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

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

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

Under Article 3 of the SFDR, information must be published on the integration of sustainability risks into the investment decisions taken in respect of the Funds by the Manager. A sustainability risk in the context of a Fund is an environmental, social or governance (**ESG**) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. Under Article 4 of the SFDR, information must be published on the consideration of the principal adverse impacts of the Manager's investment decisions on sustainability factors. Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Manager integrates the consideration of sustainability risks into its investment decisions in respect of, and its portfolio management of, the Funds in the manner described in the prospectus or, if relevant the supplement to the prospectus, relating to each Fund (the **Prospectus**). In particular, the Manager ensures that the Fund's investments are selected in accordance with its responsible investment policy. Twice a year the Manager prepares a report on the policy and the practice of these (available here: https://paretoam.com/globalassets/rapporter-og-dokumenter/ri_en.pdf).

The Manager has elected for the time being not to consider the principal adverse impacts of its investment decisions on sustainability factors in the manner contemplated by Article 4(1)(a) of the SFDR, primarily as the regulatory technical standards supplementing SFDR which will set out the content, methodology and information required in the principal adverse sustainability impacts statement remain in draft form and their application has been delayed. The Manager will review this position following the coming into effect of the regulatory technical standards.

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

Promotion of Environmental or Social Characteristics
Under Article 10 of SFDR, information must be published for those Funds that promote, among other characteristics, environment and social characteristics. The below information applies to the following Funds to which the Manager is appointed:

- Pareto Nordic Cross Credit, a sub-fund of Pareto SICAV
- Pareto Nordic Corporate Bond, a sub-fund of Pareto SICAV
- Pareto Nordic Alpha, a sub-fund of Pareto SICAV
- Pareto Nordic Equity, a sub-fund of Pareto SICAV
- Pareto Nordic Omega, a sub-fund of Pareto plc

(the **Light Green Funds**)

The Light Green Funds' investment policies contain ESG consideration in line with the UN Principles for Responsible Investment (PRI) and the guidelines for the Norwegian Government Pension Fund Global.

The Manager's integration of sustainability risks into the investment decisions may vary to reflect the differences in its investment strategy between Light Green Funds and between long and short positions.

The Manager shall apply binding exclusions and shall not invest, on behalf of a Light Green Fund, in companies operating in certain sectors or where it considers there to be an unacceptable risk that the company contributes or is responsible for certain activities which do not support environmental and social characteristics, as further described in the relevant Prospectus.

The Light Green Funds shall also seek to avoid investing in companies which are significantly harming any of the environmental objectives set out in Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment (the **Taxonomy Regulation**). This assessment is made through qualitative investment research process conducted on the companies in which the relevant Light Green Fund may invest.

The Manager's investment strategy for the Light Green Funds is bottom-up where ESG consideration is combined with the financial and non-financial analysis for each company in the portfolio.

The Manager seeks to invest in companies that have good quality of operations and management. The companies should have a clear focus on ethical issues in their attitudes and actions, as well as having a strong corporate value base. The companies must exert good corporate governance, comply with national legislation as well as international conventions, and show a transparent information policy. When selecting investments, the Manager emphasizes social conditions, environmental impact, sustainability and good corporate governance when considering a company. Strong sustainability efforts and emphasis often provides companies with competitive advantages and contribute to long-term value creation.

The Light Green Funds will favour investments that contribute to a viable transition towards reduced carbon emissions.

The extent to which sustainability risks represent potential or actual material risks to the Light Green Fund is considered by the Investment Manager in its investment decision-making and risk monitoring. Along with any other material risk, the Investment Manager will consider sustainability risks in order to seek to maximize long-term risk-adjusted returns for the Light Green Funds.

In the event that a sustainability risk arises, this may cause the Investment Manager to determine that a particular investment is no longer suitable and to sell it or decide not make an investment in it.

In accordance with Article 11 of the SFDR, disclosure will be made in the Light Green Fund's periodic reports on the extent to which environmental or social characteristics are met by the Light Green Funds.

Sustainable Investment Objective
Under Article 10 of SFDR, information must be published for those Funds which have a sustainable investment objective. The below information applies to the following Funds to which the Manager is appointed:

- Pareto ESG Global Corporate Fund, a sub-fund of Pareto SICAV (the **Green Fund**).

In accordance Article 9(2) of the SFDR, the Green Fund has a sustainable investment objective and no index has been designated as a reference benchmark.

The investment objective of the Green Fund is to achieve the best possible return, relative to its risk profile.

The Green Fund's investment strategy is designed to create long-term positive return in sustainable investment which combines the classic requirements of risk and financial return with the low carbon transition requirements in line with The Paris Agreement as signed on 22 April 2016 (the **Paris Agreement**) and the Sustainable development goals (**SDGs**) developed by the United Nation.

The Green Fund is managed taking into consideration corporate responsibility and sustainable development principles in accordance with the PRI and the guidelines for the Norwegian Government Pension Fund Global. In addition, the Green Fund must comply with the requirements of the Nordic Swan Ecolabel.

The Green Fund should not make investments which constitute an unacceptable risk that we may contribute to unethical acts or omissions. Such contributions could reduce the sustainability and long-term value creation.

The Manager shall apply binding exclusions and shall not invest, on behalf of the Green Fund, in companies operating in certain sectors or where it considers there to be an unacceptable risk that the company contributes to unethical acts or omissions or is responsible for certain activities which do not support environmental and social characteristics, as further described in the Green Fund's Prospectus. Such contributions could reduce the sustainability and long-term value creation.

The Green Fund is further guided by further stringent requirements that take into account environment, social and corporate governance factors by excluding any company included in the Norwegian Government Pension Fund exclusion list and further exclude companies based on the Manager's assessment and the Nordic Swan Ecolabel requirements, and accordingly the Green Fund excludes activities as further described in the Green Fund's Prospectus.

The Green Fund also integrates ESG criteria for direct investments including the reporting for all companies, which involves excluding the companies that obtain the lowest score "underperform". A strong ESG rating will be given to companies that demonstrate commitment in all the three aspects and provide high transparency. The Green Fund appreciates when companies report according to official standards such as "TCFD" (https://www.fsb-tcfd.org) or "GRI" standards (www.globalreporting.org).

In addition, the Green Fund may exclude further companies based on its own assessment of environmental, social and corporate governance performance.

The Green Fund selects companies aligned with the objectives of the Paris Agreement. At this stage, the reference scenario selected is the IEA Sustainable Development Scenario, which is built on a decarbonization trajectory in line with the Paris Agreement.

In order to monitor guidelines related to this issue the Green Fund determines how a business activity could contribute to an unacceptable level of greenhouse gas emission. The Green Fund looks at the company's commitment for the carbon emission reduction while acknowledging that there is still substantial global dependence on fossil energy.

As part of the Green Fund's carbon emission reduction strategy the Green Fund has accredited a recognized third party to perform independent calculation of the Green Fund´s carbon footprints.

In accordance with Article 11 of the SFDR, disclosure will be made in the Fund's periodic reports on the on the overall sustainability-related impact of the Green Fund.