



LEA 02	Discretionary Mandate	Gateway
<p>By default, assets for which we have no responsibility (as outlined in our engagement strategy) are managed on behalf of external managers. We actively monitor and engage with external managers to ensure that they are aligned with our values and objectives.</p> <p>Our engagement strategy is designed to ensure that we are able to identify and address any potential risks to our investment objectives.</p>	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p><input checked="" type="checkbox"/> To support investment decision-making in & company reports</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage with internal staff</p> <p><input type="checkbox"/> To support investment decision-making in & company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage with collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in & company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage with service providers</p>

RI TRANSPARENCY REPORT

2020

Pareto Asset Management AS

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	✓	Private							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Private							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 14 CC		✓	Private							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Private	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 07	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 10	Engagement methods	✓	Private		✓					
LEA 11	Examples of ESG engagements	✓	Private		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Private		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Private		✓					
LEA 21	Examples of (proxy) voting activities	✓	Private		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Private	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Private	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	🔒	n/a	✓						
FI 14	Engagement overview and coverage	✓	Private		✓					
FI 15	Engagement method	✓	Private	✓	✓					
FI 16	Engagement policy disclosure	✓	Private	✓	✓					
FI 17	Financial/ESG performance	✓	Private							✓
FI 18	Examples - ESG incorporation or engagement	✓	Private	✓	✓					
FI End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	🔒	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

Pareto Asset Management AS

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Please specify

Discretionary management of securities for individual investors.

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Pareto Asset Management AS manages UCITS, alternative investment funds and discretionary mandates.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Norway

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

56

OO 02.4 Additional information. [Optional]

Pareto Asset Management AS is headquartered in Oslo, Norway. Pareto Asset Management AS also has a branch in Stockholm, Sweden, and a branch office in Frankfurt, Germany.

OO 03

Mandatory

Public

Descriptive

General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes

OO 03.2

List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary (Up to six subsidiaries may be reported)	RI implementation reported here on a consolidated basis
Enter Fonder AB	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

No

OO 03.3 Additional information. [Optional]

On 1 January 2019, we acquired the Swedish company Enter Fonder AB. We do not report on a consolidated basis.

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2019

OO 04.2 Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		45	300	000	000
Currency	SEK				
Assets in USD		4	733	436	608

Not applicable as we are in the fund-raising process

OO 04.3

Indicate the total AUM of subsidiaries you have excluded from your report (as named in OO 03.2 under "No"). Provide this figure based on the end of your reporting year

	trillions	billions	millions	thousands	hundreds
Total AUM		11	700	000	000
Currency	SEK				
Assets in USD		1	222	543	230

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

 Not applicable as we do not have any assets under execution and/or advisory approach**OO 06****Mandatory****Public****Descriptive****General**

OO 06.1

Select how you would like to disclose your asset class mix.

 as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	44	0
Fixed income	44	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	12	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

 as broad ranges**OO 06.2**

Publish asset class mix as per attached image [Optional].

OO 06.3

Indicate whether your organisation has any off-balance sheet assets [Optional].

 Yes No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
 No, we do not use fiduciary managers.

OO 09

Mandatory

Public

Peering

General

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets

99

Emerging Markets

1

Frontier Markets

0

Other Markets

0

Total 100%

100%

OO 09.2 Additional information. [Optional]

Apart from one investment in South Korea, all our holdings are - by mandate and strategy - in developed markets (and South Korea may be classified as a DM). This is primarily for reasons of corporate governance.

Asset class implementation gateway indicators

OO 10

Mandatory

Public

Gateway

General

OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
 We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Public	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Hedge funds

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Direct - Other asset classes with dedicated modules

- Hedge Funds and/or Fund of Hedge Funds

Closing module

- Closing module

OO 12.2 Additional information. [Optional]

PAM addresses ESG across all asset classes it manages.

Peering questions

OO LE 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
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Percentage of internally managed listed equities

Passive

0

	Active - quantitative (quant)
--	-------------------------------

0

	Active - fundamental and active - other
--	---

100

	Total
--	-------

100%

OO LE 01.2	Additional information. [Optional]
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Common to all our investment strategies is our emphasis on understanding the companies we invest in, whether in equities or corporate bonds.

Returns in our funds are driven by stock and bond selection, and a thorough analysis of these companies is a key element to our investment philosophy. Our approach is fundamental and long-term.

OO FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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Corporate (financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%
Corporate (non-financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%

OO FI 01.2 Additional information. [Optional]

Common to all our investment strategies is our emphasis on understanding the companies we invest in, whether it is in equities or corporate bonds.

Returns in our funds are driven by stock and bond selection, and a thorough analysis of these companies is a key element to our investment philosophy. Our approach is fundamental and long-term.

When we buy bonds, we rely on a thorough analysis of the issuer's financial situation, the value of any collateral and the various clauses in the loan agreement. This way we form a view of the risks as weighed against the risk premium the underlying bond is assumed to provide. This risk premium is the main source of return for funds with corporate bonds. We are not concerned with tactical dispositions or bets on the yield curve.

As one of the larger and more experienced investors in the Nordic high-yield bond market, we are able to negotiate favourable terms on bonds we invest in through the primary market. These processes also help the issuers to set more appropriate and market-based bond structures.

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

Pareto Asset Management AS

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Our stated investment philosophy rests on several principles:

- * active management
- * company focus
- * a fundamental approach
- * a long-term perspective
- * concentrated portfolios
- * we seek to invest in companies that have good quality operations and management, and a focus on ethics in both thought and action.

The latter point is facilitated by having concentrated portfolios with long holding periods; we get to know very well the companies we invest in.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Pareto Asset Management AS (PAM) works systematically with ethical considerations in the management of funds and discretionary mandates. PAM shall not make investments which constitute an unacceptable risk of investments contributing to unethical acts or omissions. Such contributions could reduce sustainability and long-term value creation.

In September 2014, PAM decided to formalise our commitment to social responsible investments by committing to the UN PRI (United Nations Principles for Responsible Investment). The principles were signed in November 2014 and PAM presented its first PRI report in March.

In 2016, PAM decided to further formalise its commitment by becoming a member of Norsif. Due to our strong presence in Sweden through a branch in Stockholm, it was logical for us to also join the Swedish sister organisation Swesif. In April 2018, our chief investment officer became a member of the Norsif board.

Due to our fundamental investment philosophy and a limited number of investments, it is our ambition to provide solid and transparent documentation of our portfolio management being in compliance with our guidelines for responsible investments.

General considerations

Our guidelines for responsible investments are founded on the guidelines used by the Norwegian Government Pension Fund, the United Nations Principles for Responsible Investments (PRI), as well as recognised principles and standards.

The current guidelines also state that precautionary measures shall be taken when investing in bio-technology, weapons, alcohol and gambling, meaning that ethical issues should be subjected to careful considerations before an investment can be made. This may also apply to other ethical issues.

In more general terms, environmental, social and governance issues, as well as technological changes, may affect how PAM views bans or additional precautionary measures when investing in other sectors than those explicitly being addressed by our current guidelines.

Negative screening

Our sustainability considerations roughly imply a process with two basic steps. First, we screen all investments on specific criteria. Second, companies subject to red flags in screening are put under scrutiny.

In our screening we have made a distinction between unethical/unsustainable products or production processes and companies with unethical/unsustainable conduct or behaviour.

In the first case, the question is whether the actual properties of the product or manufacturing process are negative. The company may exercise proper social responsibility, but the behaviour is still irrelevant if the product or manufacturing process warrants exclusion due to ethical considerations. In the second case it is the companies' conduct, and not necessarily the products, that are negative.

The company also keeps a record of high risk companies.

The investment process

Each management team is responsible for the thorough assessment of ESG criteria before an investment is made. Likewise, they have a responsibility for ongoing monitoring so that they maintain preparedness for any ESG issues that are not necessarily visible or actualised when the investment is made. In the event of doubt, the case will be presented to the ethics committee.

Our approach to responsible investments covers all asset classes, and there are no exceptions to our policy.

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
---------	--

Policy setting out your overall approach

URL/Attachment

URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/guidelines-for-responsible-investments.pdf>

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/guidelines-for-responsible-investments.pdf>

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/guidelines-for-responsible-investments.pdf>

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/guidelines-for-responsible-investments.pdf>

- Attachment (will be made public)
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/guidelines-for-responsible-investments.pdf>

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_2_2019_en.pdf

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_2_2019_en.pdf

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_2_2019_en.pdf

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/information/guidelines-for-responsible-investments.pdf>

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

<https://paretoam.com/en/about-us/our-investment-philosophy/>

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/information/guidelines-for-responsible-investments.pdf>

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

<https://paretoam.com/globalassets/rapporter-og-dokumenter/information/guidelines-for-responsible-investments.pdf>

Attachment

Active ownership approaches

URL/Attachment

URL

URL

https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_2_2019_en.pdf

Attachment

Reporting

URL/Attachment

URL

URL

https://paretoam.com/globalassets/rapporter-og-dokumenter/sri_en.pdf

Attachment

Climate change

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

The prospectus of our Norwegian domiciled UCITS states the following.

Pareto Asset Management works systematically on ethical considerations in the management of the fund. Pareto Asset Management shall not invest in companies which constitute an unacceptable risk of the fund contributing to unethical acts or omissions. Such contributions could reduce sustainability and long-term value creation.

Pareto Asset Management's responsible investment guidelines are based on the guidelines of Statens pensjonsfond (the Norwegian Government Pension Fund).

The prospectus of our Pareto SICAV states the following.

Pareto Asset Management works systematically on ethical considerations in the management of the Sub-Fund. Pareto Asset Management shall not invest in companies which constitute an unacceptable risk of the Sub-Fund contributing to unethical acts or omissions. Such contributions could reduce sustainability and long-term value creation.

SG 03	Mandatory	Public	Core Assessed	General
--------------	------------------	---------------	----------------------	----------------

SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

A conflict of interest may sometimes arise in connection with a responsible investment matter.

Part of the ethics committee's work is to monitor the compliance of our guidelines for responsible investments. This is done through the preparation of a biannual report, highlighting any issues discovered among the companies in which we are invested on behalf of funds and clients.

Sometimes the companies put under scrutiny or exclusion by the ethics committee may also be clients of Pareto Asset Management. Based on this a conflict of interest may arise. If so, this will be brought to the attention of our chief compliance officer.

As a matter of policy, we maintain a conflict of interest matrix detailing possible conflicts of interest.

No

SG 03.3	Additional information. [Optional]
----------------	------------------------------------

We have not had any such conflicts of interest in the reporting period.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
--------------	------------------	---------------	------------------------------	----------------

SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
----------------	---

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2	Additional information. [Optional]
----------------	------------------------------------

On a biannual basis the ethics committee sets and reviews the objectives for the responsible investment activities, evaluating the corresponding goal attainment. More generally, social and technological changes may lead Pareto Asset Management to put under scrutiny investment in other industries than those currently explicitly addressed in the guidelines.

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
--------------	------------------	---------------	----------------------	----------------

SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
----------------	---

	Roles
--	-------

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Chief Compliance Officer**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)
- External managers or service providers

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The company maintains a list of high risk investments on issuer level, based on input from our clients, public information as well as our own assessment.

Furthermore the chief compliance officer screens all holdings on issuer level regularly, against objective screening criteria - the Norwegian Government Pension Fund's exclusion list, sectors and geography.

The first internal role checked is our CIO, who is also the head of our ethics committee.

The investment analyst that we checked above is the same person that we have listed as dedicated RI staff, so be sure not to double count (we checked both due to integration of RI/ESG into the investment process). She was hired as an investment analyst and has spent a considerable amount of time on responsible investment tasks, not least fulfilling the Nordic Swan Ecolabel requirements.

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

	Number
--	--------

2

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
--------------	------------------	---------------	----------------------	----------------

SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
----------------	---

Select all that apply

Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are still in the process of evaluating how to utilise the growing set of resources and opportunities available through PRI. In addition, PRI reporting has been used to shine a light on our internal ESG/SRI strategy and processes. In coming reporting periods, however, we will evaluate how we can contribute further as part of the initiative. Have tried to compile information on how other asset managers have been utilising this

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Norsif

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

After signing the PRI in November 2014, we decided to formalise our SRI/ESG engagement further in 2016, and became a member at the beginning of 2017.

In April 2018, our CIO joined the board of Norsif. In addition to participating in regular board meetings, he is the board's liaison to the Norsif committee that arranges seminars, presentations and workshops, and takes part in such planning.

- Other collaborative organisation/initiative, specify

Swesif

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

After signing the PRI in November 2014, we decided to formalise our SR/ESGI engagement further in 2016, and became a member at the beginning of 2017.

- Other collaborative organisation/initiative, specify

Svanen / Nordic Ecolabelling

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

In 2018, Pareto Global Corporate Bond received a Nordic Swan Ecolabel. In order to qualify, both our investment processes and the holdings in the fund need to be vetted and approved by Miljömärkning AB, a Swedish institution which works on behalf of the government. There are 25 obligatory requirements covering factors like exclusion, inclusion and transparency across all ESG issues. Pareto Global Corporate Bond was the first bond in its class to receive such labeling in both Sweden and Norway. The application and the related due diligence entailed a good and thorough review of our portfolio management.

Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
-------	-----------	--------	---------------	-------

SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
---------	--

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)
- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment

	Description
--	-------------

Guest lecture to finance master students on the possible consequences on investment return of ESG factors.

	Frequency of contribution
--	---------------------------

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Wrote and published in-house research papers on responsible investment

	Description
--	-------------

Produced a report on the duration of the return effects of ESG shocks.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media

Description

Published a summary of the above report in the major business daily.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

As stated above, board membership of Norsif.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Other, specify
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
-------	-----------	--------	---------------	-------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate whether your organisation uses investment consultants.
---------	---

- Yes, we use investment consultants

SG 12.4	Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.
---------	---

- Custodial services
- Investment policy development
- Strategic asset allocation
- Investment research

	Describe how responsible investment is incorporated
--	---

According to MiFID II, we now buy external investment research in order to separate it from the transactions business. An increasing share of this research is focused on responsible investments.

- Other, specify (1)

	Describe how responsible investment is incorporated
--	---

We had a fruitful collaboration with Svanen throughout the labeling process the preceding year. In a sense, they provided advice that regular investment consultants would or could have provided. We have built on this know-how going forward.

- Other, specify (2)
- Other, specify (3)
- None of the above
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
-------	-----------	--------	-------------	-------

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
---------	--

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3

Additional information. [OPTIONAL]

We would not call it scenario analysis, at least not in the strict sense of the word, but of course future ESG trends are taken into consideration when evaluating present/possible investments.

Asset class implementation not reported in other modules

SG 16

Mandatory

Public

Descriptive

General

SG 16.1

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds - DDQ	<div style="border: 1px solid black; padding: 5px;"> <div style="background-color: #0070C0; color: white; padding: 2px 5px; display: inline-block;">Select whether you have responded to the PRI Hedge Fund DDQ</div> </div> <input type="radio"/> Yes <input checked="" type="radio"/> No
Hedge funds	As for ESG incorporation, we have the same philosophy and apply the same strategy across all asset classes.

Communication

SG 19

Mandatory

Public

Core Assessed

PRI 2, 6

SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

Yes

No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/> Broad approach to ESG incorporation	
<input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used	
Frequency	
<input type="checkbox"/> Quarterly or more frequently	
<input checked="" type="checkbox"/> Biannually	
<input type="checkbox"/> Annually	
<input type="checkbox"/> Less frequently than annually	
<input type="checkbox"/> Ad-hoc/when requested	
URL	
https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_en.pdf	
URL	
https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_no.pdf	

Listed equity - Engagement

Do you disclose?

We do not disclose to either clients/beneficiaries or the public.

We disclose to clients/beneficiaries only.

We disclose to the public

The information disclosed to clients/beneficiaries is the same

Yes

No

Disclosure to public and URL	
Disclosure to public and URL	<input checked="" type="checkbox"/> Details on the overall engagement strategy <input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information
Frequency	<input type="checkbox"/> Quarterly or more frequently <input checked="" type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
URL	https://paretoam.com/globalassets/rappoter-og-dokumenter/ri_en.pdf
URL	https://paretoam.com/globalassets/rappoter-og-dokumenter/ri_no.pdf

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

Yes

No

Disclosure to public and URL

Disclosure to public and URL

Disclose all voting decisions

Disclose some voting decisions

Only disclose abstentions and votes against management

Frequency

Quarterly or more frequently

Biannually

Annually

Less frequently than annually

Ad hoc/when requested

URL

https://paretoam.com/globalassets/rappporter-og-dokumenter/ri_en.pdf

URL

https://paretoam.com/globalassets/rappporter-og-dokumenter/ri_no.pdf

Fixed income

Do you disclose?

We do not disclose to either clients/beneficiaries or the public.

We disclose to clients/beneficiaries only.

We disclose to the public

The information disclosed to clients/beneficiaries is the same

Yes

No

Disclosure to public and URL	
	<p>Disclosure to public and URL</p> <p><input checked="" type="radio"/> Broad approach to RI incorporation</p> <p><input type="radio"/> Detailed explanation of RI incorporation strategy used</p>
	<p>Frequency</p> <p><input type="checkbox"/> Quarterly</p> <p><input checked="" type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad hoc/when requested</p>
	<p>URL</p> <p>https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_en.pdf</p>
	<p>URL</p> <p>https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_no.pdf</p>

Hedge Funds

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	<input type="radio"/> Broad approach to RI incorporation for all strategies <input checked="" type="radio"/> Detailed explanation of RI incorporation for each strategy used
Frequency	<input type="checkbox"/> Quarterly <input checked="" type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested
URL	https://paretoam.com/globalassets/rappporter-og-dokumenter/ri_en.pdf
URL	https://paretoam.com/globalassets/rappporter-og-dokumenter/ri_no.pdf

SG 19.2	Additional information [Optional]
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Beginning in 2018, we now post our biannual SRI report on our website. The SRI report covers all our investment management, with detailed discussions of dilemmas involved in the investment in specific securities/companies.

Pareto Asset Management AS

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes


LEI 01	Mandatory	Public	Gateway	PRI 1
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LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e., not combined with any other strategies)
- Thematic alone (i.e., not combined with any other strategies)
- Integration alone (i.e., not combined with any other strategies)
- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	
---	---

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

Total actively managed listed equities

100%

LEI 01.2

Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies.

Being a Norwegian company, the exclusion list published by the Norwegian Government Pension Fund was a natural starting point for us in incorporating our SRI/ESG strategy, which we have applied for more than 10 years.

The last few years we have had a more active approach to SRI/ESG incorporation, where we also look at other sources of information as well as emerging trends and issues. This has led to more exclusions, without reference to the Government Pension Fund, as well as more direct contact with management at the companies involved.

It is fair to say that the degree of incorporation differs among our various portfolios/mandates. This is a work in progress, not least in making sure that ESG incorporation is on our portfolio managers' agenda at all times, in a systematic way. It is, nevertheless, a constant topic in investment meetings and communication.

LEI 01.3

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

PAM uses a combination of negative screening (being a starting point) as well as ESG incorporation when investments are made and ongoing monitoring.

(A) Implementation: Screening

LEI 04

Mandatory

Public

Descriptive

PRI 1

LEI 04.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Product/activity/sector

- Companies that produce weapons that through normal use violate fundamental humanitarian principles.
- Companies that produce tobacco.
- Companies that sell weapons or military material to states as specified by the scheme for government bond exceptions mentioned in the mandate for the Norwegian Government Pension Fund.
- Mining companies and power producers that themselves or through consolidated entities they control will have 30 per cent or more of their revenues from thermal coal, or basing 30 per cent or more of their business on thermal coal.
- Companies engaged in producing pornography.

Environmental and social practices

- Serious or systematic violations of human rights such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour.
- Serious violations of individual rights in war or conflict situations.
- Severe environmental damage.

- Acts or omissions on an aggregated company level, to an unacceptable degree, leading to emission of greenhouse gases.
- Gross corruption.
- Other especially severe breaches of common norms and rules.

Countries/geographic regions

In the (exceptional) event we consider investing in companies listed outside the OECD, a more thorough analysis needs to be made.

Corporate Governance

Companies with sub-standard corporate governance.

Other

We also have a product-based precautionary principle towards certain sectors.

Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Negative transition risk (opportunities arising from the transition to a less carbon-dependent world) is factored into stock selection, e.g. when investing in a solar parks company.

Norms-based screening

Screened by

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

Our internal guidelines are based on these principles and guidelines and more.

LEI 04.2

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

The screening criteria are based on the Norwegian Government Pension Fund and recognised international standards and principles, as well as emerging environmental and social trends etc. The criteria are reviewed biannually, and communicated to clients in our biannual SRI report.

LEI 05**Mandatory****Public****Core Assessed****PRI 1****LEI 05.1**

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other; specify
- None of the above

LEI 05.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.4

Indicate how frequently you review internal research that builds your ESG screens.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.5

Additional information. [Optional]

Our equity funds have low turnover, meaning that we tend to know these companies very well - and spend more time analyzing new candidates for investment. As for new candidates, thus, the share is very high. For the portfolio in total, maintaining ESG knowledge and insights takes less time - though we do examine their products and practises on an ongoing basis (cf. also next page).

(C) Implementation: Integration of ESG factors

LEI 08	Mandatory	Public	Core Assessed	PRI 1
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LEI 08.1 Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	<div style="background-color: #0072bc; color: white; padding: 5px; margin-bottom: 5px;"> Environmental </div> <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> 51-90% <input type="radio"/> >90%
Social	<div style="background-color: #0072bc; color: white; padding: 5px; margin-bottom: 5px;"> Social </div> <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90%
Corporate Governance	<div style="background-color: #0072bc; color: white; padding: 5px; margin-bottom: 5px;"> Corporate Governance </div> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%

LEI 08.2 Additional information. [Optional]

According to both external research and our own experience, G factors are more likely to influence financial performance than both E and S. While we would not allow this observation to influence our prioritisation of these tasks, researching governance was part of the investment process long before anyone thought of stamping it part of our ESG policies. As for E, we see that its commercial relevance is growing, e.g. in relation to transition risk.

LEI 09	Mandatory	Public	Core Assessed	PRI 1
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LEI 09.1

Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify
- None of the above

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
- None of the above

LEI 09.6

Additional information. [Optional]

For some mandates, like the Nordic Ecolabel-approved Pareto Global Corporate Bond or the recently launched Pareto Nordic Cross Credit, we go more into detail. For these mandates we could have checked the "Systematic records ..." box.

Pareto Asset Management AS

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

URL

<https://paretoam.com/globalassets/rapporteur-og-dokumenter/guidelines-for-responsible-investments.pdf>

LEA 01.3

Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other; (specify)

Our policies cover all funds/mandates. It covers a wide range of topics, but does not list them item by item; rather, by principle.

(Proxy) voting approach

Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other; (specify)

Other

None of the above

No

LEA 01.4

Do you outsource any of your active ownership activities to service providers?

Yes

No

LEA 01.6

Additional information [optional]

Pareto Asset Management conducts regular meetings with the management, board members, shareholders etc. of portfolio companies, this dialogue is the most common instrument we use in our work as an active owner. As an active owner we address environmental, social and governance factors in our engagement with our portfolio companies. This kind of engagement activity is usually limited to our holdings in the Norwegian market, in which we hold substantial ownership interests. In addition, though, we do raise a number of ESG issues with investor relations contacts at global companies - or higher ranked executives if possible.

As a central player in the Norwegian market, we often have senior management from our portfolio companies at our internal investment staff meetings. The primary purpose of the meeting is presenting the company, but these meetings provide an excellent opportunity for engagement and dialogue in the event any issues are present or on the rise.

Engagement

LEA 02

Mandatory

Public

Core Assessed

PRI 1,2,3

LEA 02.1

Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.4

Additional information. [Optional]

We have no general policy of engaging via collaborative engagements and we take it that Norsif/Swesif membership is not what's intended here. However, we do from time to time, as we have done recently, team up with other investors in order to bring about change or better disclosure on certain topics, the last such case involving a conflict of interest due to related party transactions. Some six cases of collaborative efforts have involved corporate governance.

We would like to add that due to our concentrated portfolios and the long-term nature of our holdings, we know the companies we invest in very well, communicating regularly with senior management, whether on a formal or an informal basis. This is not always logged, but it is a central part of our portfolio management, as we argue that knowing our portfolio companies well is a means of reducing risk beyond simple diversification. Dialogue is more common in our management of domestic securities, but we do encourage all portfolio managers to engage in dialogue with their respective portfolio companies.

LEA 03

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

LEA 03.2

Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	<div style="background-color: #0070C0; color: white; padding: 2px; margin-bottom: 5px;">Individual / Internal staff engagements</div> <ul style="list-style-type: none"> <input type="checkbox"/> Geography/market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input type="checkbox"/> Other; (specify) <input type="checkbox"/> We do not outline engagement criteria for our individual engagements
Collaborative engagements	<div style="background-color: #0070C0; color: white; padding: 2px; margin-bottom: 5px;">Collaborative engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues through other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input checked="" type="checkbox"/> Ability to add value to the collaboration <input type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of the ESG factors addressed by the collaboration <input checked="" type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Alleviate the resource burden of engagement <input type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Other; (specify) <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagement providers

No

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1

Indicate whether you define specific objectives for your organisation's engagement activities.

Individual / Internal staff engagements	<input type="radio"/> All engagement activities <input checked="" type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	<input type="radio"/> All engagement activities <input checked="" type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration

LEA 05**Mandatory****Public****Core Assessed****PRI 2****LEA 05.1**

Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

LEA 05.2

Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input checked="" type="checkbox"/> Other; specify Regular discussions with the CIO about individual companies. Objectives may be hard to define precisely, not to say quantify.
Collaborative engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input checked="" type="checkbox"/> Other; specify On a case-by-case basis. Given a smaller number of cases than with internal engagements, we can tick off a majority of cases.

LEA 05.3 | Additional information. [Optional]

Being an active asset manager, we expect the close contact and wide extent of informal communication with our limited number of companies to provide good insight into all relevant matters. Then again, given that this is very much informal communication, it is hard to itemize.

LEA 06 | **Mandatory** | **Public** | **Additional Assessed** | **PRI 2,4**

LEA 06.1 | Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

- Yes
- No

LEA 06.3 | Additional information. [Optional]

Please note, though, that we are not likely to settle for an unsuccessful outcome. The general idea is if you don't succeed, try again ... We don't, however, have a formal strategy in this regard.

LEA 07 | **Voluntary** | **Public** | **Additional Assessed** | **PRI 1,2**

LEA 07.1 | Indicate whether insights gained from your organisation`s engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.2 Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
- None

LEA 07.3 Indicate whether insights gained from your organisation’s engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input checked="" type="radio"/> No

LEA 07.4 Additional information. [Optional]

All our engagements are made by, or in collaboration with, our portfolio management teams, the other internal party to these engagements being the ethics committee. However, insights from e.g. customer interaction are passed on to the portfolio managers/CIO/ethics committee and outcomes communicated internally for better general awareness and more specific knowledge of portfolio holdings or exclusions.

As for LEA 07.2, then, it is not so much a case of "involving decision-makers" as of having investment decision-makers develop and execute the engagement program themselves. Ours is not a very big organization.

LEA 08	Mandatory	Public	Gateway	PRI 2
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LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input type="radio"/> Yes, we track the number of collaborative engagements in full <input type="radio"/> Yes, we partially track the number of our collaborative engagements <input checked="" type="radio"/> We do not track

LEA 08.2	Additional information. [Optional]
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We only track engagements of a certain significance or lending themselves to being quantified.

(Proxy) voting and shareholder resolutions

LEA 12	Mandatory	Public	Descriptive	PRI 2
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LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
-----------------	--

	Approach
--	----------

- We use our own research or voting team and make voting decisions without the use of service providers.

	Based on
--	----------

- Our own voting policy
- Our clients` requests or policies
- Other (explain)
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.
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Voting requires authorisation/poa from the CIO. In the case of possibly controversial issues, voting would at least be cleared by the CIO and possibly by the CEO or the board.

LEA 12.3	Additional information.[Optional]
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Voting generally follows a discussion with the CIO or the ethics committee.

LEA 15	Mandatory	Public	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
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- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

LEA 15.3	Additional information. [Optional]
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We would be doing a poor job if our vote came as a surprise. In general, we would expect it to be cast after preceding dialogue.

LEA 16	Mandatory	Public	Core Assessed	PRI 2
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LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
-----------------	---

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.2

Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Vote(s) concern selected markets
- Vote(s) concern selected sectors
- Vote(s) concern certain ESG issues
- Vote(s) concern companies exposed to controversy on specific ESG issues
- Vote(s) concern significant shareholdings
- Client request
- Other

LEA 16.3

In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 16.4

Additional information. [Optional]

We have no policy of formally flagging our voting intentions ahead of the vote. On the other hand, it is not precluded. Would be judged on a case-by-case basis.

LEA 17**Mandatory****Public****Core Assessed****PRI 2****LEA 17.1**

For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information
- We do not track or collect this information

LEA 17.2

Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received on time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other (explain)

Issues of limited materiality, like approving ok accounts in a small holding. As for administrative impediments, it is sometimes exceedingly cumbersome to vote in foreign countries.

LEA 17.3 Additional information. [Optional]




We limit our voting to issues of some presumed importance and do not count all issues on the table.

LEA 18 Voluntary Public Additional Assessed PRI 2

LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 75
Against (opposing) management recommendations	 25
Abstentions	 0

100%

No, we do not track this information

LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

25

LEA 18.4 Additional information. [Optional]

Votes would never be cast without preceding discussions with the portfolio managers, so there is no need to communicate our votes to them. We don't track these votes in terms of percentages, so the above percentages are rough approximations. In cases where we vote against management recommendations, we may nevertheless cast votes in favor of, say, approving the accounts.

LEA 19 Mandatory Public Core Assessed PRI 2

LEA 19.1

Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

Yes

No

LEA 19.3

Additional information. [Optional]

We are not likely to give up after a negative response, but we have no board-approved guidelines for escalation.

Pareto Asset Management AS

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

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ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

Corporate (financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>100</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>0</td> </tr> <tr> <td>Total (any strategy)</td> <td>100%</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	0	Screening + integration strategies	100	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	Total (any strategy)	100%
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	0																				
Screening + integration strategies	100																				
Thematic + integration strategies	0																				
Screening + thematic strategies	0																				
All three strategies combined	0																				
No incorporation strategies applied	0																				
Total (any strategy)	100%																				
Corporate (non-financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>100</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	0	Screening + integration strategies	100										
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	0																				
Screening + integration strategies	100																				

	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
		100%

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

The strategy has evolved over the years. Being a Norwegian company, Pareto Asset Management found that the Norwegian Government Pension Fund was a natural starting point for the incorporation of our RI/ESG strategy, which we have applied for more than 10 years.

The last few years we have had a more active approach to RI/ESG incorporation, where we also look at other sources of information as well as emerging trends and issues. For a fundamentally oriented active manager - also in fixed income - integration is part of the game.

As for the Nordic Ecolabeling, we have committed ourselves to a comprehensive and thorough ESG incorporation process for the fund for which we have gained approval. We are working to get a similar kind of approval for another FI fund.

FI 03 **Mandatory** **Public** **Additional Assessed** **PRI 1**

FI 03.1 Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify

specify description

For ecolabeling we have a dedicated analyst. Otherwise, we try to make sure, through e.g. regular investment meetings, that ESG issues are always considered.

None of the above

FI 03.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, ‘tear sheets’, or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

(A) Implementation: Screening

FI 04	Mandatory	Public	Gateway	PRI 1
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FI 04.1 Indicate the type of screening you conduct.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Positive/best-in-class screening	<input type="checkbox"/>	<input type="checkbox"/>	
Norms-based screening	<input type="checkbox"/>	<input type="checkbox"/>	

FI 04.2 Describe your approach to screening for internally managed active fixed income

Product/activity/sector

- Produce weapons that through normal use violate fundamental humanitarian principles.
- Produce tobacco.
- Sell weapons or military material to states as specified by the scheme for government bond exceptions mentioned in the mandate for the Norwegian Government Pension Fund.
- Mining companies and power producers that themselves or through consolidated entities they control will have 30 per cent or more of their revenues from thermal coal , or basing 30 per cent or more of their business on thermal coal.
- Engaged in producing pornography.

Environmental and social practices

- Serious or systematic violations of human rights such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour.

- Serious violations of individual rights in war or conflict situations.
- Severe environmental damage.
- Acts or omissions on an aggregated company level, to an unacceptable degree, leads to emissions of greenhouse gases.
- Gross corruption.
- Other especially severe breaches of common norms and rules.

Countries/geographic regions

In the event we consider investing in companies listed outside the OECD, a more thorough analysis needs to be made.

Corporate Governance

Issuers with sub-standard corporate governance.

FI 04.3	Additional information. [Optional]
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We also have a precautionary principle towards certain sectors.

FI 06	Mandatory	Public	Core Assessed	PRI 1
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FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
Negative/exclusionary screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070c0; color: white; padding: 2px; margin: 5px 0;">other description</div> Dedicated analyst for ecolabeled fund. Also, the CCO sits in on ethics committee meetings. <input type="checkbox"/> None of the above

(C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.
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We do not convert our evaluation of ESG factors into figures lending themselves to quantitative treatment (like e.g. a discount rate premium). It does, however, affect our judgement of the figures and estimates at hand. For instance, ESG questions often represent risk factors of possible financial importance. Do note, though, that ESG risks/exposure may have an impact on the coupon of the bond. In that case, we will have to weigh the coupon effect against the underlying ESG risk or fix thereof.

FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	Corporate (financial)
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In general, the range of relevant ESG factors is narrower for financial investments. A typical issue would be corporate governance.

	Corporate (non-financial)
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In general, environmental factors are relatively more important when discussing non-financial investments.

FI 11	Mandatory	Public	Core Assessed	PRI 1
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FI 11.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is used to adjust the internal credit assessments of issuers.	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input type="checkbox"/>	<input type="checkbox"/>	
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is integrated into portfolio weighting decisions.	<input type="checkbox"/>	<input type="checkbox"/>	
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input type="checkbox"/>	<input type="checkbox"/>	
Other, specify in Additional Information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

FI 11.2

Additional information [OPTIONAL]

Continuous checks according to ecolabeling commitments.

FI 12

Mandatory

Public

Additional Assessed

PRI 1

FI 12.1

Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance
Corporate (financial)	<input type="checkbox"/> Environmental <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="checkbox"/> Social <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="checkbox"/> Governance <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input type="checkbox"/> Environmental <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="checkbox"/> Social <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="checkbox"/> Governance <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all

FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

Corporate (financial)

For financial companies, the G factors dominate. Voting rules, loan covenants, procedures for aligning different capital providers and stakeholders, such points are systematically reviewed before investing.

Corporate (non-financial)

Again, for non-financial companies, the range of relevant ESG issues is much wider.

Environmental

- Climate change
- Pollution
- Severe environmental damage

Social

- Labor standards
- Human rights
- Conflict regions

Governance

- Board composition
- Executive compensation
- Shareholders right

Inasmuch as in particular the domestic investment universe is limited, we often have very good prior knowledge of the companies under investigation. For foreign investments, more effort is required. The portfolio managers can no longer ask the ethics committee to undertake the initial investigation (see below).

For both financial and non-financial investments, the portfolio managers have an explicit responsibility to identify and evaluate possible ESG issues (whereas, in the past, they would typically consult the ethics committee).

Pareto Asset Management AS

Reported Information

Public version

Confidence building measures

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - Whole PRI Transparency Report has been internally verified
 - Selected data has been internally verified
- Other, specify
- None of the above

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme

CM1 03.2 Which scheme?

- National SRI label based on the EUROSIF Transparency guidelines
- B-corporation
- UK Stewardship code
- GRESB
- Commodity type label (e.g. BCI)
- Social label
- Climate label
- RIAA
- Other

Specify

Svanen - Nordic Ecolabeling.

% of total AUM the scheme applies

- < 25%
- 25-50 %
- 50-70 %
- >75 %

- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM1 04

Mandatory

Public

Descriptive

General

CM1 04.1

Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 07

Mandatory

Public

Descriptive

General

CM1 07.1

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

Who has conducted the verification

- CEO or other Chief-Level staff
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)