climate- and nature-related risks and opportunities



### Board and Management Oversight

**Odin's Board** has formal oversight of responsible investments. This includes the review and approval of Odin's Action Plan on Sustainability, covering targets and overarching objectives, as well as the Guidelines on Responsible Investments. Progress reports on the action plan and general information related to Odin's sustainability work, including reporting on sustainability-risks in the portfolios, are presented to the Board on a regular basis. The sustainability team provides input on sustainability-related risks to the company as part of the annual overall risk assessment. Climate-and nature-related risks have so far been assessed mostly in terms of transition risks, as regulatory pressures and customer preferences evolve.

Odin's **management team** is responsible for the strategic sustainability work. Climate and Biodiversity are two of Odin's strategic focus areas for the period 2024-2027, and all management team members have a responsibility to take these topics into account in their respective areas. Odin's CEO is responsible for ensuring adherence with

existing policies for responsible investment in the management of our funds. The Head of Odin's Sustainability team, a member of the management team, is responsible for ESG legal compliance, improving responsible investment processes, and organizing ESG training for portfolio managers and analysts.

The portfolio managers, under the Investment Directors, have the main responsibility for fund management, the integration of ESG-risk into analysis and investment decisions, aided by the sustainability team when necessary.

### External fund managers

We expect our external fund manager to reflect our focus on climate- and nature- related risks and opportunities. In the beginning of 2025, Odin switched from Amundi to KLP for external management of our index funds. KLP has published an expectation's [document](#) related to the companies' work with climate change and the natural environment, which are well-aligned with Odin's own approach to the topics.





Policies, oversight, and engagement for human rights in relation to nature, indigenous peoples and local communities.

The UN Global Compact, including the UN Declaration on Human Rights, as well as UNs guiding principles on business and human rights, underbuilds our work with responsible investments across all of Odin's funds.

In our Expectations document, we detail our expectation that portfolio companies engage in meaningful consultation with local communities regarding land rights and the acquisition of natural resources. This includes the obtainment of free, prior and informed consent (FPIC) when it concerns indigenous peoples and/or the land users involved.

If it is brought to our attention that any of our portfolio-companies breach with our expectations, company-dialogue will be initiated.



## Sustainability in Odin's investment strategy

Sustainability is a core part of our investment strategy – what we call the Odin Model. We look for companies with strong positions, that perform well over time, and that are priced advantageously. We believe companies that do not integrate Environmental, Social, and Governance (ESG) factors into their strategies are less likely to deliver sustainable, long-term, value. Nature and climate risks are, similarly to other sustainability-related risks, managed through ESG risk-integration, active ownership, and exclusions.

Our responsible investment approach ensures a common baseline for our funds, where company specific ESG-related risks and opportunities are followed up. With the launch of our Action Plan on Sustainability 2024-2027, we will continue to select quality companies for our portfolios but also work to map and manage portfolio-level risks and opportunities related to climate and nature. More details on how we work with sustainability as part of our investment strategy can be found in our annual sustainability reports.

### 1. Integration

All Odin's funds adhere to our guidelines for responsible investments, which outline three broad ways in which sustainability is incorporated in our investments; negative screening, ESG-risk assessment, and sustainable investment (see details on page 6).

### 2. Active Ownership

In Odin, we are active owners, using our voice as shareholders to raise awareness of sustainability issues and guide our portfolio companies in strengthening their efforts with the aim to prepare for future challenges.

### 3. Exclusions

Initial negative screening ensures that we do not invest in companies breaching our guidelines. However, company practices can change over time, so we perform quarterly screening of our funds. In cases where the screening, or other input, indicates actual or heightened risk of breaches with our guidelines, we may engage in dialogue or consider divestment. Divestment is a last resort but is applied in cases where we don't observe the will or ability from the company to mitigate or end breaches with our guidelines.



# Sustainability integration across our funds

## Choosing the right companies

In Odin we have long prioritized selecting quality companies that align with our guidelines for responsible investments. This approach helps us minimize negative environmental impact and risk, while promoting choices of the right companies for long-term value creation.

### Screening:

All of Odin’s investments undergo negative sustainability screening based on our exclusion criteria for undesirable products and behaviour. In addition to our baseline criteria, which apply to all funds, certain funds apply additional criteria. The initial screening is conducted by the portfolio managers, with support from the Sustainability team as needed. The responsibility for post-trade screening lies with the Sustainability team and is performed on a quarterly basis.

### ESG-risk analysis:

All relevant investments undergo a holistic risk assessment, where ESG-risks are included. Material ESG-risks and potential negative impacts on environment and society are reviewed, with attention to how well the

companies are managing their risks. Portfolio managers are primarily responsible for ESG-risk analysis, with support from the Sustainability team.

### Sustainable investments:

Additionally, we work to identify and increase the share of sustainable investments in our portfolios. These investments follow Odin’s own method, aligned with the guidance from the Sustainable Finance Disclosure Regulation (“SFDR”), considering an investments positive contribution to promote social and/or environmental objectives, avoidance of harm to other such objectives, and adherence to good governance practices. See the full method in the sustainability library on our webpages.

Figure 1: Integration of sustainability in different funds – AuM as of 31.12.2024

Fund	Screening		ESG-Risk	Sustainable Investments		AuM NOKm
	Baseline	Extended		Minimum	2024 avg.	
ODIN Sustainable Equities	X	X	X	100%	100%	1405
ODIN Eiendom	X	X	X	20%	42 %	3444
ODIN Emerging Markets	X	X	X	0%	18 %	3704
ODIN Global	X	X	X	10%	23 %	22786
ODIN Micro Cap	X	X	X	10%	32 %	312
ODIN Norden	X	X	X	10%	51 %	23583
ODIN Norge	X	X	X	10%	20 %	12833
ODIN Small Cap	X	X	X	10%	41 %	4651
ODIN Sverige	X	X	X	10%	53 %	14698
ODIN USA	X	X	X	5%	16 %	9408
Spb1 Norge Verdi	X		X	5%*	17 %	2665
Spb1 Utbytte	X		X	10%*	32 %	4294
Spb1 Verden Verdi	X		X	10%*	19 %	3502
ODIN Europeisk Obligasjon	X		X	0%	26 %	3025
ODIN Kreditt	X		X	0%	16 %	3806
ODIN Likviditet	X		X	0%	4 %	1994
ODIN Nordisk Kreditt	X		X	0%	14 %	2843
ODIN Norsk Obligasjon	X		X	0%	10 %	7320
ODIN Sustainable Corporate Bond	X	X	X	100%	100%	2061
Equity AuM NOKm	107285	96824	107285			107285
Fixed Income AuM NOKm	21050	2061	21050			21050
Total AuM NOKm	128335	98885	128335			128335

\* New as of Q1 2025

## Climate-related risks and opportunities

Global changes in climate and biodiversity represents significant financial risks, both for individual companies and the economy as a whole. In its 2025 Global Risk Report, the World Economic Forum predicts that five of the ten most severe risks in a 10-year perspective will relate to climate and nature, while both extreme weather events and pollution are on the list in a 2-year perspective.

Through our investments in listed equities and corporate bonds we are exposed to a wide range of risks, opportunities, impacts and dependencies. Climate-related risks are usually categorized into:

**Physical risks**, referring to the potential damage to assets and infrastructure caused by increased severity of extreme weather events (acute risks) such as floods, hurricanes, and heatwaves, as well as long-term changes (chronic risks) like rising sea levels and other gradual climate changes. These changes can lead to a range of adverse affects for our portfolio-companies, including reduced revenue from decreased production capacity as supply chains are disrupted or transport become more difficult, the

availability of feedstocks drop and prices increase, or as certain areas become too risky for production leading to early retirement of equipment or whole facilities.

**Transition risks**, stemming from the global shift towards a low-carbon economy. These risks include regulatory changes, technological advancements, and market dynamics that may influence the profitability of companies with high carbon footprints. Key risks include:

- **Regulatory Changes:** Stricter climate regulations can increase compliance costs and affect operational strategies.
- **Technological Advancements:** Innovations in sustainability can render existing technologies obsolete, impacting profitability for non-adaptive companies.
- **Market Dynamics:** Increased cost of raw materials. Changing consumer preferences for sustainable products can alter demand and market positions.
- **Reputational risks:** potential negative consequences stemming from changing consumer preferences or public perception for companies not aligning with new climate-related expectations.

Changes stemming both from the physical environment and the transition to a low-carbon economy will create **opportunities** to invest in companies that provide adaptation and mitigation technologies or who are decarbonizing their operations.

We have already been working on finding companies well-placed to take advantage of the ongoing climate changes, not only those with strong risk management practices, but also those with the opportunity to grow within new technologies or technologies with increased relevance. As an example, many of the Odin-funds are invested in companies supplying low-carbon or energy efficiency technologies for the building and construction sectors, such as Volution which we hold in ODIN Global, or Munters Group which we hold in ODIN Sverige. These companies' climate-related products support the transition to a low-carbon society and positively contribute to their financial results, thus positively impacting our funds' returns while reducing overall risks by diversifying exposure to sustainable and future-oriented industries.

In the short term, Odin's portfolio is assessed to have low climate-related risks. In terms of physical risks, the portfolio is tilted towards more asset-light investments, except for our real estate fund. However, the real estate fund has a majority of its assets located in the Nordic region.

Odin's funds have low carbon intensities, indicating less short-term transition risk. Furthermore, our investment model and exclusion criteria result in limited exposure to sectors facing the most urgent decarbonization requirements. There are certain outliers, like ODIN Norge, which maintains an exposure to the Oil & Gas Sector. In our view, this does not affect the overall portfolio's short-term risk exposure, as the holdings are resilient companies, with limited near-term volatility despite the sector's long term transition risks.

Looking ahead, climate-related risks are expected to increase. As the physical impacts of climate change intensify, broader economic disruptions may materialize, potentially affecting companies across sectors and geographies.



Nature-related impacts and dependencies

In 2019, the World Economic Forum estimated that more than half of the world's total GDP is highly or moderately dependent on nature and its services, and thus vulnerable to risks arising from the loss of nature. The speed with which nature is destroyed represents great financial risks for the global economy. At the same time, calls for action to halt and reverse nature-loss are growing, exemplified by the Kunming-Montral Global Biodiversity Framework encouraging the private financial sector to align portfolios towards sustainability.

**Mapping exposure using the ENCORE Platform**  
In 2025, Odin initiated a targeted project to map and analyse the portfolios' exposure to nature-related risks. To guide us in this project, we utilized the updated data from the ENCORE database developed by the ENCORE Partnership (including Global Canopy, UNEP FI and UNEP-WCMC). The database provides insights related to a sector's dependencies and pressures on nature and can then be aggregated on a portfolio level.

For dependencies, 271 economic activities are mapped to 25 ecosystem services which they

depend upon for their production. The activities are also mapped to 13 pressures on nature, indicating sectoral impacts.

**Physical and transition risks**  
Similarly to the risks associated with climate-change, the loss of nature represents both physical and transitional risks.

We consider that the sectors with the highest dependencies on nature are subject to the most physical risks stemming from the loss of nature and ecosystem services on which they depend. Examples include acute risks related to disruptions in raw-material supply-chains du to extreme weather events exacerbated by ecosystem degradation, or chronic risks related to actual or perceived yield reduction as access to key inputs deteriorate.

Large dependencies might also indicate vulnerability to transition risks, where introduction of taxes or fees on use of natural resources increase costs, such as freshwater. Similarly, the sectors with the highest number, and most material, impacts on nature are more exposed to transitional risks, having to change their operations quickly in response to changing

regulation, market practice and customer preferences. It should also be highlighted that many sectors with high dependencies might also have large impacts which in turn exacerbate the risks related to their own dependencies, underlining why all sectors should work to reduce their impacts.

**Sector classification**  
The updated ENCORE database utilizes the ISIC sector classification system to provide a high level of granularity.

Sectors are divided into sections, divisions, groups and classes, becoming more granular with each step where granularity is deemed necessary.

The analysis in this report is performed on the group/class level. See example on sector-classification in figure 2 below.

It should be noted that the initial mapping from ENCORE only covers a sector's direct dependencies and impacts. Thus, the mapping does not include relevant metrics for companies, such as those in the financial sectors, where most of the impact and dependencies are tied to upstream or downstream activities, or their portfolios and financing activities.

Figure 2: Example of ISIC-classification across different levels

ISIC Section	ISIC Division	ISIC Group	ISIC Class
Construction	Construction of Buildings	Construction of Buildings	Construction of Buildings
	Specialized construction activities	Demolition and site preparation	Demolition
			Site preparation



Nature dependencies and pressures in Odin’s portfolio

Figure 3: Portfolio divided by most material dependencies

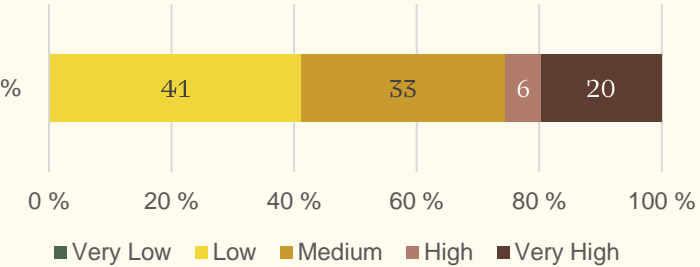


Figure 5: Most common dependencies with High / Very High materiality

	Sectors impacted	Volume impacted
Water purification	14	10%
Water supply	15	12%
Visual amenities	16	8%

Mapping

In this initial mapping of nature-related exposures, we have used the ENCORE data to assess the inherent dependencies and impacts from the sectors we hold in our portfolio. Focussing in the first round on the sectors’ direct operations. Going forward, the sectors identified to have the highest risks will be subject to further analysis on company level to determine the actuality of dependencies and impacts for our specific holdings, recognising that not all companies in a sector operate the same way, or in the same places.

Findings

Figure 3 and 4 shows the exposure of Odin's total portfolio (equity and bonds) to dependencies and pressures ranked by their highest materiality. If a sector is mapped to have five dependencies, and one is ranked with “high” materiality and the other four “medium”, the exposure to that sector is counted as “high” in the figures.

26% of Odin's portfolio is connected to at least one dependency of high or very high materiality. Among these the most common (figure 5) relate to water purification and water supply, both highly material to sectors such as aquaculture and medical industries, and visual amenities, which is important for companies in i.e. real-estate related sectors.

On the pressure-side, 28% of the holdings exerts at least one high or very high materiality pressure on nature, with the most common pressures (figure 6) relating to disturbances (light/noise) from i.e. construction, toxic pollutants from petroleum-related sectors, or non-GHG emissions from diverse manufacturing processes. See more details on sector-specific pressures and dependencies in the Appendices.

Figure 4: Portfolio divided by most material pressures

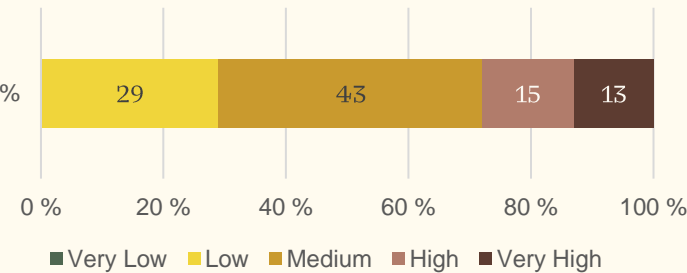


Figure 6: Most common pressures with High / Very High materiality

	Sectors impacted	Volume impacted
Disturbances	18	10%
Toxic pollutants	13	9%
Non-GHG emissions	15	12%

Each dependency and pressure is assigned a materiality-rating which is useful when prioritizing further analysis. As an example, the real-estate sector depends on multiple ecosystem services, including stable foundations, construction inputs and visual amenities, but they might not all be equally material/important. On the other hand, real-estate exerts several pressures on nature, including land-use, emissions and light/noise disturbances, but also here the impacts will vary in materiality.

Almost all of Odin’s holdings are exposed to 7 dependencies and 7 pressures on nature.

The results from the ENCORE-mapping allows multiple avenues for further analysis. It is valuable to understand our portfolio’s exposure to high and very high materiality dependencies and pressures, to see where our funds have the most pressing potential risk exposures.

Additionally, it is relevant to map out what dependencies and pressures we have the largest exposure to. The tables on the right show that all the holdings in Odin’s portfolio (equity + bonds) is exposed to seven dependencies and seven pressures. The materiality-mapping shows that most sectors with these dependencies/pressures range between very-low to medium materiality, indicating that these are not the areas to be prioritized for sector/company-specific analysis. However, these findings are important input when considering the overall risk-exposure of the portfolio going forward. They also exemplify the absolute dependency of the global economy on natural capital and the overall vulnerability to systemic shocks. Looking also at the pressures, it becomes clear that its not viable to consider natural degradation as exogenous to the business.

Most common Dependencies	Number of sectors impacted per materiality-category					Volume impacted	Description of Dependency*
	VL	L	M	H	VH		
Flood control	43	11	76	9	0	100 %	Depend on flood control ecosystem services to protect buildings, equipment, plants and other infrastructure from flooding.
Water supply	44	38	42	13	0	100 %	Depend on water supply services provided by ecosystems to ensure sufficient quantity and quality of water
Water flow regulation	37	17	71	14	0	100 %	Depend on water flow regulation to manage stormwater runoff and regulate peak water flows reducing risk of flooding. Also ensures sufficient water supply during dry periods.
Soil and sediment retention	37	64	30	7	1	100 %	Depend on soil and sediment retention to provide a stable substrate, erosion control, and landslide mitigation for building and infrastructure.
Storm mitigation	32	28	74	5	0	100 %	Depend on storm mitigation ecosystem services to protect buildings and other infrastructure from the impacts of wind, sand, and other storms
Global climate regulation	116	2	17	2	0	99 %	Depend on global climate regulation by ecosystems to mitigate climate change and reduce the frequency and intensity of major climate events that could damage buildings and infrastructure
Local (micro/meso) climate regulation	2	133	1	1	0	99 %	Depend on ecosystems to regulate the microclimate and improve conditions and reduce costs

Most common Pressures	Number of sectors impacted per materiality-category					Volume impacted	Description of Pressure*
	VL	L	M	H	VH		
GHG emissions	32	40	56	9	1	100 %	Manufacturing, construction, processing and other economic processes lead to emissions of Greenhouse Gases, which contribute to air pollution and influence atmospheric conditions.
Generation and release of solid waste	55	44	33	6	0	100 %	Treatment and disposal of waste can lead to habitat degradation and land/water contamination.
Volume of water use	14	59	65	0	0	100 %	The use of water can reduce local supplies, increasing the risk of water stress, drought and impact habitats
Emissions of non-GHG air pollutants	37	47	35	15	2	98 %	Can lead to negative chemical effects on habitats, ecosystems and the atmosphere.
Disturbances (e.g. noise, light)	26	34	50	6	18	98 %	Can disrupt or negatively impact species populations and habitats.
Area of land use	3	99	29	2	0	97 %	Land use can be disruptive to the environment through i.e. deforestation, can impact natural habitats, and substantially alter terrestrial ecosystems.
Emissions of toxic soil and water pollutants	26	46	35	14	13	97 %	Emission of toxic pollutants can severely impact soil and water quality, destroy habitats and pollute species.

\*pressures and decencies are sector-specific. The information listed in this table is a collection of the most common descriptions and consequences of the dependencies and pressures in Odin's portfolio, across sectors.



## Effect of climate and nature-related risks and opportunities on Odin's investment strategy

We have long recognized our fiduciary duty to consider the impacts of climate change on our investments and are increasingly extending this recognition to include nature-related risks. Initially, this was reflected in the application of strict exclusion criteria for all of Odin's funds, particularly for companies involved in the fossil-fuel sector.

These include restricting investing in companies deriving more than 5% of their revenue from oil sands, extraction of thermal coal, or that base a significant part of their operations on coal. We have also excluded companies involved in serious environmental damage.

In 2023 we also committed to reducing the emissions from our portfolios to net zero by 2050. The work to create a road-map to net-zero is still ongoing, and our initial mapping of climate and nature related risks, opportunities, impacts and dependencies is an important part of this.

The mapping gives us a more detailed understanding of our exposures. In the short term, the results of the mapping allows us to prioritize companies for engagement, making sure that we're supporting change where it is most needed. In the medium to long-term,

the mapping might eventually lead to divestment from companies where we don't observe the will or ability to mitigate, or handle identified risks, following our established process for active ownership.

Additionally, we have already been working to increase the share of sustainable investments across our portfolios, and the mapping might serve as a guide to what opportunities we're not fully capitalizing on. Read more on how we work with sustainable investments, engagements and divestments in the Risk Management section.

## Climate scenario analysis

Climate change is expected to impact our investments both in the short and long term, either from a physical perspective, a transitional perspective, or a mix of the two. Scenario analysis provides an avenue to analyze the potential impact in different futures, enabling the testing of our portfolios' resilience.

The Network for Greening the Financial System ("NGFS") has developed a prominent set of scenarios that can be used to assess the impact of climate-related factors on the financial system, categorized in four groups.

- **Orderly**: assuming the early introduction of climate policies, which gradually become more stringent, mitigating both physical and transition risks.
- **Disorderly**: policies are delayed or divergent between jurisdictions and sectors, leading to higher transition risks.
- **Hot-house world**: too few policies are implemented, resulting in insufficient global efforts to halt significant global warming and leading to severe physical risks
- **Too little, too late**: a delayed and uncoordinated transition, leading to both high transition- and physical-risks.

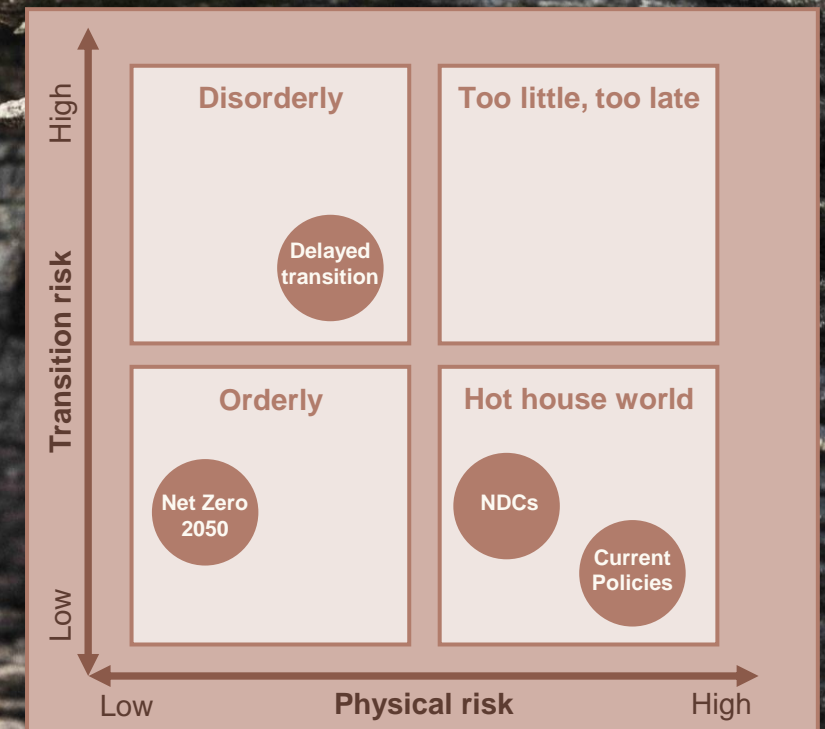
For our climate scenario analysis, we have chosen four scenarios from within these four groups:

- **Current policies** (Hot house world): results in low transition risks and high physical risks, as no regulation beyond the current policies is implemented.
- **Net Zero 2050** (Orderly transition): ambitious climate policies are enacted immediately, and together with strong innovation limits global warming to 1.5°C.
- **Delayed transition** (Disorderly transition): global annual emissions only start decreasing in 2030, with diverging efforts across regions. Stricter policies are needed to limit warming to below 2 degrees.
- **Nationally Determined Contributions ("NDCs")** (Hot-House world): includes the development if all pledged policies are applied. Assumes relative low transition risks as the climate ambitions of the NDCs are quite similar. Emissions will decline, but warming will continue, leading to moderate to severe physical risks.

As shown in the figure to the right, the different scenarios represent different combinations of transition- and physical risks.

Generally, higher transition risks will lead to lowered physical risks, as increased regulation and customer demand lead to emissions reductions.

However, as shown in the Net Zero scenario, reduced overall risk is possible, if high level of coordination and clear communication about targets are pursued.





Transition risk analysis

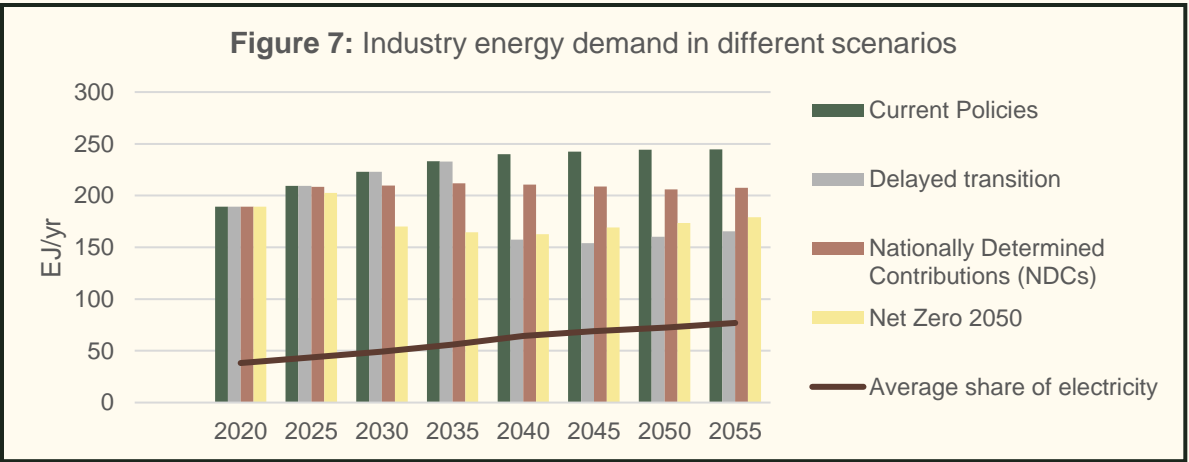
To be able to efficiently apply the NGFS scenarios, we have mapped our portfolio-holdings to what is called Climate-Policy Relevant Sectors (“CPRS”). The CPRS is a way to understand how emerging climate policies might impact companies’ revenues, i.e. climate transition risks.

There are six overarching CPRS: 1-fossil fuel, 2-utility, 3-energy intensive, 4-buidlings, 5-Agriculture, and 6-Transport, which maps to a list of different NACE codes, depending on the activities role in the value chain, role in emissions chain, policy processes and business models.

CPRS	IAM	Portfolio Weight
1-fossil-fuel	Primary Energy   Fossil	3%
	Primary Energy   Oil	1%
2-utility	Secondary Energy   Electricity	2%
3-energy-intensive	Final Energy   Industry	27%
5-transportation	Final Energy   Transportation	1%
	Final Energy   Transportation   Liquids	1%
6-agricu. Etc.   fishing	Not mapped as no distinction is made between low/high carbon fishing at this point	2%

After organizing the portfolio according to the CPRS, the holdings can be mapped to their relevant Integrated Assessment Models (“IAMs”), which are used as the base for scenario-analysis. The IAMs provides a measure of the production value of a specific sector. The production value and can be used to assess each sector’s prospect in different futures. As an example, Equinor is mapped from the CPRS 1-fossil fuel to the IAM Primary Energy | Oil, which shows the development in energy produced from oil in EJ/yr.

The mapping of our holdings showed that the majority of our portfolio (27%) is invested in energy intensive sectors (see table below). Based on this finding we have focused our analysis on the Final Energy demand IAM.

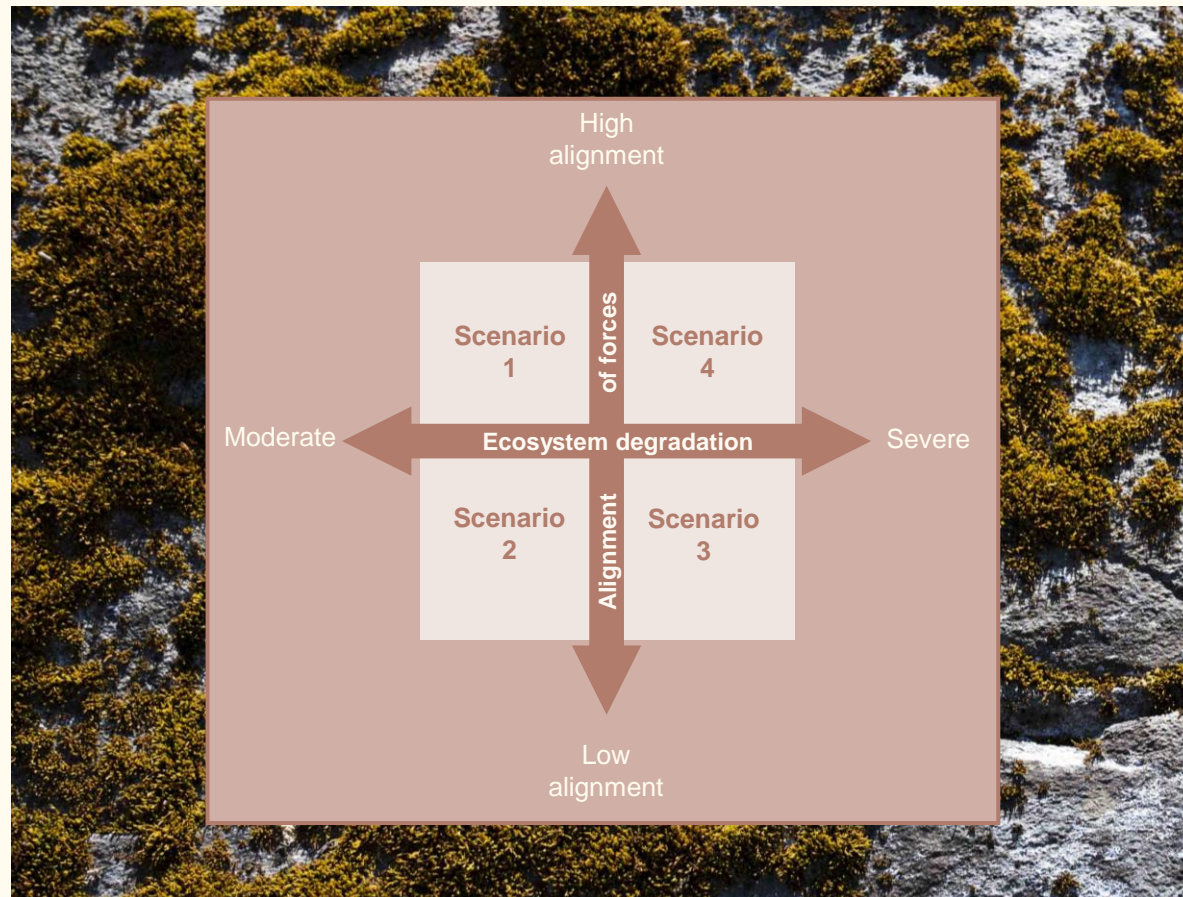


Because the CPRS approach focuses on transition risks, it is most suited for application under the disorderly scenario group and the delayed transition scenario (upper left corner in the graph on the previous page). In these scenarios the impact of transition-risks is expected to be higher.

Figure 7 shows how energy demand will continue to grow for “Final Energy” in the Current Policies scenario and remain relatively stable under the NDCs scenario. For both the Net-Zero 2050 and the Delayed Transition scenarios, energy demand decreases, more steadily for Net Zero, and more drastically in Delayed Transition.

Given that future electrification is likely to increase energy-demand, we expect that energy-efficiency measures play an important role in all scenarios. The line in the figure represents the average share of energy demand delivered through electricity in the different scenarios. Under the current policies and NDC scenarios, the electricity share remains stable, whereas it increases steadily in both the delayed transition and Net Zero scenarios. We therefore expect companies in the sectors that are working with electrification and energy efficiency are better positioned and have lower transition risk in these scenarios.

## Nature scenario analysis



### Following TNFD-Guidance

Nature-related impacts and dependencies are location-specific and unique, with no defined collective target to guide global efforts, making scenario analysis challenging. In comparison to climate-scenarios, there are currently no “off-the-shelf” quantitative data solutions for performing nature-related scenario analysis. Therefore, in accordance with the recommendations from TNFD, we have applied an exploratory and qualitative scenario approach in this initial mapping to think through potential future developments and their implications for our portfolio.

We based the exercise on two critical sources of uncertainty, in line with the TNFD recommendations; **Ecosystem degradation**, which is closely related to physical risk and the increased loss of nature, and **Alignment of market and non-market driving forces**, which is correlated to transition risk and efforts to address both climate change and nature loss.

Together, these two parameters produce four potential scenarios for consideration, as shown in the figure to the left.

### Resilience of Odin’s funds

As shown in the previous pages, the majority of Odin’s total portfolio are in sectors with low or moderately material dependencies and impacts on nature. At the same time, nearly all our holdings are exposed to seven dependencies and impacts. Both of these findings were used to guide our discussions of the four scenarios.

Although the analysis proposes four fundamentally different scenarios, our discussions of each had a similar conclusion.

In the case of ecosystem degradation, we consider that the financial impact will be higher for sectors with the most material dependencies, and that more severe degradation will impact a larger number of economic actors. Due to our portfolios’ exposure, with around 64% of holdings in sectors with low and medium material dependencies we expect that the portfolio will perform no worse than the economy as a whole, no matter the degree of ecosystem degradation. That said, the portfolio will, in tandem with the overall economy, be at higher risk in a scenario of high ecosystem degradation.



## Risk Identification and Management

### Identifying quality companies

In line with the Odin model, we work to identify quality companies. This includes a thorough risk-identification process as part of the company analysis, where company-specific and -material climate- and nature-related risks are included. Greenhouse Gas emissions and transition plans, including forward looking targets from Science Based Target initiative, are used to assess climate risks, while PAI-data and controversies aid the identification of nature risks.

### Portfolio mapping

The initial mapping of portfolio-wide exposure to nature- and climate-related risks and opportunities will aid and enhance our risk-identification process and is particularly important as it lifts our eyes from the company- to the portfolio-level. At this stage, our findings only indicate potential risk exposures, and the next steps will include a prioritized company assessments in the sectors with the greatest risk exposures. Through the company-lens, we will be able to identify actual risks, dependencies, impacts and opportunities, which again can be aggregated to a final portfolio overview. This form of exercise is useful as it underlines the importance of risk management both at the company-, and the portfolio-level.

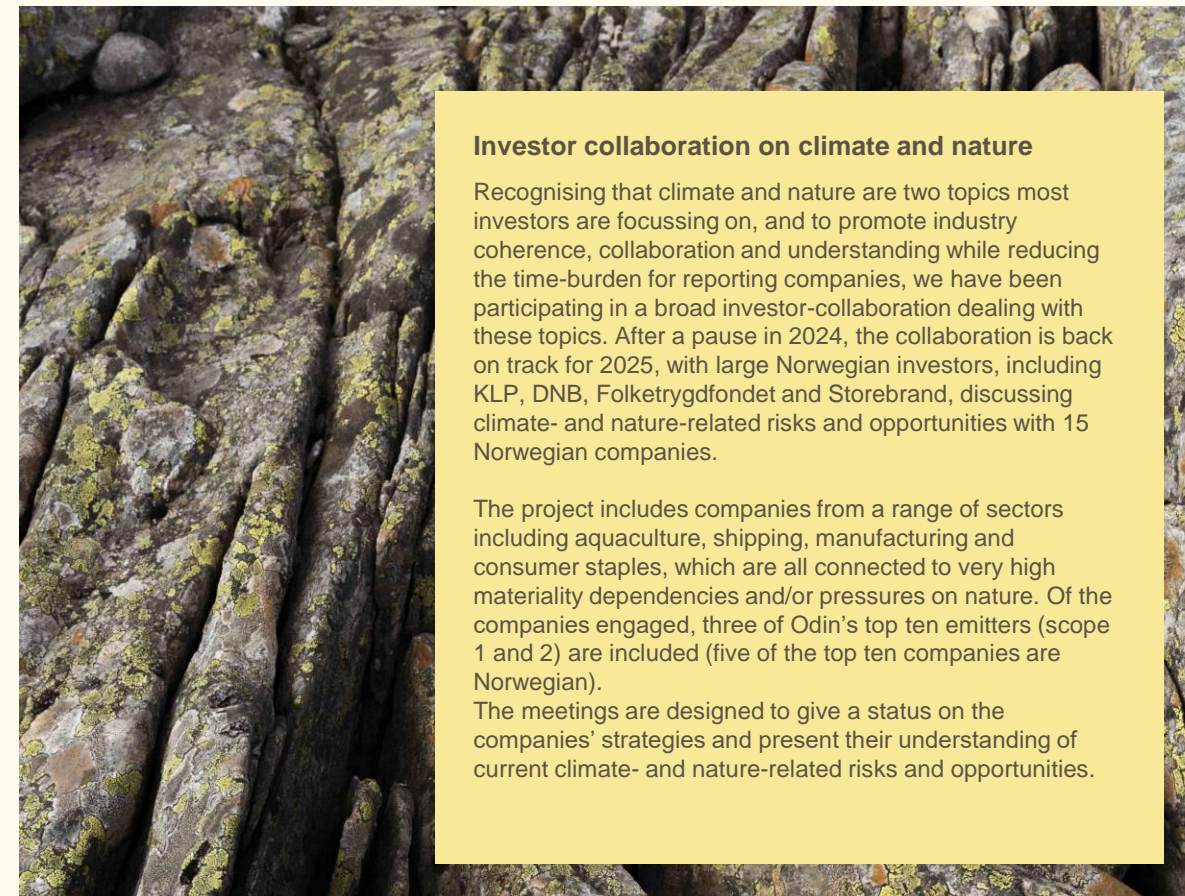
### Risk mitigation efforts

Our work to mitigate identified risks is ongoing, and follows the steps outlined in the strategy-chapter of this report; integration, active ownership, and exclusions.

The initial negative screening based on the funds' exclusion criteria, together with the ESG-risk analysis helps us invest in companies with acceptable risks. In addition, we are observing a gradual organic growth in the share of sustainable investments in our funds.

Showcasing that sustainable companies often are the right investments, even when there is no specific pressures to choose these companies based solely on their commitment to sustainability. The track-record has led us to include a minimum share for more equity funds including Spb1 Verden Verdi, Spb1 Norge Verdi and Spb1 Utbytte.

In Odin, we are active owners and aim to engage with those of our companies considered to have particularly high ESG-risks or who demonstrate unwanted behaviours. The findings from this initial climate and nature mapping will feed into our overall thematic engagement plan, where we prioritize companies for engagement.



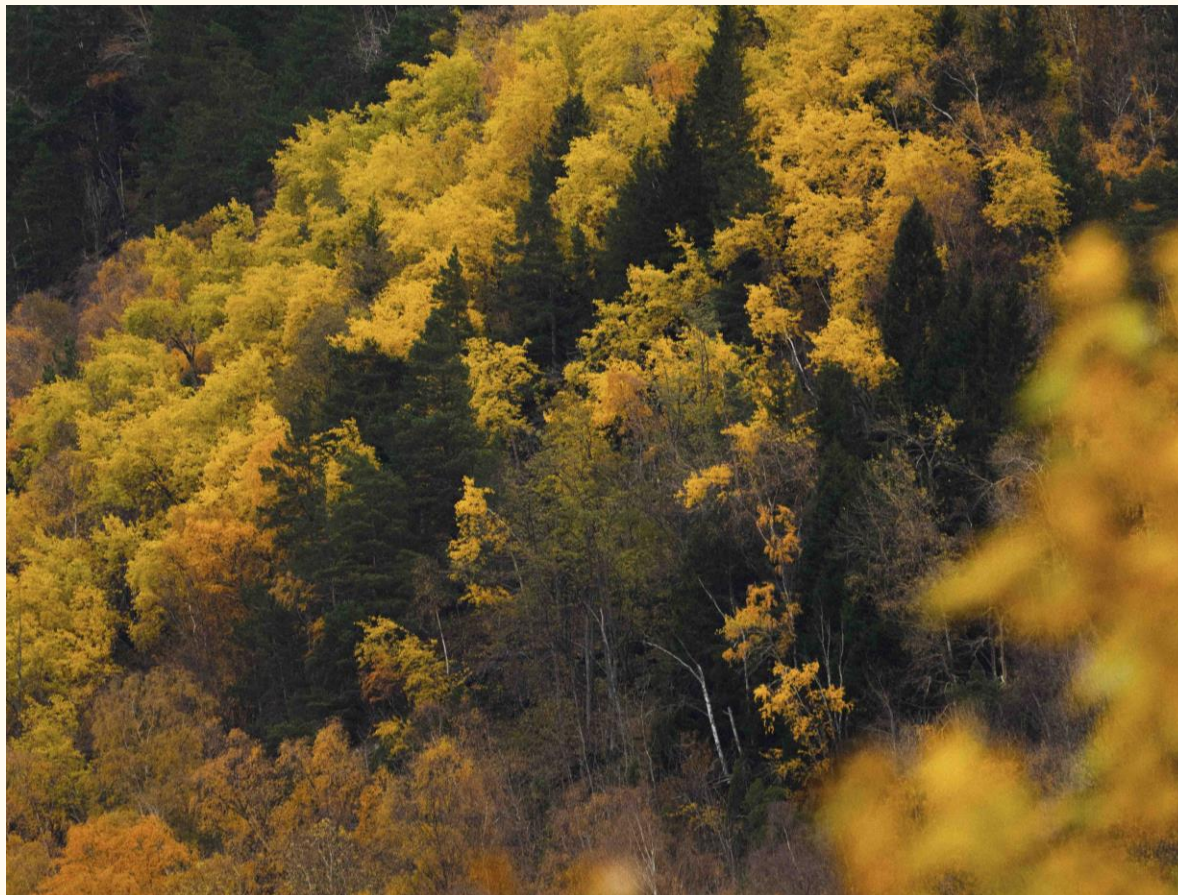
### Investor collaboration on climate and nature

Recognising that climate and nature are two topics most investors are focussing on, and to promote industry coherence, collaboration and understanding while reducing the time-burden for reporting companies, we have been participating in a broad investor-collaboration dealing with these topics. After a pause in 2024, the collaboration is back on track for 2025, with large Norwegian investors, including KLP, DNB, Folketrygdfondet and Storebrand, discussing climate- and nature-related risks and opportunities with 15 Norwegian companies.

The project includes companies from a range of sectors including aquaculture, shipping, manufacturing and consumer staples, which are all connected to very high materiality dependencies and/or pressures on nature. Of the companies engaged, three of Odin's top ten emitters (scope 1 and 2) are included (five of the top ten companies are Norwegian).

The meetings are designed to give a status on the companies' strategies and present their understanding of current climate- and nature-related risks and opportunities.

## Next steps



The initial mapping has provided a sector-level overview of the portfolio's potential risk exposure. However, it does not yet include company-specific analysis, which is essential to accurately assess the actual risk.

This work lays the foundation for more detailed analysis and helps us prioritize which companies to explore further and engage with.

For further analysis on the climate side, we will perform a mapping according to the guidance from the Net-Zero Investment Framework, to assess which companies in our portfolio that are aligning to net zero, and which companies still have a long way to go. We have identified the companies representing the largest shares of our financed emissions and will continue deep-dive analysis to understand their potential for transition and include them in our engagement plan if considered prudent. Similar exercises will be performed for the sectors with the highest emissions intensities.

Similarly, based on the initial mapping using the ENCORE tool, we will move on to company-specific nature-risk analysis, focusing on the sectors making up a significant portion of our portfolio, while also having exposure to high and very high materiality dependencies and pressures. Both the assessment of most

material and most common exposures in the portfolio indicate a strong dependence on water supply, and other water-related services. It might therefore be prudent to prioritize a mapping of portfolio-companies located in water-stressed areas, or with weak water-management for further analysis and engagement.

During our discussions on nature-scenarios, we also agreed that although our portfolio is distributed in a way to reduce short-term related nature-risks, we are currently less well placed when it comes to nature-related opportunities. These can be harder to identify than those related to climate-trends, especially when not related to pure impact investments such as nature restoration and protection. Still, many companies already contribute to handle the nature-related challenges we face, and we will be looking to increase our exposure to these. Companies such as Tomra, well-known for their recycling and waste management solutions, contribute to sustainable resource use, while others such as Yara develop fertilizers that reduce the environmental footprint from agriculture and preserve biodiversity.

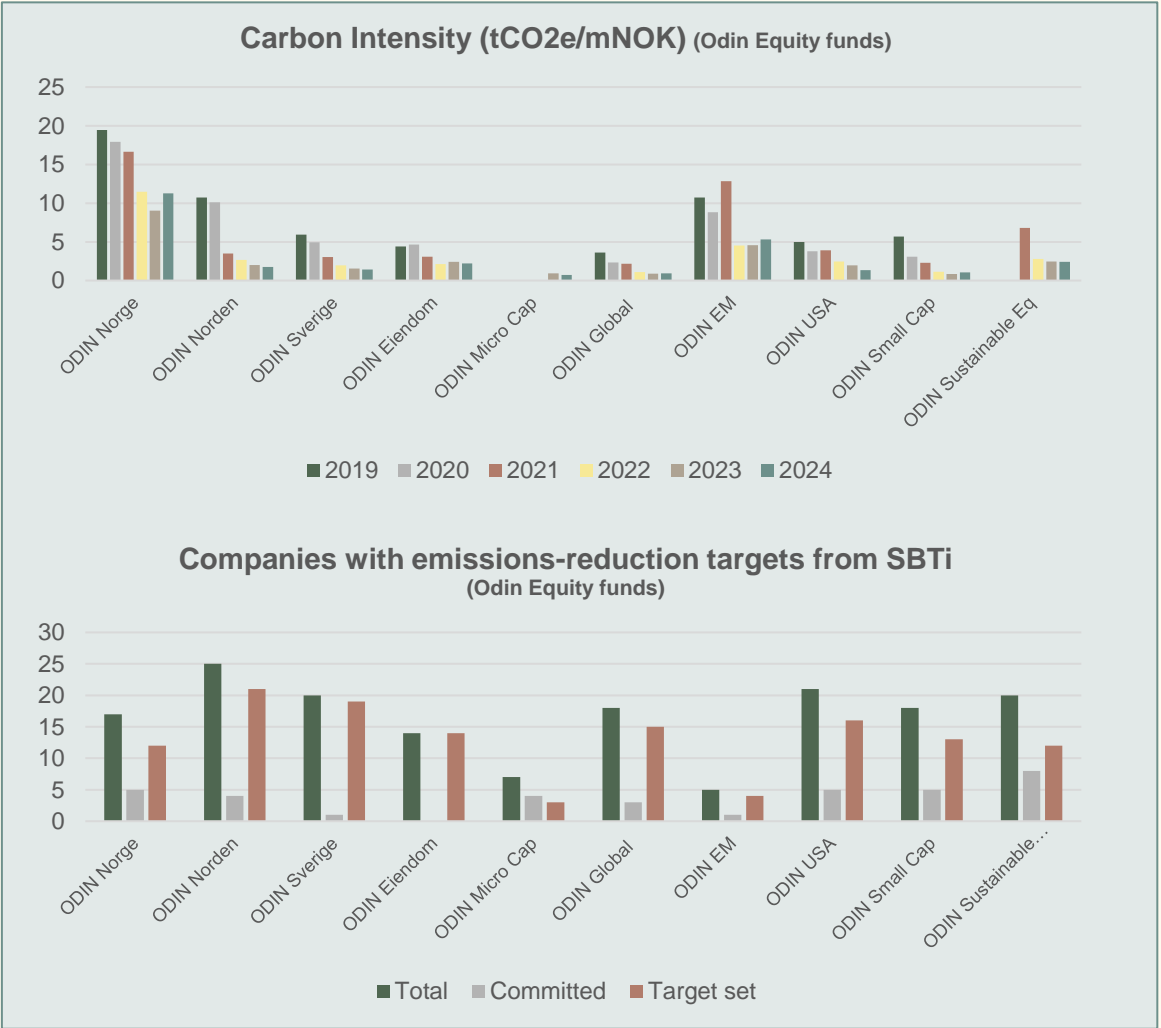


# Climate-related metrics

In 2024, we committed to reducing portfolio emissions to net zero by 2050. While the work to operationalize this target and develop a detailed roadmap is still ongoing, we continue to monitor progress and exposure using a range of metrics, as outlined in the following section.

Data related to emissions can be found in Odin's PAI report, published annually in our [sustainability library](#). Fund-specific information can be found in the periodic reports for each fund.

Category	Metrics	2023	2024
Greenhouse Gas Emissions			
Absolute emissions (SFDR PAI 1.1.4)	Total tonnes scope (1 + 2 + 3) GHG emissions attributable to the portfolio through the proportion of ownership of each corporate investment	3 218 414	5 844 325
Carbon footprint (SFDR PAI 1.2.1)	Carbon footprint: GHG ton emissions per EURm invested	351	522
Weighted Average carbon intensity of investee companies (SFDR PAI 1.3.1)	Carbon intensity: ton emission produced per unit of revenue generated by the company, measured in tones of CO2 per EURm generated in revenue. The carbon intensity is then weighted using the portfolio weight to get a weighted average for the portfolio.	551	1 186
Fossil exposure (SFDR PAI 1.4)			
	Share of total investments (equity + bonds) invested in companies active in fossil industries	3,3%	4%
Material Sectors (NZIF)			
	Share of total investments (equity + bonds) in Sectors covered by NACE A-H and J-L (considered Material under the Net Zero Investment Framework "NZIF")	-	93%
High impact Sectors (NZIF)			
	Share of total investments (equity + bonds) in High impact sectors within the Material Sectors category as defined by NZIF	-	42%



Recommended metrics from TNFD

Figure 8: Mapping of TNFD High-Risk Sectors in Odin’s portfolio, based on ISIC-classification from ENCORE

TNFD sector	ISIC level		Portfolio weight
Agriculture, forestry and fisheries	Section	Agriculture, forestry and fisheries	1.08%
Energy	Section	Electricity, gas, steam and air conditioning supply (minus group “steam and air conditioning supply)	1.34%*
	Division	Mining of coke and refined petroleum products	0.84%
Mining	Section	Mining (minus Mining of coke and refined petroleum products)	1.98%
Transportation	Section	Transportation and storage	2.01%
Food and Beverages	Division	Manufacture of food products	2.39%
	Division	Manufacture of food beverages	0.27%
Apparel	Division	Manufacture of wearing apparel	0%
Utilities	Section	Electricity, gas, steam and air conditioning supply	1.36%
	Section	Water supply, sewerage, waste management and remediation services	0.08%
Chemicals	Division	Manufacture of chemicals and chemical products	1.7%
Manufacturing, including pharmaceuticals and healthcare	Section	Manufacture (minus those divisions covered in TNFD-sectors “chemicals”, “apparel”, “food and beverages”, and “Energy”	26.94%
	Section	Human health and social work activities	0.07%
Construction	Section	Construction	1.69%
Total			41.25%

TNFD High Risk Sector mapping:

TNFD recommends economic actors to prioritize their nature-related work based on exposure to 10 high-risk sectors.

Based on the ISIC sector classification, we have mapped that 41% of Odin’s portfolio relates to one of these ten sectors. Out of these, 27% relates to manufacturing processes. In the tables on page 20-21, the exposure to sectors with high/very high materiality pressures and dependencies are shown – also here, the tilt towards manufacturing-processes is large, underlining the importance of prioritizing this sector for further work going forward.

Exposure to sensitive locations (SFDR):

At this point, we have not yet been able to assess the company-specific exposure to sensitive locations and will therefore use the input from our SFDR reporting on PAI 1.7 “Activities negatively affecting biodiversity-sensitive areas” as a proxy. Additionally, we pay attention to voluntary PAI 14 Natural species and protected areas.

Exposure to companies negatively affecting biodiversity-sensitive locations and threatened species is declining from 2023 to 2024, while data-coverage has improved over the same period. The top 5 contributors to both metrics remain the same from 2023 to 2024. Contribution is assessed based on company weight in the portfolio, and a “yes/no” indication of whether the company has activities negatively impacting species and sensitive areas.

Principle Adverse Impact indicator (PAI)	2023*		2024*	
	Weight	Coverage	Weight	Coverage
Activities negatively affecting biodiversity-sensitive areas	2.6%	76%	1.5%	81%
Natural species and protected areas	2.25%	81%	1.25%	88%

\*Total portfolio exposure as of year-end



## Appendices

**Table 1:** shows the dependencies of sectors making up more than 1% of Odin's total portfolio, with at least one high or very high materiality dependency.

ISIC Class	Portfolio weight	B	C	D	E	F	G	H	I	J	K	L	M	Q	S	T	U	V	W	X
Real estate activities with own or leased property	6 %																			
Manufacture of pharmaceuticals, medicinal chemical and botanical products	4 %																			
Construction of buildings	2 %																			
Support activities for petroleum and natural gas extraction	1 %																			
Transmission and distribution of electricity	1 %																			
Manufacture of medical and dental instruments and supplies	1 %																			
Extraction of crude petroleum	1 %																			
Processing and preserving of fish, crustaceans and molluscs	1 %																			
Marine aquaculture	1 %																			
Manufacture of fertilizers and nitrogen compounds	1 %																			
Manufacture of refined petroleum products	1 %																			
Sea and coastal freight water transport	1 %																			
Publishing of newspapers, journals and periodicals	1 %																			
Manufacture of prepared meals and dishes	1 %																			

A = Animal-based Energy, B = Biomass Provisioning, C = Solid waste remediation, D = Soil and sediment retention, E = Water purification, F = Soil quality regulation, G = Dilution by atmosphere and ecosystems, H = Biological control, I = Air Filtration, J = Flood Control, K = Genetic material, L = Global climate regulation, M = Water supply, N = Nursery population and habitat maintenance, O = Noise attenuation, P = Mediation of sensory impacts (other than noise), Q = Local (micro/meso) climate regulation, R = Pollination, S = Storm Mitigation, T = Water flow regulation, U = Rainfall pattern regulation, V = Recreation related services, W = Visual amenity services, X = Education, scientific and research services, Y = Spiritual, artistic and symbolic services.

Very High High Medium Very Low Low

\* A, N, O, P, R and Y has been removed from the table as these were only related to very-low, low, or no impact for the sectors.

## Governance

## Strategy

## Risk Management

## Targets & Metrics

ISIC Class	Portfolio weight	A	B	C	D	E	F	G	H	I	J	K	L
Manufacture of measuring, testing, navigating and control equipment	4.82 %												
Construction of buildings	1.52 %												
Support activities for petroleum and natural gas extraction	1.43 %												
Transmission and distribution of electricity	1.35 %												
Manufacture of medical and dental instruments and supplies	1.29 %												
Extraction of crude petroleum	1.27 %												
Manufacture of sports goods	1.15 %												
Processing and preserving of fish, crustaceans and molluscs	1.09 %												
Marine aquaculture	1.08 %												
Manufacture of plastics products	1.07 %												
Manufacture of communication equipment	1.01 %												
Manufacture of fertilizers and nitrogen compounds	0.97 %												
Manufacture of irradiation, electromedical and electrotherapeutic equipment	0.92 %												
Manufacture of refined petroleum products	0.84 %												
Manufacture of electronic components and boards	0.80 %												
Sea and coastal freight water transport	0.79 %												
Manufacture of other fabricated metal products	0.68 %												
Building of ships and floating structures	0.65 %												
Manufacture of other chemical products	0.60 %												

**Table 2:** shows the pressures of sectors making up close to 1% of Odin's total portfolio, with at least one high or very high materiality dependency.

A = Disturbance, B = Fresh-water use, C= GHG emissions, D = Seabed Use, E = non-GHG emissions, F = Other resource use (biotic), G = Toxic pollution, H = Pollution, I = Solid Waste, J= Land use, K= Water use, L = Invasive species

