



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage investor ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input checked="" type="checkbox"/> To engage investor ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input type="checkbox"/> To engage investor ESG advisors</p> <p><input type="checkbox"/> Other: specify</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for a transition</p> <p><input type="checkbox"/> To engage investor ESG advisors</p> <p><input type="checkbox"/> Other: specify</p>		

RI TRANSPARENCY REPORT

2019

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 2019 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	🔒	n/a							✓
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	🔒	n/a							✓
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		🔒	n/a							✓
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	✓	-							

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%	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">Please specify</div> Discretionary management of securities for individual investors.
Total 100%		

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

- Yes
- No

OO 03.3 Additional information. [Optional]

As at 31 December 2018, Pareto Asset Management AS did not have any subsidiaries. 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.

31/12/2018

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		34	000	000	000
Currency	NOK				
Assets in USD		4	020	837	311

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

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

as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income	10-50%	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	10-50%	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

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

95	Developed Markets
5	Emerging Markets
0	Frontier Markets
0	Other Markets
100%	Total 100%

OO 09.2

Additional information. [Optional]

Although all stock exchanges and regulated markets worldwide are of potential interest, the majority of the investments of our funds and discretionary mandates will - typically for corporate governance reasons - be domiciled/listed in developed markets.

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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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

RI implementation via external managers

Closing module

OO 12.2 Additional information. [Optional]

PAM addresses ESG across all asset classes it manages.

Peering questions

OO LE 01 **Mandatory** **Public** **Gateway** **General**

OO LE 01.1 Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

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.

Percentage of internally managed listed equities

Strategies	Percentage of internally managed listed equities
Passive	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Active - quantitative (quant)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Active - fundamental and active - other	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
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 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.

OO FI 01	Mandatory	Public	Gateway	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 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

OO FI 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 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%

Pareto Asset Management AS

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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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 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 ethical 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 products or production processes and companies with unethical 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.

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

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

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)

Attachment

[File 1:guidelines-for-responsible-investments.pdf](#)

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)
- (Proxy) voting policy
- 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/guidelines-for-responsible-investments.pdf>

- Attachment
- Your investment objectives that take ESG factors/real economy influence into account
- 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/sri_en.pdf

- Attachment
- ESG incorporation approaches
- Active ownership approaches
- Reporting

URL/Attachment

- URL

URL

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

- Attachment

File Attachment

[SRI 2 2018 EN.pdf \[2357KB\]](#)

- 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 ethical 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
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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 social 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.

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've 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

I confirm I have read and understood the Accountability tab for SG 07

I confirm I have read and understood the Accountability tab for SG 07

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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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.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- 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
- 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 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
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

- Yes
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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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
- Other, specify (1)

	Describe how responsible investment is incorporated
--	---

We had a fruitful collaboration with Svanen throughout the labeling process. In a sense, they provided advice that regular investment consultants would or could have provided.

- 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 undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3 Additional information. [OPTIONAL]

We would not call it scenario analysis, 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;"> <p>Select whether you have responded to the PRI Hedge Fund DDQ</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p> </div>
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.

Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.
If you are transferring data from an offline document, please check your response carefully.

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/rappporter-og-dokumenter/sri_en.pdf	
URL	
https://paretoam.com/globalassets/rappporter-og-dokumenter/sri_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

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

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	
Disclosure to public and URL	<input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation 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/rapporter-og-dokumenter/sri_en.pdf
URL	https://paretoam.com/globalassets/rapporter-og-dokumenter/sri_no.pdf

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

SG 19.2

Additional information [Optional]

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
--------	-----------	--------	---------	-------

LEI 01.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

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	
---	---

- 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 incorporation and the reasons for choosing the particular ESG incorporation 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 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
- 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

At the end of 2016 we started implementing the UN Global Compact Principles into our investment processes.

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 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 or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided 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****LEI 08.1**

Indicate the ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.

ESG issues	Proportion impacted by analysis
Environmental	 <p>Environmental</p> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> 51-90% <input type="radio"/> >90% </p>
Social	 <p>Social</p> <p> <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> 51-90% <input type="radio"/> >90% </p>
Corporate Governance	 <p>Corporate Governance</p> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </p>

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.

LEI 09	Mandatory	Public	Core Assessed	PRI 1
--------	-----------	--------	---------------	-------

LEI 09.1

Indicate which processes your organisation uses to ensure ESG integration is based on a 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 was incorporated into investment decisions
- Other, specify
- None of the above

Pareto Asset Management AS

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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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.

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

[File 1:312 Utøvelse av eierskap.docx](#)

[File 2:301 Ansvarlige investeringer.docx](#)

URL provided:

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
- Method 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, hence not ticking the box above. It covers a wide range of topics, but does not list them.

- (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]

PAM 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. Our engagement is usually limited to our holdings in the Norwegian market, in which we hold substantial ownership interests.

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.

Our policy documents uploaded above are, unfortunately, written in Norwegian. Our SRI report, uploaded elsewhere as part of this reporting, does however include a translated version of the text in policy document 301.

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) 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) 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) 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 engagements	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px;">Internal / Individual 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 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: 5px; margin-bottom: 10px;">Collaborative engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues from other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input 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 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 engagements.

No

LEA 03.3 | Additional information. [Optional]

PAM conducts regular meetings with management and board members of portfolio companies, as well as shareholders. Inasmuch as each portfolio manager is responsible for integrating ESG issues into their portfolio management, engagement is often based on an individual decision of materiality etc., not necessarily lending itself to ticking off boxes like those above here.

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 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
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LEA 05.1 Indicate if you monitor and/or review engagement outcomes.

Individual / Internal engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes 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 via collaborative engagement activities.

LEA 05.2 Indicate if you do any of the following to monitor and 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 continuous basis <input checked="" type="checkbox"/> Other; specify Regular discussions with the CIO. Objectives may be hard to define precisely, not to say quantify. Not all ESG incorporation is reported in detail (cumbersome).
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 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]
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Portfolio management teams also track outcomes internally, but there is no engagement database in which all engagement and the respective outcomes are logged.

LEA 06	Mandatory	Public	Additional Assessed	PRI 2,4
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LEA 06.1	Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.
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- Yes
- No

LEA 07	Voluntary	Public	Additional Assessed	PRI 1,2
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LEA 07.1	Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.
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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 information and insights collected through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing 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 programme themselves. Ours is not a very big organisation.

LEA 08 **Mandatory** **Public** **Gateway** **PRI 2**

LEA 08.1 Indicate if 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 our engagements in full <input type="radio"/> Yes, we partially track the number of our 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.
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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 provider(s) who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service provider(s) who make voting decisions on our behalf, except for some pre-defined scenarios where we review and make voting decisions.
- We hire service provider(s) who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure your 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 where you or the service providers acting on your behalf have raised concerns with companies ahead of voting.

- 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.

- Vote(s) for selected markets
- Vote(s) for selected sectors
- Vote(s) relating to certain ESG issues
- Vote(s) on companies exposed to controversy on specific ESG issues
- Vote(s) for significant shareholdings
- On request by clients
- Other

LEA 15.3

Additional information. [Optional]

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. However, we have no policy of formally flagging our voting intentions ahead of the vote.

LEA 16**Mandatory****Public****Core Assessed****PRI 2****LEA 16.1**

Indicate the proportion of votes participated in within the reporting year in which, you and/or the service provider(s) acting on your behalf, have communicated to companies the rationale for abstaining or voting against management recommendations.

- 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 do not abstain or vote against management recommendations

LEA 16.4

Additional information. [Optional]

As a matter of principle, we certainly abstain or vote against management recommendations. However, in 2018, we didn't actively vote against specific recommendations put forward by management.

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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LEA 17.1 For listed equities where you and/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 in 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

Issues of limited materiality, like approving ok accounts in a small holding.

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

- Yes, we track this information
- No, we do not track this information

LEA 18.4 Additional information. [Optional]

We track the information, but not the percentages.

LEA 19	Mandatory	Public	Core Assessed	PRI 2
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LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

- Yes
- No

Pareto Asset Management AS

Reported Information

Public version

Direct - Fixed Income

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 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)	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%
Corporate (non-financial)	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.

Pareto Asset Management being a Norwegian company, the Norwegian Government Pension Fund was a natural starting point for the incorporation of 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. As for the Nordic Ecolabeling, we have in fact committed ourselves to a comprehensive and thorough ESG incorporation process.

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-top: 5px;">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. 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, however, 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.

	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	<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)	<div style="background-color: #0070C0; color: white; padding: 2px;">Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0070C0; color: white; padding: 2px;">Social</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0070C0; color: white; padding: 2px;">Governance</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<div style="background-color: #0070C0; color: white; padding: 2px;">Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0070C0; color: white; padding: 2px;">Social</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0070C0; color: white; padding: 2px;">Governance</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all

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

- Labour 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).