

## **Disclosure under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the SFDR)**

Pareto Asset Management AS (the Manager) is a UCITS management company and alternative investment fund manager appointed to UCITS and AIFs domiciled and distributed in the European Union, both EU and non-EU countries (the Funds).

This information is provided solely for the purposes of compliance with SFDR and shall not form the basis of any contract and shall not be binding against or create any obligations or commitment on the part of the Manager or its affiliates. In relation to the financial product, the sole basis for legal obligations between the Manager and the investors in the Fund is the legal documentation relating to the Fund, including the subscription agreements.

### **The SFDR**

The SFDR is an EU regulation that was implemented in Norwegian law on 1 January 2023 through the Sustainable Finance Act. The SFDR establishes disclosure and reporting obligations for, among others, asset managers. The purpose of the disclosure and reporting obligations is to ensure increased transparency between asset managers and investors with regard to products' sustainability ambitions.

According to the SFDR, the Manager must state whether the funds it offers:

- Have sustainable investments as one of its investment objectives, cf. SFDR article 9, and/or
- Promote environmental and/or social characteristics, cf. SFDR article 8, or
- Neither have sustainable investments as one of its investment objectives nor promotes environmental and/or social characteristics, cf. SFDR article 6.

### **The Manager's funds**

The Manager manages one fund, Pareto ESG Global Corporate Bond, which has sustainable investments as one of its investment objectives, cf. SFDR article 9. The Manager's other funds promote environmental and social characteristics, cf. SFDR article 8, with the exception of Pareto Total which has neither sustainable investments as one of its investment objectives or promotes environmental characteristics and/or social characteristics, cf. SFDR article 6. Pareto Total nevertheless integrates consideration of sustainability risk in its investment decisions as such risks can affect the fund's general risk and return potential.

### **Sustainability risks**

#### *Investment decisions*

Under Article 3 of the SFDR, information must be published on the integration of sustainability risks into the investment decisions taken in respect of the Funds by the Manager. A sustainability risk in the context of a Fund is an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The Manager integrates the consideration of sustainability risks into its investment decisions in respect of, and its portfolio management of, the Funds in the manner described in the prospectus or, if relevant the supplement to the prospectus, relating to each Fund (the **Prospectus**). In particular, the Manager ensures that the Fund's investments are selected in accordance with its responsible investment policy. Twice a year the Manager prepares a report on the policy and the practice of these (available here: [https://paretoam.com/globalassets/rapporter-og-dokumenter/ri\\_en.pdf](https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_en.pdf)).

#### *Investment advice*

Under Article 3 of the SFDR, information must be published on the integration of sustainability risks in investment advice. The Manager provides investment advice on funds managed by the Manager. Clients have access to information on how the individual funds integrate sustainability risk considerations. When providing investment advice, the Manager is required to assess the suitability of the investment based on information about the client's knowledge and experience from the relevant investment area, as well as the client's financial situation. On this occasion, the Manager collects information about the client's sustainability preferences.

#### **The principal adverse impact indicators on sustainability factors**

##### *Investment decisions*

Under Article 4 of the SFDR, information must be published on the consideration of the principal adverse impacts of the Manager's investment decisions on sustainability factors. Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Manager has elected not to consider the principal adverse impacts of its investment decisions on sustainability factors in the manner contemplated by Article 4(1)(a) of the SFDR. This is because the Manager has a number of funds, with different investment strategies and policies, under management. These nuances will not be reflected in a consolidated overview.

Nevertheless, the Manager's funds, with the exception of Pareto Total, take into account the principal adverse impacts on sustainability factors at product level. Information on how the funds take into account the principal adverse impacts on sustainability factors is available in the prospectus or, if relevant, supplement to the prospectus. Information about the principal adverse impact indicators is also provided in the annual reports.

##### *Investment advice*

Under Article 4 of the SFDR, information must be published on the consideration of the principal adverse impacts of the Manager's investment advice on sustainability factors. The Manager has elected not to consider the principal adverse impacts of its investment advice on sustainability factors in the manner contemplated by Article 4(5)(a) of the SFDR.

The Manager provides investment advice on funds managed by the Manager. The Manager's funds, with the exception of Pareto Total, take into account the principal adverse impacts on sustainability factors at product level. Clients have access to information on how the individual funds consider the principal adverse impacts on sustainability factors. When providing investment advice, the Manager is required to assess the suitability of the investment based on information about the client's knowledge and experience from the relevant investment area, as well as the client's financial situation. On this occasion, the Manager collects information about the client's sustainability preferences, including whether the client prefers its investments to be made in funds that consider the principal adverse impact indicators on sustainability factors.

#### **Remuneration policy**

The Manager has adopted a remuneration policy on remuneration practices in relation to its staff whose professional activities have a material impact on the risk profile of the Funds, which seeks to promote sound and effective risk management and discourage excessive risk-taking. This also applies with respect to sustainability risks. The Remuneration Policy is available here:

<https://paretoam.com/globalassets/rapporter-og-dokumenter/information/remuneration-policy.pdf>.

**Website disclosures**

Under Article 10 of the SFDR, the Manager must publish information on its website about the funds that promote environmental and social characteristics, and the funds that have sustainable investments as one of its investment objectives. Such information is available in the document overview provided for each fund at: <https://paretoam.com/en/our-funds/>

**Periodic reporting**

Under Article 11 of the SFDR, the Manager must publish periodic reports. For funds that promote environmental and social characteristics, the periodic reporting must provide information on the extent to which the environmental and social characteristics were met. For funds that have sustainable investments as one of their investment objectives, the periodic reporting must provide information on the fund's overall sustainability-related effect. The periodic reporting is available in the funds' annual reports.