

Template pre-contractual disclosure for financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Productname: Pareto Klimatfokus Rränta

Legal entity identifier: 549300VYM3TRPSP1GD09

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investment with an environmental objective: 80 %**

in economic activities that qualifies as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU taxonomy

It will make a minimum of **sustainable investments with a social objective: ___%**

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance

The **EU-taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What is the sustainable investment objective of this financial product?

Pareto Klimatfokus Rränta's objective is to only make sustainable investments in companies that operate in line with the Paris Agreement's goal of limiting warming to a maximum of 1.5 degrees. In this way, the overall goal of the fund is to make investments to reduce carbon emissions by investing in companies that have transitioned their operations—or are in the process of transitioning—in a manner consistent with the IEA's "Sustainable Development Scenario."

Sustainability indicators measure how the sustainable objectives of this financial product are attained.



● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

To measure the investments' contribution to the Paris Agreement, the following indicators are used:

- Greenhouse gas emissions
- Carbon footprint
- Greenhouse gas intensity
- Long-term climate targets
- Verified climate targets by the Science Based Target Initiative.

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

In the fund, it is ensured that no investment causes significant harm to environmental or social objectives through a proprietary model where sustainability risks are analyzed. The analysis model consists of five components, each representing a different way to ensure that the investment does not cause significant harm to any environmental or social objective. The analysis includes the following components:

- **Exclusions**

Certain industries are never invested in by the fund, as they are inherently deemed to have negative consequences for sustainability factors. The fund does not invest in companies that violate international conventions based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises in the areas of environment, human rights, labor rights, corruption, and inhumane weapons (such as landmines, cluster munitions, and nuclear weapons).

Additionally, the fund continuously excludes businesses whose revenue is partially derived from:

- Fossil fuels (including extraction, exploration, or refining of oil, gas, and coal)
- Production of pornography
- Production of tobacco

The fund also excludes businesses where more than 5% of revenue comes from the following:

- Production of alcohol
- Distribution of alcohol
- Production of commercial casino/gambling operations
- Distribution of commercial casino/gambling operations
- Distribution of pornographic material
- Distribution of tobacco

Indicators for Principal Adverse Impacts (PAI indicators):

- Total greenhouse gas emissions
- Carbon footprint
- Greenhouse gas intensity
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption
- Share of non-renewable energy production
- Energy consumption intensity per sector with significant climate impact
- Activities negatively affecting biodiversity sensitive areas
- Emissions to water
- Hazardous waste and radioactive waste ratio
- Violations of the UN Global Compact and OECD Guidelines for Multinational Enterprises

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- Lack of processes and compliance mechanisms with UNGC and OECD MNE Guidelines
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons
- Exposure to fossil fuels through real estate
- Exposure to energy-efficient real estate
- Investments in companies without initiatives to reduce carbon emissions
- No supplier code of conduct

Incidents

Any reported incidents are assessed on a five-point scale based on the severity of the incident.

Company's sustainability risks

An assessment of the investment's main sustainability risks and the relevant policies and processes in place to manage them.

Corporate governance

An assessment of good corporate governance practices is conducted. The company is evaluated based on parameters such as board composition and competence, ownership structure, compensation structure, and reporting.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The analysis of sustainability risks is the consideration of indicators for adverse impacts on sustainability factors (PAI indicators). To ensure that an investment does not cause significant harm to any indicator, the impact of the investment is compared to an industry benchmark.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The fund applies a zero-tolerance policy towards investments that do not comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The fund manager continuously receives alerts when any investment object is suspected of violating the above principles.



Does this financial product consider principal adverse impacts on sustainability factors?



Yes. The main adverse impacts of each investment on sustainability factors are considered when the investment undergoes the sustainability risk analysis described under the heading "How do the sustainable investments that the financial product is intended to make not cause significant harm to any environmental or social sustainability goals?"



No

What investment strategy does this financial product follow?

Pareto Klimatfokus Rännta is an actively managed corporate bond fund with the goal of achieving a good risk-adjusted return by investing in companies that meet the targets of the Paris Agreement.

A company is operating in line with the Paris Agreement's goal of limiting global warming to a maximum of 1.5 degrees if one or more of the following criteria are met:

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Targets approved by the Science Based Target Initiative

The company has set goals to reduce its climate footprint in line with the IEA's "well below 2 degrees" scenario. Additionally, the company's climate targets are verified by the Science Based Target Initiative.

Reduction in historical emissions

The company has demonstrated a reduction of at least 7.6% per year in its own emissions over the past three years. The company's own emissions are defined as carbon intensity according to the TCFD standard, measured as tons of CO2 emissions in scope 1 and 2, divided by the company's revenue (million EUR).

The company already has near-zero emissions

The company has a carbon intensity below 2.0 tons of CO2/MEUR. Carbon intensity is defined according to the TCFD standard, measured as tons of CO2 emissions in scope 1 and 2, divided by the company's revenue (million EUR).

The company has a dark green bond program

The company has a bond program that has received a dark green classification from Cicero (an independent company that evaluates green financing frameworks). A dark green classification means that the framework is aligned with long-term climate goals and that the financing contributes to low-emission solutions and climate adaptation.

To ensure the above criteria are met, relevant sustainability indicators are used. Compliance with the criteria is verified both before and during the investment period. This verification is reviewed by the company's internal audit function.

- **The investment is classified as environmentally sustainable under the EU Taxonomy:**
At least 25% of the investment's activities are classified as environmentally sustainable according to the EU Taxonomy.

Engagement work

Throughout the investment period, active engagement with the fund's investment objects is also conducted. We believe in direct and continuous dialogue between management and the companies in which the fund invests. These discussions cover a wide range of sustainability-related topics, particularly those related to the companies' climate efforts.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

All of the fund's investments must comply with the goal of operating in line with the Paris Agreement's target of limiting global warming to a maximum of 1.5 degrees.

Furthermore, the fund is governed by the fund manager's overall sustainability policy. This means that no investment may contradict the company's list of excluded sectors or violate international conventions. A complete description can be found under the heading "How do the sustainable investments that the financial product is intended to make not cause significant harm to any environmental or social sustainability goals?"

● ***What is the policy to assess good governance practices of the investee companies?***

Corporate governance practices are an evaluation element within the fund manager's sustainability analysis model. Each investment is assessed based on the following criteria:

- Board experience and competence
- Board composition
- Ownership structure
- Compensation structure
- Reporting
- Stakeholder management

The investment's handling of corporate governance issues is then compared to the industry average.



What is the asset allocation planned for this financial product?

All the fund's investments must comply with the fund's sustainable objectives.

The fund also has a cash position, which may not exceed 20% of the fund's total value.

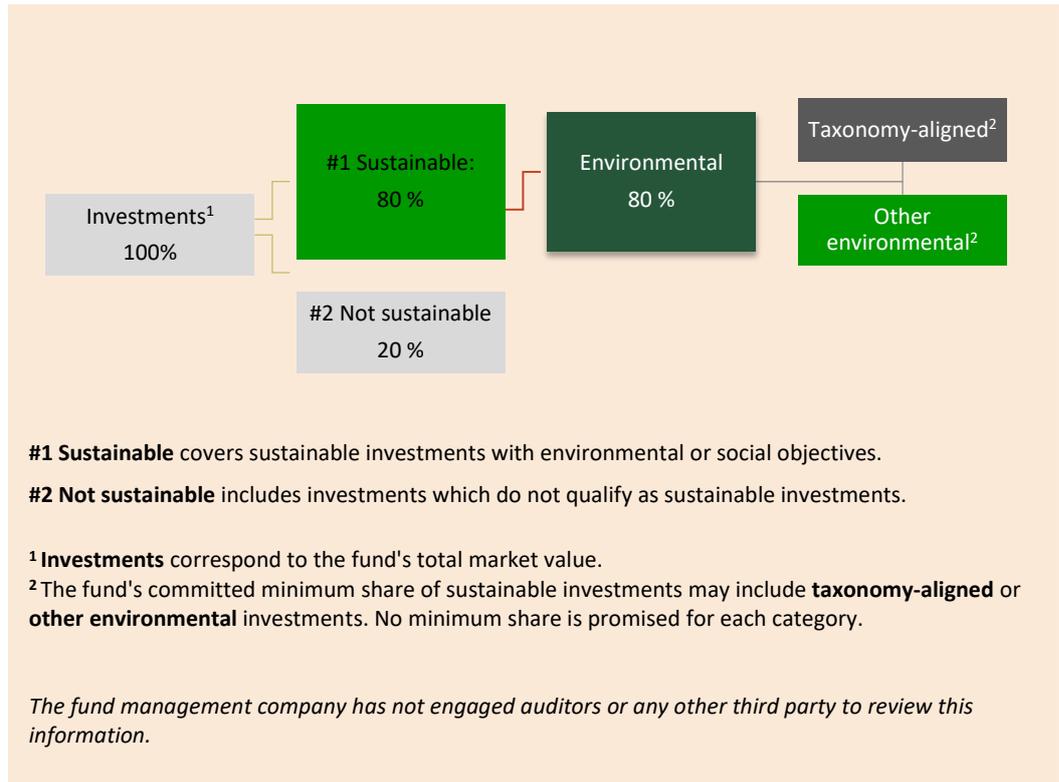
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.

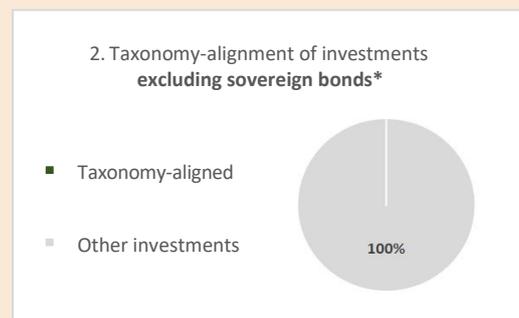
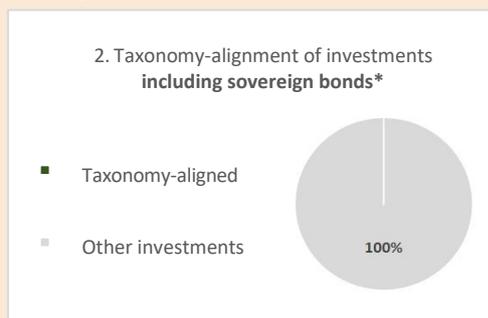
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund is committed to a minimum proportion of sustainable investments in accordance with Article 2(17) of the SFDR. These investments may be taxonomy-aligned, other environmental objectives, or social objectives. The fund does not commit to a minimum proportion within each category, as the allocation may vary over time. The fund does not guarantee a specific minimum proportion of sustainable investments with environmental objectives aligned with the requirements of the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund is committed to a minimum proportion of sustainable investments in accordance with Article 2(17) of the SFDR. These investments may be taxonomy-aligned, other environmental objectives, or social objectives. The fund does not commit to a minimum proportion within each category, as the allocation may vary over time. The fund does not guarantee a specific minimum proportion of sustainable investments with environmental objectives that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The fund has no commitment to make sustainable investments with a social objective as defined in Article 2(17).



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

In the category "No. 2 Not Sustainable," the fund’s cash position and remaining investments that are not considered sustainable investments are included.



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.paretoam.com/sv/hallbarhetsrelaterade-upplysningar

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.