Pareto
Asset Management

NORDIC SWAN ECOLABEL
Investment Funds
3101 0020

Pareto ESG Global Corporate Bond

Sustainability report

1 January – 31 December 2024

Contents

Investment team

Vilhelm Böhme
Portfolio Manager

Philip Lindgren
Portfolio Manager

Finn Øystein Bergh
Chief Economist & Strategist

Nawel Boukedroun
Head of ESG & Sustainable investments

Mathilde Kohler
ESG analyst

Introduction

The decline of ESG: Has the concept lost its way?

Over the past few years, ESG investing has faced increasing scrutiny, with questions raised about its relevance, effectiveness, and overall impact. Initially, ESG was viewed as a framework for long-term sustainability, encouraging investors and companies to act in ways that promote social good, environmental stewardship, and responsible governance. However, its misuse, coupled with greenwashing, recent shifts in global priorities, underperformance of some ESG indices, and inconsistent policy approaches, have cast doubts on the future of ESG as a cohesive and unified concept.

The shifting paradigm

The case of oil and gas companies presents a striking example of the changing landscape of ESG. Oil and gas, long considered part of the "bad" sector in the sustainability space due to their environmental footprint, suddenly became essential when energy security was thrust to the forefront following the Russian invasion of Ukraine. Similarly, weapons, often excluded from ESG investment portfolios due to their link with violence and destruction, found new relevance when the world watched democracy under attack and governments scrambled to support military defence.

These about-faces have forced many to reconsider the foundational principles of sustainability investing. The question arises: If sectors like oil and gas, or defence, can suddenly be justified, does ESG retain its integrity? The poor performance of some ESG funds, alongside diverging approaches between Europe and the US, has only amplified these concerns. More recently, we've seen companies stepping away from their net-zero commitments, others pulling out of ESG-linked investment strategies, and some questioning whether ESG has become nothing more than a marketing tool rather than a legitimate approach to long-term, sustainable growth.

A positive shift? The new ESG narrative

Some believe the scrutiny ESG faces could be the start of an important evolution, away from the "tick-the-box" exercise and incoherent commitments that plagued the space in its earlier days. Rather than taking ESG at face value, the argument is that companies are now moving toward a more thoughtful approach. Like any emerging concept, ESG came with its flaws, particularly in its early stages, but today, we can observe a shift from performative sustainability pledges to practical, measurable actions.

Omnibus – simplifying requirements or undermining progress?

Lately, the European Union launched its "Simplification Omnibus" proposal, aimed at reducing the administrative burden of sustainability reporting for companies. The package, which seeks to group key sustainability reporting directives—such as the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the EU Taxonomy, and the Carbon Border Adjustment Mechanism (CBAM)—is part of the EU's broader efforts to cut red tape for businesses.

The aim of this proposal is to ease the administrative burden on companies, but the proposed changes could potentially undermine the ambitious goals established by previous regulations. This shift may create confusion and risk reversing some of the progress made in promoting sustainability and responsible governance.

The diverging response

Whether or not the "simplification omnibus" package hurts the momentum of the CSRD, one thing seems clear: The growing consensus among investors is that sustainable practices are not just a passing trend, but a critical component of long-term financial success. Many corporations are likely to uphold rigorous reporting standards, choosing voluntary disclosure to maintain their leadership status and demonstrate their performance. This is then considered necessary to uphold access to capital from investors who have increasingly incorporated ESG risk management into their strategies. These investors not only prioritise sustainability but also fulfil their fiduciary duty to ensure that investments align with long-term value creation, which increasingly includes ESG considerations.

This is what we have started to observe in the market. A recent and notable demonstration of this commitment comes from one of the largest UK pension funds, which recently made a significant decision to divest $28 billion from an asset manager that had moved away from its original ESG commitment. This move demonstrates the continuing relevance of sustainability values in the investment landscape, even in the face of external pressures that may encourage deviation from these principles.

Sustainability is not a trend

Sustainability is not just a moral imperative; it is a business necessity. Companies that embrace ESG principles are more likely to tackle future disruptions, adapt to changing regulations, attract better talent, and gain the trust of increasingly conscientious consumers and investors. The financial performance of ESG-focused funds may fluctuate in the short term, but over the long run, sustainable practices are linked to lower risk, better operational efficiency, and greater opportunities for innovation and growth.

Moreover, the climate crisis, social inequalities, and governance failures are real challenges that will require coordinated action, from governments, companies, and investors alike. ESG provides a framework to address these issues.

Rather than taking a step backward, the sustainability movement needs to evolve and mature. As we face unprecedented global challenges, ESG remains a vital tool for guiding responsible, future-oriented investment and business strategies. With the right adjustments—clearer standards, more robust data, and stronger enforcement mechanisms—the future of sustainable investing can be brighter than ever.

Nawel Boukedroun
Head of ESG & Sustainable investments

Focusing on the Nordic Swan Ecolabel

Why choose the Nordic Swan Ecolabel?

- The Nordic Swan Ecolabel is a well-known and highly respected trademark recognised among the official European ESG labels
- The Nordic Swan Ecolabel means that the fulfilment of the criteria has been checked by an external third party. This is a unique feature in the Nordic and European fund markets.
- The Nordic Swan Ecolabel is an evolutive label which updates its rules in order to be in line with new European regulations

A Nordic Swan Ecolabelled fund represents a sustainability-labelled alternative for all investors, and is an instrument for asset management companies to show that their funds fulfill stringent requirements.

Everything that a Nordic Swan Ecolabelled fund must attain – the exclusion of unsustainable companies, the inclusion of more sustainable companies and acting in a transparent manner – is undertaken to encourage companies and capital markets to act more sustainably in the long run.

The application of the Swan label is conducted by Miljömärkning Sverige AB, which works on behalf of the government. The label does not represent any fund industry interests.

The Nordic Swan Ecolabel was established in 1989 by the Nordic Council of Ministers as a voluntary ecolabelling scheme for the nordic countries Denmark, Finland, Iceland, Norway and Sweden. Nordic Swan Ecolabelling is subject to official regulations adopted by the Nordic Ecolabelling Board. The Nordic Ecolabel is regulated by the Nordic Council of Ministers.
The Nordic Swan Ecolabel is one of the founders of the international network for ISO 14024 Type 1 ecolabels, GEN, the Global Ecolabelling Network.

Carrying the Nordic Swan Ecolabel means

- The fund excludes investments in certain industries and companies that are particularly problematic from a sustainability point of view
- The fund conducts an extensive ESG (Environmental, Social and Governance) analysis of its potential investments and prioritises companies that contribute the most to a better tomorrow
- The fund applies transparency for all its holdings on a quarterly basis. In addition, the fund publishes an annual report on the sustainability performance of the fund.
- The label expects the licensees to define a systematic process to select candidates. Further, the fund managers need to initiate and maintain dialogues with a minimum of holdings.

Article 9 – what does it mean for us?

SFDR regulation – observing ongoing viability

In the realm of new regulations, certain concepts, such as "sustainable investments" (Article 9 classification) or "promotion of Environmental and Social practices" (Article 8 classification), remain abstract and give rise to divergences. This led the European Commission to initiate a consultation with the possibility of refining the classification system in the future.

Is this classification perfect? Certainly not. Nevertheless, it has provided a notable step forward in addressing greenwashing. Can it be refined further? Without a doubt. Meanwhile, our commitment is focused on maintaining a robust and transparent position within our processes, continually seeking advancement. We will systematically assess the compatibility of our practices with changes.

Sustainable investments

In 2021, the fund defined a sustainable objective alongside the goal of producing positive returns. The fund was classified as an Article 9 fund under the European Union's Sustainable Finance Disclosure Regulations ("SFDR").

Objective

The fund has an environmentally sustainable investment objective to maintain a decarbonization trajectory. The fund also has a social dimension and therefore defines a socially sustainable investment objective which strives to contribute to a well-functioning society and promote better living standards.

Both sustainable investment objectives have connections to the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals ("SDGs").

Framework

In the context of new regulations, the concept of "sustainable investments" remains abstract and creates divergences. Whilst the European Securities and Markets Authority (ESMA) has asked the European commission for more clarity, each investment manager has to come up with a clear definition of how they qualify sustainable investments*. Each regulator is in charge to reviewing and approving processes.

The fund is a Luxembourg domiciled fund, the Commission de Surveillance du Secteur Financier ("CSSF") is the supervisory authority.

The fund has been through a filing process to get the CSSF's approval of its disclosures as an SFDR Article 9 product and the approval has been granted.

*For the time being, it does not exist further guidance related to the definition of "sustainable investments" under SFDR Article 2 (17). Due to this, the Fund's definition of sustainable investments may change when such guidance is provided to ensure that the Fund's definition is compliant with Article 2 (17).

Sustainability process

FRAMEWORK		ACTIVITIES
Environmental objective	Environmentally sustainable activities contributing to a decarbonization trajectory	**Climate & environment** • Renewable energy supply • Ecosystems,land and biodiversity safeguard • Sustain. management of forestry agriculture & aquaculture • Strategy deployment within operations to limit global warming
		Circular economy • Production and consumption implying, leasing, reusing, repairing, refurbishing or recycling existing materials & prod. • Development of sustainable or smart infrastructures or cities
		Environmental sustainable solutions • Model that promotes sustainable production and consumption • Product/service innovation enabling energy efficiency, digitalisation or electrification
		Environmental sustainable funding • Providing funds to develop or improve environmentally sustainable solutions
Social objective	Socially sustainable activities contributing to a well-fuctionning society and promote better living standards	**Health & wellness** • Providing health care services or products, medicines, or medical aids • Improving people everyday life through social solutions
		Social sustainable funding • Providing funds to develop or improve socially sustainable solutions

TARGETED SDGs

STEP 1: IDENTIFICATION OF SUSTAINABLE CONTRIBUTION

+

ESG	APPROACHES	
ESG Analysis Internal model (+25 criteria) overseen by and compliant with the Nordic Swan Ecolabel	**Exclusion**	• Fossil fuel • Coal • Uranium • Tobacco • Alcohol • Weapons • GMO • Gambling • Pornography • Violations of ethical norms (UN, OECD..)
	Integration	• Valuation leads to a score of: "Outperform", "Average" and "Underperform" for each pillars (E,S&G). A company that underperforms on one of the criteria can not be investible • Stricter criteria for issuers from high emitting industries and or critical for the biodiversity safeguard • The Principal Adverse impacts risk factors are embedded into the analysis
	Active management	• To influence issuers to further develop sustainable management and transparency in reporting practices
		• Controversy monitoring model and follow-up for clarifitcation or incident

STEP 2: ESG AND DNSH* ANALYSIS

* Do No Significant Harm

=

SUSTAINABLE INVESTMENT

Our sustainable investment process

According to the SFDR regulation Article 2(17)*, there are three criteria that must be met for an investment to be considered sustainable:

1. The investment contributes to a sustainable objective
2. The investment does not significantly harm any other environmental or social objective; and
3. The investee follows good governance practices

For that purpose, we have defined a pass-fail approach to determine whether an investment is sustainable. It is built as follows:

1. Identification of sustainable contribution in economic activities

The issuers must have revenue derived from products/services enabling or positively impacting one of the targeted SGDs and/or have a clearly identifiable strategy and targets that enable or positively impact one of the targeted SDGs as shown in the chart on page 7.

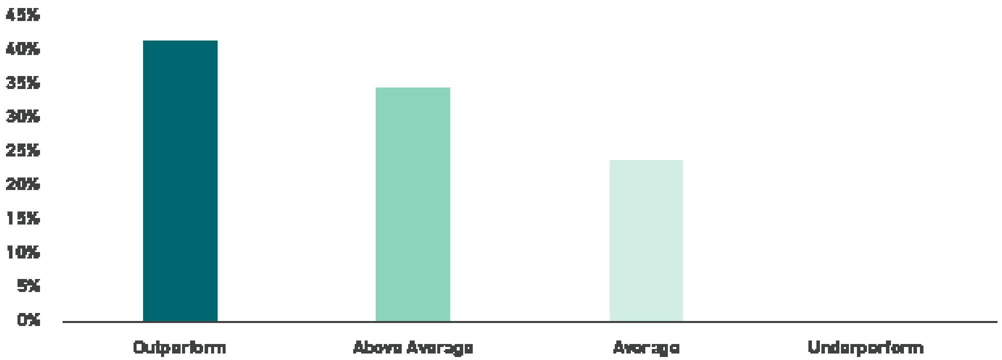
2. The ESG analysis

The issuer has to pass the ESG analysis built on exclusion criteria, inclusion criteria and engagement as described in the Fund's Exclusion Policy, Investment Policy and Engagement Policy.

We have developed a thorough internal ESG analysis model which combines the Nordic Swan Ecolabel's requirements with our own criteria.

Our internal model implies exclusion and inclusion criteria. The first step of the ESG valuation consists of reducing the investment universe according to our exclusion policy. Then, the rating criteria: "Outperform", "Average" and "Underperform" will be given for each category (Environmental, Social, Governance) before a total score is computed.

If a company receives a total score "Underperform", we will not undertake the investment, and an existing holding will be subject for exclusion and reported to the ethics committee.



Source: Pareto Asset Management / 31.12.2023

3. Do No Significant Harm (DNSH)

An investment's contribution to a sustainable objective does not necessarily imply that it does not have adverse effects on other environmental or social factors Consequently, the "do no significant harm" principle requires that an investment's possible negative impacts as well as its contributions must be assessed prior to an investment decision.

To ensure that all investments made by the fund comply with the "do no significant harm" principle and follow good governance practices, the fund applies the following methodologies:

- All investments from exclusion sectors are filtered out from the fund investment universe, as such investments do not contribute to the Fund's sustainable investment objectives, may cause significant harm to environmental and/

Article 2 (17).SFDR Article 2 (17) provides the provisions decisive for what is a sustainable investment according to SFDR.

or social objectives and such investees' governance practices do not live up to the required standards.

- Issuers not filtered out in the exclusion screening process that fail the ESG analysis, including the principal adverse impact indicators on sustainability factors to the extent such information is available, are not eligible for investment. This is because the risk of the issuer causing significant harm to any environmental or social objective is unacceptable and or the investees' governance practices do not live up to the required standards. The engagement activities may impact whether the issuers pass or fail the ESG analysis.

Examples of investment cases

Name	Saur	Sanoma
Description	Saur specialises in water management, sustainable services, and environmental protection.	Sanoma specialises in education, media, and learning solutions across Europe.
Sustainable contribution	Development of sustainable or smart infrastructures or cities.	Improving people's everyday lives through social solutions.
ESG rating	**Outperform**	**Outperform**
Pass/fail	Pass	Pass

Sustainability instruments

Green and sustainability-linked bonds

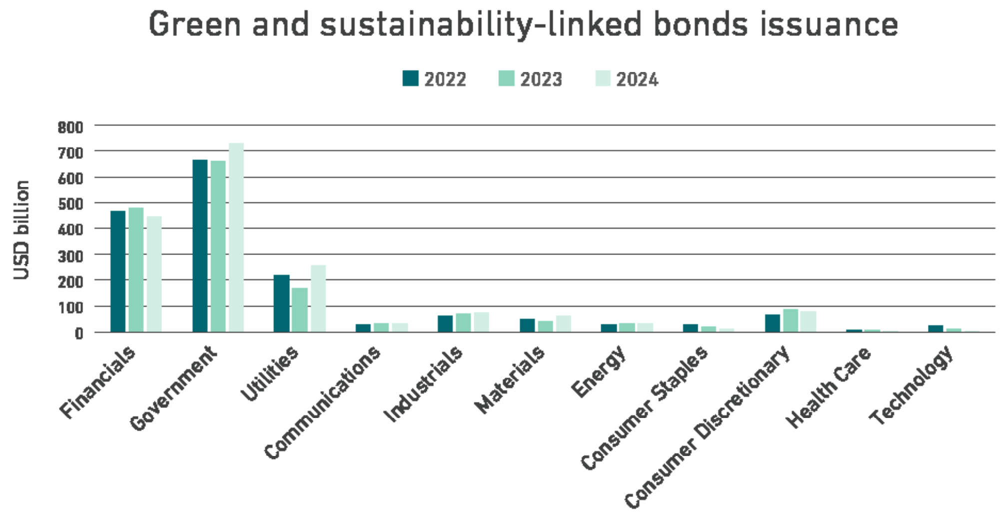
While there are various types of sustainability-labelled bonds available, our team favours green and sustainability-linked bonds, as we believe it is easier to identify a clear framework and measurable impact tied to the security.

Green bonds have been in existence for over a decade, with the inaugural issuance by the European Investment Bank in 2007 aimed at financing climate-related projects like renewable energy. In today's climate-conscious era, these bonds have grown in relevance, as they can serve as a tangible demonstration of a company's commitment to sustainable investments. The green bonds need to be aligned with the ICMA Green Bond principles and consequently their proceeds need to fund initiatives such as renewable energy and sustainable infrastructure, green bonds. To ensure transparency and credibility, issuers are expected to present a clear green financing framework and secure Second-Party Opinions (SPOs), providing independent validation of their alignment with environmental goals and their measurable impact.

In 2019, the first Sustainability-Linked Bond (SLB) was issued by the Italian energy distributor ENEL. SLBs structure ties the bond's financial terms, such as interest rates, to the issuer's achievement of specific sustainability targets, with penalties (often higher interest rates) applied if these targets are not met. SLBs, if used correctly, highlight a company's commitment to its long-term environmental, social, and governance ambitions, incentivising performance improvements while promoting accountability.

A diversified approach to sustainable investing

The market offers a variety of Article 9 funds that focus exclusively on sustainability-linked and green bonds, as this makes these instruments a more straightforward and valuable option for sustainability investing. However, we observe that many green bonds are primarily issued by financial institutions and governments.



Source: Bloomberg

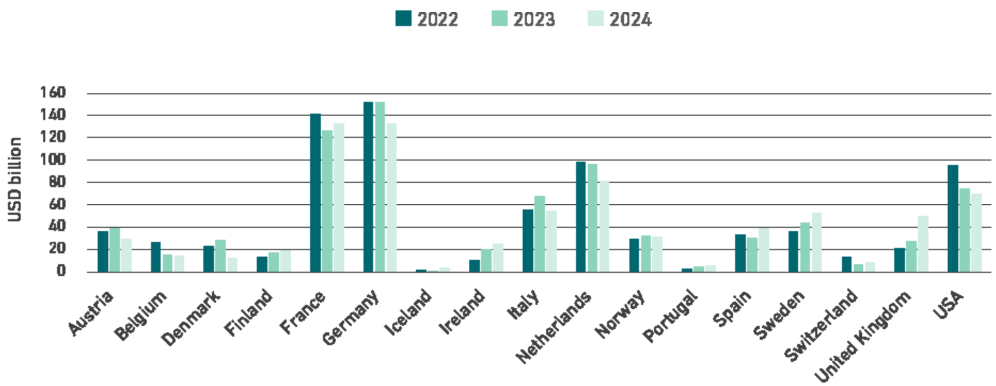
In addition, the challenge of greenwashing—where bonds are marketed as "green" despite not meeting rigorous environmental standards—can dilute the true sustainability impact.

To enhance diversification, we aim to offer a strategy that includes green bonds along with other sustainable investments, ensuring broader exposure to different sectors and sustainable companies. When investing in green bonds, we ensure credible and sustainable investments. This approach strikes a better balance between diversification and genuine sustainability.

Green opportunities in the US: Thriving despite the ESG skepticism

The United States is often regarded as a skeptical market when it comes to sustainability initiatives, primarily due to its historically fragmented approach to environmental policy and regulatory frameworks in comparison with the European Union. However, we can observe a solid demand for green labelled bond issuance in the US.

Green and sustainability-linked bonds issuance



Source: Bloomberg

The size of the U.S. market presents a wide range of opportunities for our investment team, allowing us to take a selective approach in our green labelled bond picking. Our commitment remains steadfast to investing in companies and projects that meet rigorous environmental and social criteria, ensuring our capital contributes meaningfully to a sustainable future.

As part of this strategy, we have invested in the green bond of Hannon Armstrong Sustainable Infrastructure Capital (HASI). Hannon Armstrong is a leading investor and asset management firm known for its focus on sustainable infrastructure and clean energy. The company specialises in providing capital to projects and technologies that contribute to reducing carbon emissions and promoting environmental sustainability. They are particularly known for investing in renewable energy, energy efficiency, and sustainable infrastructure projects that help mitigate climate change. The proceeds of the green bond will be allocated to support the sustainable investments of the company.

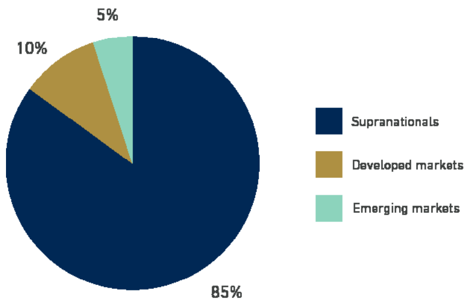
Similarly, one of our other investments, Eco Materials, a leading producer of low carbon concrete, issued a green bond to finance the acquisition of Boral Resources, a leading provider of fly ash, which is used to produce low-carbon cement. Additionally, the green bond proceeds are directed toward engineering studies at power plants in the southeastern United States to explore the beneficial use of coal ash in concrete construction. These studies aim to repurpose industrial byproducts into durable, lower-carbon building materials, reducing waste and supporting a circular economy.

Emergence of a new type of bonds: Blue bonds

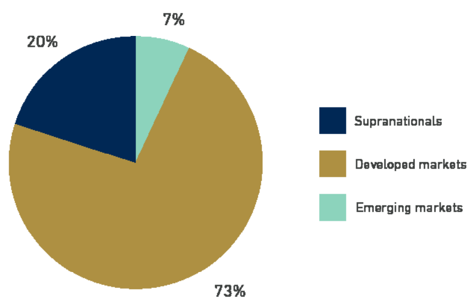
In a context of global warming, oceans play a crucial role in tackling climate change by absorbing a quarter of global CO2 emissions and producing over half of the Earth's oxygen. Hence, protecting oceans is essential for climate stability. Blue bonds are emerging as a financial tool to fund marine conservation. While green bonds, focuses on environmental sustainability, blue bonds are dedicated to preserving and restoring oceans, addressing issues like pollution, overfishing, and biodiversity loss.

The first blue bond was issued in Seychelles in 2018. Unlike green bonds, which are concentrated in developed markets, blue bonds have primarily emerged in regions like Sub-Saharan Africa, Southeast Asia, and Latin America. These areas, home to a large share of the world's oceans, rivers, and freshwater systems, face acute water stress and depend heavily on natural resources for economic development. Blue bonds are thus a critical tool for funding sustainable water management, ocean conservation, and climate adaptation.

Blue bond issuers
(amount of outstanding debt)



Green bond issuers
(amount of outstanding debt)

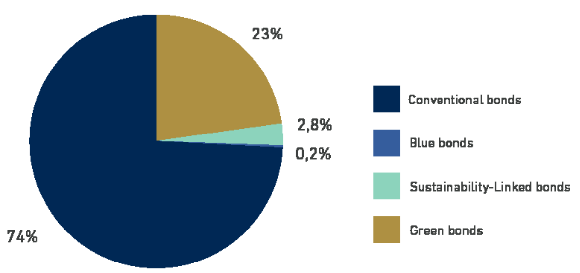


Source: Bloomberg

A small but growing share of the market

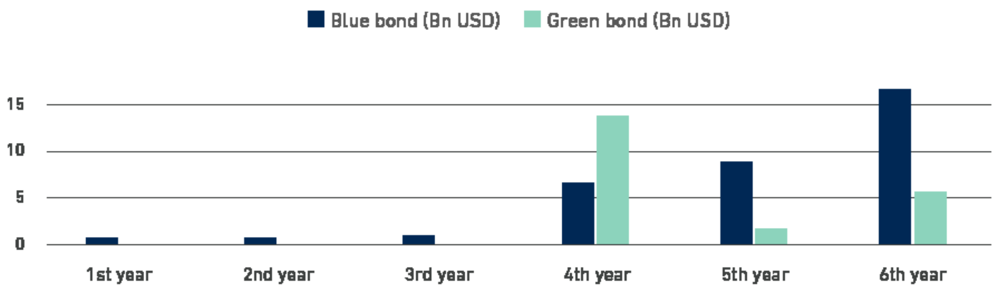
As of December 2024, blue bonds account for a modest 0.2% of the total global outstanding debt, according to Bloomberg.

Global outstanding debt



Source: Bloomberg

In their first years, blue bonds have developed at a faster pace than green bonds did at a comparable stage, driven by a more favourable context and greater market acceptance of sustainable instruments.



	Green bonds	Blue bonds
1st year	2009	2018
2nd year	2010	2019
3rd year	2011	2020
4th year	2012	2021
5th year	2013	2022
6th year	2014	2023

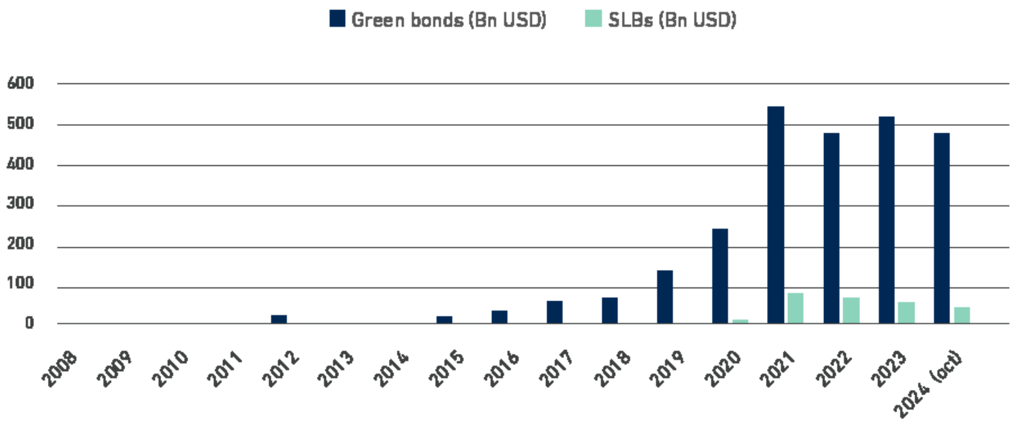
However, in our view, blue bonds are likely to remain a niche instrument within the broader sustainable finance market, at least for the foreseeable future. There are several factors that contribute to this outlook.

The dominance of green bonds and growing interest in sustainability-linked bonds

Green bonds, which focus on financing projects with environmental benefits, have been around for over a decade and are now well-established in the capital markets. They have proven to be an effective mechanism for channeling funds into climate-related projects such as renewable energy, energy efficiency etc. The green bond market has demonstrated, with a robust infrastructure of standards, frameworks, and investor demand in place.

At the same time, there has been growing interest in Sustainability-Linked Bonds (SLBs), which are tied to the broader environmental, social, and governance (ESG) objectives of the issuer. SLBs offer flexibility by linking the bond's performance to long-term sustainability targets tied to the overall company's operations, rather than specific projects. Issuers have multiple years to meet these targets, making SLBs less constraining than green bonds, which require project-specific criteria.

This flexibility makes SLBs attractive to a wide range of issuers within the sustainable debt space. We believe that SLBs will become even more appealing in the context of increasingly stringent regulations around green bonds. As issuers of green bonds are now required to align with the European standards bond framework and EU taxonomy, the complexity of meeting these criteria can be a challenge.



Source: Bloomberg

Overlaps between green and blue projects and implications of the EU Taxonomy

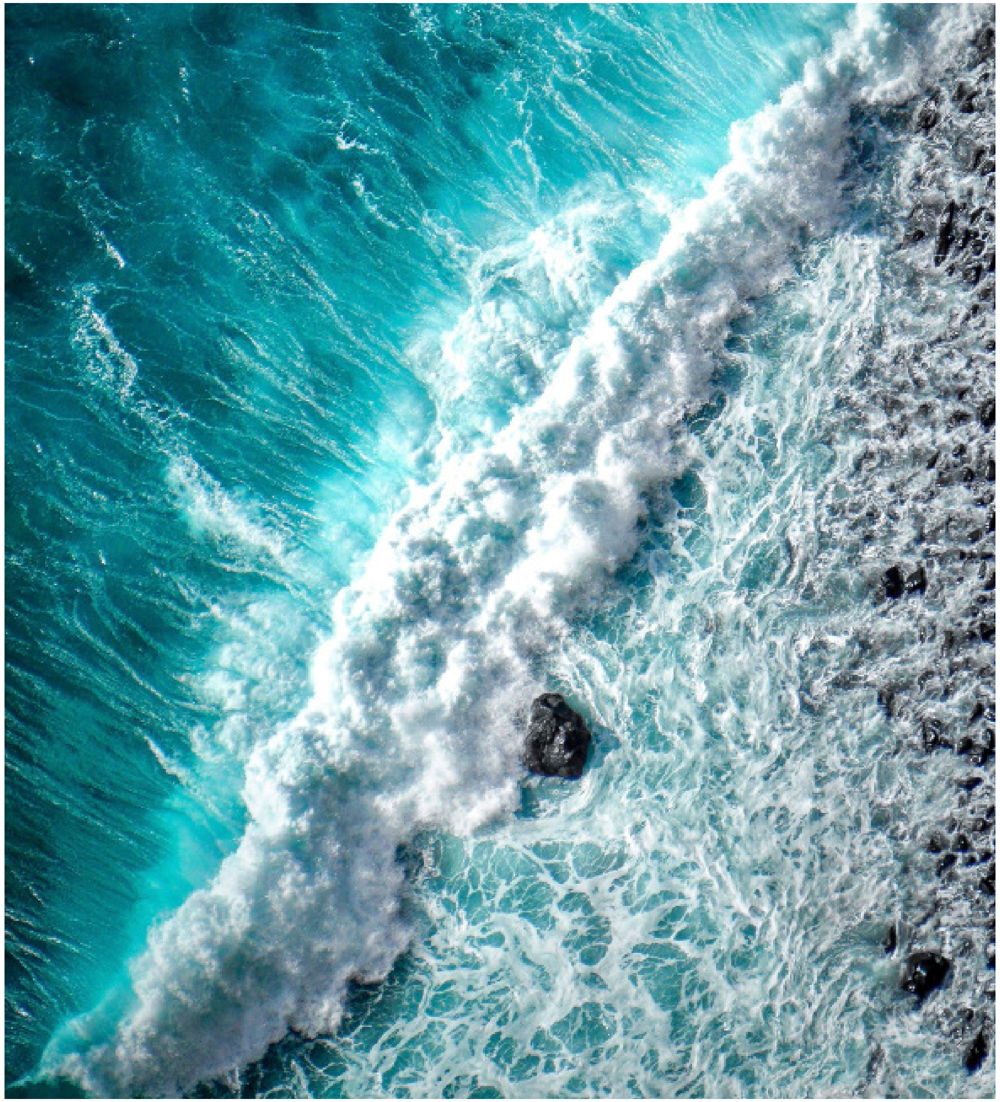
Another reason blue bonds are likely to remain a niche product is the overlap between green and blue projects. Many of the environmental challenges addressed by blue bonds can also fall under the broader umbrella of green projects. For example, coastal protection efforts, sustainable fisheries, and watershed management can often be classified as both "blue" and "green." This overlap means that many projects could be financed by either green or blue bonds, limiting the need for a separate blue bond category in many cases.

Moreover, the EU Taxonomy for sustainable activities, which is increasingly becoming a standard for environmental bond issuance, does not cover sustainable water-related activities as much as it does for other environmental concerns like climate change or renewable energy. As issuers of both green and blue bonds are pushed to align with the EU Taxonomy, projects that overlap with water-related activities may more often be categorised as "green." Consequently, issuers are likely to favour green bonds, limiting the growth and prominence of blue bonds in the market.

Our perspective on blue bond issuance

At Pareto, we are committed to supporting companies with a clear commitment to sustainability. Our fixed income team is open to investing in blue bonds, provided certain conditions are met. In other words, we look for issuers with strong credit and ESG attributes, along with a clear rationale for issuing a blue bond, ensuring that the funds raised are effectively allocated to addressing water and ocean sustainability challenges, thereby minimising reputational risk. Our investment philosophy focuses on finding a balance between sustainability and returns, ensuring that we do not compromise on financial performance while supporting projects aligned with our environmental goals. In line with this, we are committed to sustainability, but we do not believe in paying excessive premiums when investing in such instruments.

A recent example of this commitment is our investment in SAUR, the first company in the water utility sector in France to issue a blue bond. The team assessed that the terms of the bond were in line with current market conditions and previous issuances, avoiding any premium mark-up, and thus generate a competitive return. This investment illustrates how blue bonds, when issued responsibly and with transparency, can serve as an effective tool for financing critical environmental projects while meeting our financial and sustainability objectives.



Our approach to climate change

First and foremost, our approach is based on the understanding that certain sectors and activities are fundamentally incompatible with the sustainable objectives of our fund strategy. As part of our commitment to environmental stewardship, we exclude industries and practices that significantly contribute to environmental harm or prevent progress toward a low-carbon economy. These exclusions include activities related to the oil and gas, coal, and power generation industries that are not aligned with the Paris Agreement. For more details, please refer to our fund exclusion policy.

High emitting industries, often referred to as "hard-to-abate" sectors, are critical to the transition. These industries possess immense potential for impactful decarbonisation, but realising this potential requires significant investment to develop and scale innovative solutions. Investors play a pivotal role in advancing the global climate transition by channelling capital into companies committed to reducing their emissions, rather than exclusively favouring those already operating with a low-carbon footprint.

That said, it is crucial for us that companies which don't demonstrate a genuine effort to transition, according to our expectations, are excluded from our investment universe.

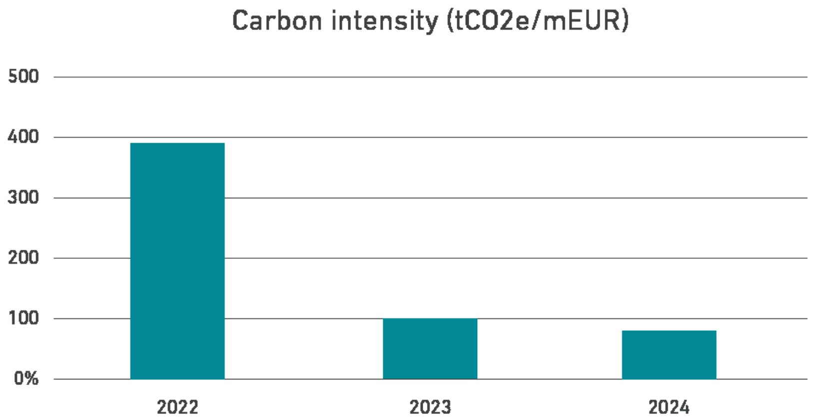
To that end, we have identified sectors that we consider high emitting
- Aluminium
- Aviation
- Automobiles
- Cement
- Mining
- Pulp and papers
- Shipping
- Steel
- Agriculture, forestry and fishing
- Water supply, sewerage, waste management and remediation
- Construction
- Accommodation and food services

Holding companies operating in the above-mentioned sectors must pass at least one of the following eligibility criteria to be considered investable by the fund:

- At least 30% of the company's economic activity is aligned with the climate change objectives of the EU Taxonomy
- At least 75% of the company's capex, on average for three consecutive years, is aligned with the climate change objectives of the EU Taxonomy
- The company is in a rapid transition and has a validated 1.5 °C Science Based Target (SBT)
- The company is one of the best 15% in GHG intensity

Shaping a meaningful transition for the future:
One of the fund's investment objectives is to create long-term positive returns relative to its risk profile, by investing in companies enabling the fund to maintain a decarbonisation trajectory.

Carbon footprint monitoring:
As part of our carbon emission reduction strategy, we have implemented measurement of principal adverse indicators of carbon footprint. Greenhouse gas emissions calculations allows us to quantify the greenhouse gas emissions embedded within our investments, presenting them as tonnes of carbon dioxide equivalents (tCO2e) apportioned to our investments. These emissions may then be "normalised" by a financial indicator (either annual revenues or value invested) in order to give a measure of carbon emissions.



Source: Intercontinental Exchange and companies' public disclosure. GHG Intensity: Dividing the apportioned CO2e by the apportioned annual revenues. Apportioning, as an approach, is built on the principle of ownership. That is, if an investor owns – or, in the case of debt holdings, finances – 1% of a company, they also 'own' 1% of the company's emissions. The decrease in GHG intensity could be influenced by our decision to discontinue the use of estimated data and instead focus solely on company-reported data. This shift has consequently impacted coverage and should be considered when interpreting the results.

Our team recognises that relying solely on these indicators may not offer a complete view of a company's true climate impact, especially given the current limitations of climate data, such as gaps in coverage, transparency, and calculation reliability. It is also important to acknowledge that companies remain in the early stages of their journey toward meeting carbon targets. As a result, their climate strategies will evolve over time and may not yet be fully reflected in their short-term carbon footprint.

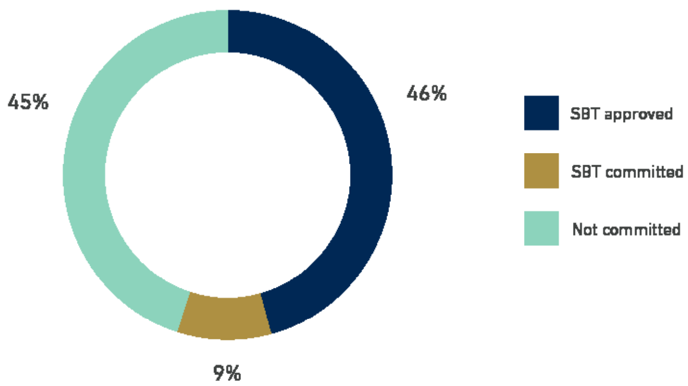
However, these challenges should not be seen as reasons for inaction. Our team will continue to monitor companies' progress in decarbonisation efforts as part of the ongoing sustainability risk and opportunity assessments. At the same time, we believe it is crucial to focus on forward-looking indicators, as they provide a clearer understanding of a company's commitment to mitigating and adapting to climate change.

Temperature and emissions targets

Carbon action plan assessment

The team values companies having a credible and effective climate action plan aligned with the objectives of the Paris Agreement. The Science Based Targets Initiative (SBTi), a reputable and recognised framework, serves as the primary standard for this assessment. SBTi offers guidance and robust criteria for setting science-based targets that align with limiting global warming to 1.5°C or well below 2°C. This ensures corporate climate commitments are transparent, credible, and scientifically justifiable. The team actively encourages portfolio companies to commit to the initiative and work towards submitting and obtaining verification of their targets.

Pareto ESG Global Corporate Bond - SBT status breakdown



Source: Science-Based Targets Initiative and Pareto Asset Management

The Paris Agreement, adopted in 2015, is a landmark international treaty aimed at addressing climate change by limiting global warming to well below 2°C, with efforts to cap the increase at 1.5°C. Achieving these targets requires global cooperation and significant reductions in greenhouse gas emissions. However, despite international commitments, the world is currently on track for a 3.2°C temperature rise by 2100, far exceeding the Paris Agreement's goals.

To bridge this gap, substantial emission cuts are necessary. By 2030, global emissions must decrease by 15 gigatonnes of CO_2 equivalents per year to align with the 2°C target and 32 gigatonnes per year to meet the 1.5°C target. This equates to annual emission reductions of 7.6% per year for the 1.5°C pathway and 2.7% per year for the 2°C pathway between 2020 and 2030, according to the United Nations Environment Programme (UNEP, 2019).

Scenario	% of reduction	Giga ton	Year range
1.5 °C scenario	7.6%	15/year	2020-2030
2 °C scenario	2.7%	32/year	2020-2030

The Science Based Targets initiative offers sector-specific methodologies that allow companies to apply a framework aligned with the Paris Agreement's ambitions. These methodologies use a fair-share approach, ensuring that emission reductions are distributed equitably while enabling companies to grow sustainably.

Our methodology first establishes whether a company has SBTi-approved targets. If so, it receives a temperature score aligned with either the 1.5°C or 2.0°C scenario, contributing to the overall temperature alignment score of the portfolio. At this stage, some companies have not yet adopted SBTi targets, often due to resource constraints or the lack of an established SBTi framework for certain sectors and niches. To address this, we have developed a process to assign default temperature scores to these companies, following SBTi recommendations to ensure a consistent and scientifically robust assessment. Information on our methodology can be shared upon request.

Estimated temperature of the portfolio (Scope 1 & 2)

1.67 °C

Source: SBTI, companies' disclosures and Pareto Asset Management. The methodology relies on historical data that was not available for all portfolio companies, as some have only recently started reporting on GHG emissions. Currently, the coverage represents 60% of the fund.

Active management

At Pareto Asset Management, we seek to invest in companies that have good quality of operations and management. The companies should have a clear focus on ethical issues in their attitudes and actions, as well as having a value base for the business that complies with the guidelines. The companies must exert good corporate governance, comply with national legislation as well as international conventions, and show an open and complementary information policy. This means we emphasise social conditions, the environment, sustainability and good corporate governance when considering a company.

Sustainability risk assessments must be conducted before an investment can be made. Information regarding our sustainability risk assessments process can be found in our sustainability risk policy and our adverse impact policy.

Pareto Asset Management shall exercise active ownership in the portfolio companies in order to promote responsible business operations. This means that we will use our ownership rights and influence in the companies to help move the companies in a positive direction in terms of social relations, environmental issues, sustainability, and good corporate governance.

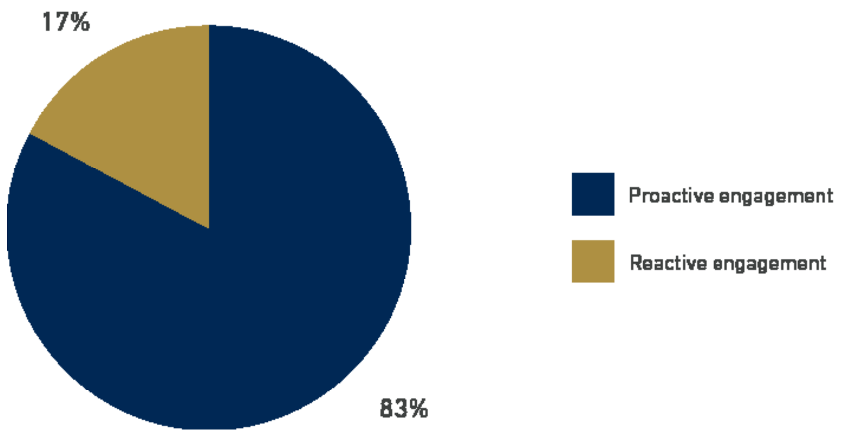
Active ownership has historically been an equity investor remit. However, we have observed that fixed income investors often have more direct access to companies in need of capital. This is why we believe that both equity and fixed income fund managers play a crucial role in steering companies in the right direction via an engagement dialogue. As responsible investors, we view engagement dialogues as essential to making meaningful, long-term investments and fulfilling our fiduciary duty. Pareto Asset Management has established two types of engagement:

- Proactive engagement
- Reactive engagement

Although the results of both reactive and proactive engagement are integrated into the sustainability risk assessment of portfolio holdings and can affect the ESG rating, the rationale behind the two types of engagement differ from one another. While the proactive engagement is conducted annually towards a part of the fund's portfolio based on pre-defined selection criteria, an engagement is defined as reactive when it is conducted due to an identified controversy according to our controversy policy..

During 2024 we had 19 proactive and 4 reactive engagement dialogues. The reason we had more proactive engagement dialogues than reactive ones is our comprehensive ESG analysis and rigorous investment approach. By prioritising investments in companies with strong governance, sound risk management, and responsible business practices, we significantly reduce the likelihood of encountering major controversies that would require reactive engagement.

Our sustainability assessment process enables us to focus on companies with robust sustainability standards, which reduces their exposure to controversies and the need for reactive engagement dialogues. This way, we focus our efforts on proactive engagement. This forward-looking approach enables us to maintain constructive, strategic dialogues with portfolio companies, reinforcing our role of active managers, driving positive change while minimising the need for reactive interventions.



Engagement dialogues

Balancing economic growth and biodiversity: the challenge of sustainable forestry

Forests play a critical role in combating climate change, preserving biodiversity, and supporting local communities. However, balancing industrial forestry operations with environmental conservation remains a persistent challenge. While sustainable forestry practices have evolved significantly, incidents of environmental damage still occur, raising concerns about the effectiveness of regulatory compliance and corporate responsibility. One such case emerged in Finland, where logging activities resulted in damage to a protected river ecosystem, highlighting the risks associated with large-scale forestry operations.

Stora Enso

A key player in this industry is Stora Enso, a global leader in sustainable materials with a long history dating back to the 13th century. The company operates across packaging, biomaterials, wooden construction, and paper, striving to provide eco-friendly alternatives to fossil-based materials. Despite its commitment to sustainability, Stora Enso recently faced scrutiny after an environmental violation was discovered at one of its harvesting sites near the Hukkajoki River in Kainuu, Finland.

The incident, currently under investigation by Finnish authorities, involved forest machinery crossing a protected river, causing damage to an area inhabited by endangered freshwater pearl mussels. In response, Stora Enso took immediate corrective actions, halting all harvesting activities at the site and launching internal investigations. During our engagement, the company acknowledged the seriousness of the violation, reaffirming its commitment to strict environmental policies and ensuring that similar incidents do not occur in the future.

As part of its response, Stora Enso has suspended operations near sensitive areas in Finland until comprehensive site planning and risk assessments are completed. Additionally, the company is collaborating with authorities to review its environmental compliance practices and has introduced enhanced training programmes for employees, contractors, and subcontractors. Moving forward, Stora Enso plans to strengthen its oversight mechanisms through internal and third-party audits aimed at improving planning and control.

While the financial impact of the incident remains uncertain, with media estimates suggesting potential costs of €1 million, the company has stated that it is taking full responsibility for remediation efforts to restore the affected river and mitigate further damage.

We will continue to monitor Stora Enso's progress, particularly its remediation efforts and internal reforms, to ensure that the company effectively addresses the risks associated with its operations. Sustainable forestry must balance economic interests with environmental stewardship, and through continued engagement, we aim to support responsible industry practices.

The forestry and pulp sector is crucial to understand, as it can have significant environmental impacts if not managed responsibly. To gain a clearer vision of the industry's practices, we took the opportunity to visit one of its key players, and main peer of Stora Enso: UPM-Kymmene

On-site visit at UPM-Kymmene

UPM operates a significant portion of its activities in Uruguay, where the company plays a key role in the economy, representing approximately 2% of Uruguay's GDP. The team went to visit UPM's new pulp mill in the country, located in Paso de los Torros. This pulp mill is considered a major milestone for the company, with the facility expected to account for about 50% of the company's total global production capacity once fully operational.

During the visit, we observed the entire sustainability process, starting with the collection of seeds from existing trees in the forest when harvested, which are then planted in the nursery. The company carefully selects the best seeds to ensure the healthiest and most resilient seedlings. These are later planted back into the forest, continuing the cycle of sustainable forestry. During our visit, we also followed the journey from the forest to the pulp mill, gaining valuable insights into how the operations are handled at the facility. The facility itself is highly automated, utilising the most sustainable and efficient solutions available in the industry throughout the production process to maximise energy efficiency and minimise environmental

impact. From energy recovery systems to advanced water treatment processes, UPM's commitment to sustainability is evident in every aspect of its operations. Such, at least, was the impression that we were given.
One of the initiatives we observed was the launch of dedicated tracks and train service linking the pulp mill at Paso de los Torros with the port at Montevideo, replacing the transportation by trucks. Powered by biofuel, this train significantly reduces CO2 emissions. By utilising biofuel, the train cuts emissions by approximately 75% per tonne of material transported compared to traditional diesel trucks, representing a major step forward in enhancing the efficiency and sustainability of their transport operations.

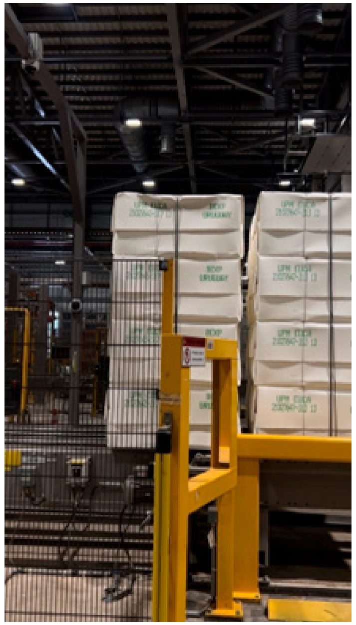
In addition to its environmental efforts, UPM has built an entire community to support the workers, with notable initiatives like the creation of a school through the UPM Foundation, providing educational opportunities for the children of the employees. Moreover, the establishment of the pulp mill has played a significant role in driving economic development in the surrounding city, creating jobs and boosting local businesses. These efforts reflect UPM's commitment to both environmental sustainability and the well-being of its employees, while also contributing to the broader economic growth of the region.

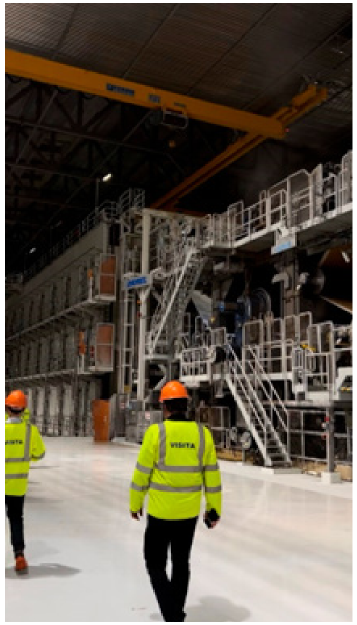
Pulp manufacturing process

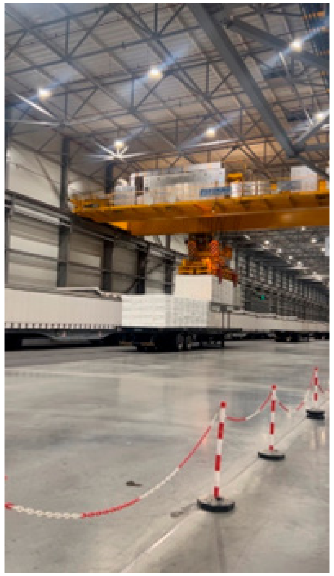
Seedling Production for Reforestation: UPM operates nurseries where they grow seedlings of various tree species to be used in afforestation and reforestation projects required to produce the pulp. This is part of their commitment to sustainability and forest management.

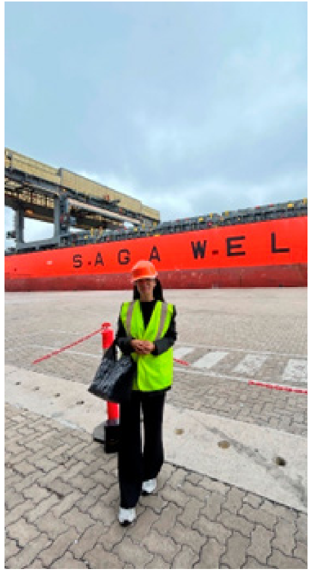
The UPM forest management team explaining the plantation process and the life cycle of trees. They explain how using digital tools helps identify the optimal time for harvesting by monitoring tree growth, health, and environmental factors.

The UPM pulp mill at Paso de los Toros is located near forests, approximately 3.5 hours from Montevideo, the capital of Uruguay. Here, tree trunks are cut into wood chips and processed into pulpboard to facilitate transportation. Everything at the facility is automated, and the cargo is loaded by machines onto the train, which is stationed on-site. The train then departs for the port of Montevideo.









This is the recently built UPM facility, designed to accommodate trains directly. The cargo is unloaded and transferred to trucks, which transport it just a few meters to the vessel where the pulp is then shipped to customers.

The growing demand for non-financial disclosure: holding companies accountable

As the climate crisis intensifies, companies face increasing pressure to disclose and reduce their environmental impact. While many businesses have made strides in addressing direct emissions (Scope 1 and 2), tackling Scope 3 emissions—those generated along the supply chain—remains a significant challenge. Consumers, investors, and regulatory bodies are demanding more transparency, ambitious climate targets, and concrete actions to phase out harmful materials, particularly in industries heavily reliant on packaging and resource-intensive ingredients.

Treehouse Foods

One such company under scrutiny is TreeHouse Foods Inc., a leading U.S.-based manufacturer of packaged foods and beverages. Headquartered in Oak Brook, Illinois, the company serves grocery retailers, foodservice distributors, and industrial customers across North America. While TreeHouse Foods has expressed a commitment to sustainability, our engagement was initiated due to concerns over gaps in their non-financial reporting, specifically regarding their Scope 3 emissions, climate targets, and packaging sustainability.

In response to our inquiries, TreeHouse Foods confirmed that it has completed an initial assessment of its Scope 3 emissions and intends to set a reduction target by the end of 2025. Although the company has not yet committed to Science-Based Targets initiative (SBTi) alignment or a Net-Zero goal, it has made progress in reducing Scope 1 and 2 emissions, achieving a 4.4% reduction in 2023 and aiming for a 25% reduction by 2030. However, challenges remain—particularly in sustainable packaging. The company has initiated trials to replace problematic plastics, but the sale of its snack bars business in September 2023 altered its packaging portfolio, leading to a drop in the percentage of recyclable and post-consumer recycled content-containing packaging from 89% in 2022 to 79% in 2023.

In addition to emissions and packaging concerns, responsible sourcing remains a key issue. TreeHouse Foods has reaffirmed a commitment to increasing the availability of sustainably certified cocoa, including Fair Trade and Rainforest Alliance-certified products. As consumer demand for ethically sourced ingredients continues to grow, the company is allocating more resources toward supply chain monitoring to mitigate risks and improve sustainability standards.

While TreeHouse Foods has made progress in certain areas, critical gaps remain. We will continue to engage with the company, particularly on their Scope 3 emissions target, efforts to eliminate problematic plastics, and their broader alignment with global sustainability standards. Long-term environmental leadership requires both transparency and action, and we will monitor TreeHouse Foods to ensure their commitments translate into meaningful change.

Promoting diversity and inclusion through leadership representation

Diversity and inclusion are increasingly recognised as essential components of strong corporate governance and effective leadership. Research consistently shows that diverse leadership teams contribute to better decision-making, improved financial performance, and stronger corporate culture. However, despite growing awareness of these benefits, gender imbalance at the executive level remains a persistent challenge across many industries.

Boels Topholding

One company where these challenges have been identified is Boels Topholding, a leading European equipment rental company headquartered in the Netherlands. Boels provides a wide range of tools, machinery, and modular infrastructure solutions to sectors including construction, industry, events, and public services. With a strong focus on customer service and sustainability, the company plays a key role in promoting the circular economy by ensuring responsible usage and maintenance of its rental fleet.

Our engagement with Boels was initiated due to concerns regarding the lack of gender diversity at the board and top management levels. Following a review of the company's organisational structure, we identified a significant underrepresentation of women in key leadership roles. While Boels acknowledges the importance of diversity and has undertaken recruitment campaigns and internal awareness initiatives, there are currently no specific projects in place to directly address gender imbalance at the leadership level.

During our discussions, we emphasised the need for a structured and measurable plan to improve gender diversity within the next 1-3 years. However, Boels confirmed that no additional initiatives beyond current efforts are planned for this period. In response, we urged the company to reconsider its approach and commit to concrete diversity initiatives that promote equal opportunities in leadership. We strongly believe that proactive measures in this area will contribute to a more inclusive corporate culture and enhance overall governance.

Moving forward, we will continue to engage with Boels, advocating for a clear action plan with measurable targets to address leadership diversity. The team will closely monitor their progress and push for tangible steps to ensure meaningful change in leadership representation. Diversity and inclusion must be more than aspirational goals—they require commitment, accountability, and action.

Biodiversity

Where do we stand on assessing biodiversity since COP 15?

Since the landmark COP15 conference in Montreal in 2022, significant strides have been made to advance global biodiversity initiatives. A pivotal development is the widespread adoption of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, which provides organisations with guidelines to assess and disclose nature-related dependencies, impacts, risks, and opportunities.

Surge in TNFD adoption

As of October 2024, over 500 organisations across 54 jurisdictions have committed to aligning their reporting with the TNFD recommendations. This marks a 57% increase since January 2024, indicating a robust global movement towards integrating nature-related considerations into corporate and financial decision-making. Notably, these adopters include 129 financial institutions managing $17.7 trillion in assets, underscoring the financial sector's recognition of biodiversity's material importance.

Financial commitments and indigenous participation

At the COP16 summit held in Cali, Colombia, in November 2024, nearly 200 countries reached an agreement on financial mechanisms to support biodiversity conservation. Companies in sectors such as pharmaceuticals and cosmetics will contribute a percentage of their revenues or profits to a newly established fund, known as the "Cali fund." This initiative is expected to generate billions of dollars for nature conservation efforts and ensure that indigenous peoples and local communities receive equitable benefits. Additionally, COP16 established a permanent body for indigenous peoples to have a formal role in UN nature-related decisions, recognising their crucial contributions to biodiversity preservation.

Expanding financial commitments

Further strengthening biodiversity financing, governments agreed in March 2025 to raise an additional $200 billion annually by 2030 to enhance global conservation efforts. This funding will come from both public and private sources, with a focus on supporting developing nations and indigenous-led initiatives. The agreement also includes commitments to mobilise at least $20 billion per year by 2025 and $30 billion by 2030 for biodiversity protection in developing countries.

Innovative financing mechanisms

In a pioneering move, Colombia introduced the world's first biodiversity bonds during COP16. These financial instruments are designed to attract private sector investment for biodiversity projects, marking a significant step towards sustainable financing for nature conservation. This initiative reflects a growing recognition of the need for innovative financial solutions to address the biodiversity funding gap, which is estimated to require an additional $700 billion annually.

Our approach

Overall, fund management encourages all issuers to develop and improve practices in operations to halt and restore biodiversity. Certain operations are not compatible with this goal. In terms of sectorial exclusion, the investment team avoids companies generating over 5% of their revenues from modified seeds, crops, and genetically modified organisms for agriculture or human consumption. These practices can harm organisms, soil, and water ecosystems. Furthermore, following Pareto Asset Management's guidelines for responsible investments, the fund refrains from investing in companies causing severe environmental damage. In accordance with the Nordic Swan Ecolabel framework, the following sectors are considered critical for the conservation and sustainable use of biodiversity:

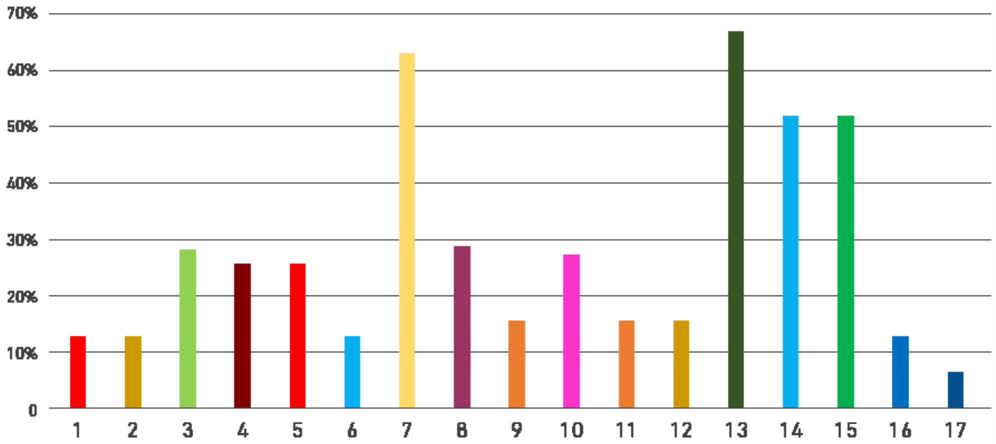
- Agriculture
- Fishery and aquaculture
- Construction and infrastructure
- Forestry and logging
- Shipping

Knowing that several components within the Principal Adverse Environmental Impact analysis directly and/or indirectly emphasise the importance of conserving and preserving biodiversity, companies which themselves or through entities they control derive 30% or more of their revenues from the above-mentioned sectors must obtain the maximum score of "outperform" on the Environmental pillar in our internal rating (as described on page 11). Otherwise, the fund will engage systematically to stimulate the company towards conservation and the sustainable use of biodiversity. The engagement progress will be measured against the goals and milestones as decided and described in the annual sustainability report.

Sustainable development goals

The fund has one environmentally sustainable investment objective and one socially sustainable investment objective. Both sustainable investment objectives have connections to the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals ("SDGs").

Weighted share of portfolio companies with a positive contribution towards SDG goals



As referred to in the section "Sustainable investments", the fund has established several environmentally or socially sustainable activities. Each activity contributes to the achievement of at least one SDG and implies clear materiality through concrete actions, investments or income generation achieved by the companies. The chart above presents the contributions of holding companies to the SDGs.

Top 10 holdings

	Company description	Sustainable development	Sustainability risk	Link to website	Weight (%)
IRON MOUNTAIN®	Iron mountain is dedicated to storing, protecting, managing information destruction, and data backup and recovery services. As of 2016 over 94% of Fortune 1000 companies use Iron Mountain's services	Iron Mountain is listed on the FTSE4Good Index for meeting globally recognised corporate social responsibility standards and is committed to 100 per cent renewable energy and to reduce greenhouse gas emissions	Data Security and privacy	ironmountain.com	2.6%
ORGANON	Organon is an independent global healthcare company with a strategy to improve the health of women throughout their lives.	Organon is a global healthcare company dedicated to improving women's health through a diverse portfolio of over 60 medicines and products across various therapeutic areas, including reproductive health, cardiovascular disease, and dermatology.	Supply chain and ethics	organon.com	2.4%
DaVita® Kidney Care	DaVita Inc. is a leading provider of kidney care services, specialising in dialysis treatment for patients with chronic kidney disease. The company focuses on patient-centred care, clinical excellence, and kidney health education.	DaVita commits to reducing absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2018 base year. DaVita commits to increasing annual sourcing of renewable electricity from 0% in 2018 to 100% by 2030.	Data security and privacy	davita.com	2.3%

	Company description	Sustainable development	Sustainability risk	Link to website	Weight (%)
Séché	Séché Environnement is a global leader in waste management and environmental services, specialising in hazardous and non-hazardous waste treatment, recycling, and site remediation. The company focuses on sustainability, circular economy solutions, and reducing environmental impact.	Séché Environnement is committed to reducing its Scope 1 and 2 emissions by 25% by 2030. Additionally, they aim to support the decarbonisation efforts of its customers by increasing avoided emissions by over 40% by 2025.	Hazardous waste & Regulatory compliance	groupe-seche.com	2.2%
IQVIA	IQVIA is an American Fortune 500 and S&P 500 multinational company that serves the combined industry within health information technology and clinical research.	IQVIA commits to reaching net-zero greenhouse gas emissions across the value chain by 2050. The company is committed to reducing the absolute scope 1 and 2 GHG emissions by 55% by 2030 from a 2019 base year, and reducing absolute scope 3 GHG emissions from business travel by 55% within the same time frame.	Data privacy and security	iqvia.com	2.2%
BBVA	BBVA is a Spanish multinational financial services company based in Madrid and Bilbao. BBVA is the first multinational Spanish bank services company on the Nasdaq sustainable debt market	BBVA is a part of the Net-Zero Banking Alliance, and has a goal of reducing to zero the exposure to coal-related activities, stopping the financing of companies in the business by 2030 in developed countries, and by 2040 for the rest of the countries.	Governance policies and guidelines	BBVA.com	1,9%

	Company description	Sustainable development	Sustainability risk	Link to website	Weight (%)
Virgin Media	Virgin Media is a leading telecommunications company providing broadband, TV, mobile, and fixed-line services. It focuses on innovation, connectivity, and sustainability to enhance digital experiences for customers.	Virgin Media is committed to reducing absolute scope 1 and 2 GHG emissions by 90% by 2030 from a 2020 base year. Virgin Media O2 also commits to reducing absolute scope 3 GHG emissions by 50% within the same time frame. Long-Term Targets Virgin Media O2 commits to maintain 90% absolute scope 1 and 2 GHG emissions reductions from 2030 through 2040 from a 2020 base year.	Dependency on regulatory approval	virginmedia.com	1.9%
Grünenthal	Grünenthal is a global pharmaceutical company specialising in pain management and innovative therapies. It focuses on research and development to improve patients' quality of life, with a strong commitment to sustainability and responsible healthcare.	Grünenthal is committed to reducing their scope 1 and 2 emissions by 50% by 2030 and are working to get key suppliers that contribute to 67% of the group's scope 3 emissions to have validated SBT by 2028.	Data security	grunenthal.com	1.9%
HASI	Hannon Armstrong is a leading investor in climate solutions, committed to making a positive impact on the environment through its investments in energy efficiency, renewable energy, and other sustainable infrastructure projects.	Hannon Armstrong is committed to reducing their absolute scope 1 and 2 GHG emissions by 100% by 2030 and are committed to sourcing 100% renewable electricity through 2030.	Regulatory changes and data privacy	hasi.com	1.9%
Ørsted	Ørsted is a global leader in renewable energy, specialising in offshore wind power and sustainable energy solutions. The company is committed to driving the transition to green energy and achieving carbon neutrality.	Ørsted commits to reaching net-zero greenhouse gas emissions across the value chain by 2040.	Biodiversity impact and supply chain (rare earths)	orsted.com	1.8%

Updated: 28 Mars 2025

Disclaimer

- Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's/portfolio's risk profile, as well as fees for subscription, management and redemption. Returns may be negative as a result of negative price developments.
- Pareto Asset Management seeks to the best of its ability to ensure that all information given is correct, however, makes reservations regarding possible errors and omissions. Statements in the report may reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without prior notice. The distribution of this information may be restricted by law in certain jurisdictions and this information is not intended for distribution to any person or entity in such jurisdiction.
- This presentation should not be perceived as an offer or recommendation to buy or sell financial instruments. Pareto Asset Management does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the presentation.
- Subscription and redemption fees are not taken into account in the historical performance given for our funds, this could affect the return adversely.
- Unless otherwise stated, the performance information given does not take into account any tax that may be incumbent on the product and / or customer. The tax treatment of the funds depends on the personal circumstances of each client and can be subject to future changes.
- Expectations of future performance should not be used as a reliable indicator of future performance. Such expectations do not take into account the effects of inflation and taxes, which will have a negative impact in real terms.
- In preparing this document we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us or otherwise reviewed by us. The information contained in this document has been taken from sources deemed to be reliable. We do not represent that such information is accurate or complete and it should not be relied on as such. Any opinions expressed herein reflect our judgment at this date, all of which are accordingly subject to change. Pareto Asset Management AS accepts no liability whatsoever for any direct, indirect or consequential loss arising from the use of this document or its contents.
- This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus of the fund and do not base any final investment decision on this communication alone.
- Fund prospectus, KIID, annual and semi-annual reports are available here www.paretoam.com/en/fund-reports. Other information is available at www.paretoam.com/en/client-information. Financial information and information about management and control is available from https://www.paretoam.com/clientinformation
- Employees of Pareto Asset Management AS have holdings in the mutual fund described herein.
- The source is Pareto Asset Management unless otherwise stated. Read more about us, our products and risks associated with financial instruments on our website www.paretoam.com.

Signatory of:

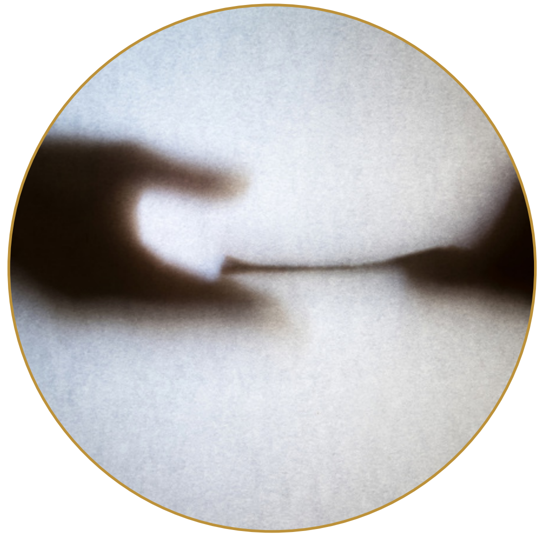
PRI Principles for Responsible Investment

Environment

- Climate changes
- Emissions of greenhouse gases
- Resource extraction
- Waste management and pollution
- Deforestation

Society

- Responsible working conditions
- Child labour and slavery
- Local and indigenous communities
- Conflicts
- Health and safety



Corporate governance

- Corruption
- Lobby activities and donations
- Board composition and diversity
- Tax strategy
- Management salary

Oslo
Pareto Asset Management (HQ)
Dronning Mauds gate 3
Oslo, Norway

P.O. Box 1810, Vika
NO-0123 Oslo
Norway

t: +47 22 87 87 00
e: post@paretoam.com

Org. nr.: 977 287 677

Stockholm
Pareto Asset Management
Regeringsgatan 48
Stockholm, Sweden

P.O. Box 2165
SE-103 14 Stockholm
Sweden

t: +46 8 402 53 78
e: post@paretoam.com

Frankfurt
Pareto Asset Management
Gräfstrasse 97
Frankfurt, Germany

D-60487 Frankfurt
Germany

t: +49 69 333 98 35 20
e: post@paretoam.com

Zürich
Pareto Asset Management
Bahnhofstrasse 67
Zürich, Switzerland

8001 Zürich
Switzerland

t: +41 78 220 93 13
e: post@paretoam.com

www.paretoam.com