

Remuneration policy

Pareto Asset Management AS has adopted a remuneration policy that is consistent with and promotes sound and effective risk management in line with the business strategy, objectives, values and interests of the collective investment schemes (CIS) under management. Sustainability risk is an integral part of the overall risk assessment for our funds, cf. guidelines for responsible investments, and is therefore included in all risk references in the remuneration policy. Assessment criteria related to sustainability have also been drawn up where this is considered relevant. The remuneration policy does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the CIS under management and includes measures to avoid conflicts of interest.

The remuneration policy applies to all employees in the company. All employees shall have a total remuneration that reflects their responsibility, experience, education, effort and results achieved and may in addition to the fixed salary receive a performance-related variable compensation. Incentive schemes shall promote long-term interests and accountability among employees. Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or CIS concerned and as to their risks and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria.

The remuneration policy includes special remuneration requirements for identified staff. Where such remuneration is performance-related, fixed and variable components of total remuneration shall be appropriately balanced. Variable remuneration to the Chief Compliance Officer and Chief Risk Officer is based on function-specific objectives and must be independent of the company's financial results. Also, at least 50% of the variable remuneration is retained by the company as deferred capital and invested in the company's CIS. The deferred capital is paid out in equal portions over a period of at least three years, adjusted for the CISs' returns in the period. The deferred capital may be reduced or cancelled due to conditions in the company or with the individual identified staff. The Chief Executive Officer, Chief Sales Officer, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, Branch Managers and lead portfolio managers are covered by the special remuneration requirements.

The management company has a remuneration committee appointed by the Board of Directors. The committee shall prepare all matters concerning the remuneration policy to be determined by the Board. The committee consists of the Chairman, as well as one shareholder-elected director and one director elected by the unit-holders. A majority of the committee members shall be independent of the management of the company. The committee proposes the variable remuneration for the CEO and identified staff to the Board.