

## ANNEX IV

### 'ANNEX V

**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 practices.

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Template periodic disclosure for the 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**

**Product name:** Pareto SICAV – Pareto ESG Global Corporate Bond

**Legal entity identifier:** 213800ZLUK8TYAC4A289

## Sustainable investment objective

**Did this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the sustainable investments]*

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>No</b>
<input checked="" type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> 66% <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input checked="" type="checkbox"/> It made <b>sustainable investments with a social objective:</b> 28%	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**To what extent was the sustainable investment objective of this financial product met?**



The Sub-Fund's investment objective is to create long-term positive return relative to its risk profile, by making investments aligned with its sustainable investment objectives. The Sub-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 (hereinafter “SDGs”) at its core.

The Sub-Fund’s environmentally sustainable investment objective is to maintain a decarbonization trajectory.

The Sub-Fund’s socially sustainable investment objective is to contribute to a well-functioning society and promote better living standards.

All investments made by the Sub-Fund, excluding investments as referred to in “2 Other”, have contributed to either the environmentally sustainable investment objective or the socially sustainable investment objective.

#### Overall about the Sub-Fund’s investment strategy

The Sub-Fund’s investment strategy has been exercised in accordance with the following frameworks for all investments made by the Sub-Fund:

- The Nordic Swan Ecolabel criteria;
- UN’s Principles for Responsible Investments ;
- The Investment Manager’s guidelines for responsible investments; and
- The Sub-Fund’s investment policy, exclusion policy and engagement policy.

The Sub-Fund applied the following as the main elements in its investment strategy to ensure that all investments met the Sub-Fund’s investment criteria:

- Exclusion criteria;
- ESG integration (inclusion criteria); and
- ESG engagement

An investment is considered sustainable by the Sub-Fund if:

- The activities (products or services) of the investee contribute to one of the Sub-Fund’s sustainable investment objectives;
- The activities (products or services) of the investee do not cause significant harm to any environmental or social sustainable objective; and
- The investees show good governance practices.

#### Exclusions

First, the fund managers exclude all investments not within the Sub-Fund’s investment universe, as such investments do not contribute to the Sub-Fund’s sustainable investment objectives, may cause significant harm to environmental and / or social objectives and such investees’ governance practices do not live up to the required standards.

The exclusion process is executed through screening with exclusion and observation lists developed by using Bloomberg classification industry sectors (“BICS”) applicable to the Sub-Fund’s exclusion criteria. The exclusion lists are updated on a monthly basis.

The following exclusions criteria are applied:

#### *Extracting and refining fossil fuels and uranium*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from exploration, drilling, extraction and/or refining (for fuel) of:

- coal (all sorts of thermal coal, e.g. lignite or anthracite);

- natural gas (conventional and unconventional);
- crude oil (conventional and unconventional); and
- uranium.

In theory, and in accordance with the Nordic Swan Ecolabel criteria companies that fulfil all of the following criteria are exempt and may be included in the Sub-Fund:

- At least 90% of the company's energy sector CapEx in new capacity, on average for the three consecutive years including the last financial year, are in the renewable energy sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.
- The company has no revenue from tar sand, shale oil or shale gas, or other fracking activities and/or mining of oil shale and/or extraction in the Arctic region.

#### *Generating power*

The Sub-Fund may not invest in energy companies which themselves or through entities they control derive 5% or more of their revenue from generating power from:

- coal (all sorts of thermal coal, e.g., lignite or anthracite);
- natural gas (conventional and unconventional);
- crude oil (conventional and unconventional); and
- uranium.

In theory, and in accordance with the Nordic Swan Ecolabel criteria companies that fulfil all of the following criteria are exempt and may be included in the Sub-Fund:

- At least 90% of the company's energy sector CapEx is in new capacity, on average for three consecutive years including the last financial year, are in the renewable energy sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue from power generation OR at least 50% of the company's energy production capacity is based on renewable sources. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.
- The company has no revenue from tar sand, shale oil or shale gas or other fracking activities and/or mining of oil shale and/or extraction in the Arctic region.

The aforementioned sectors generate a significant amount of Greenhouse Gas Emission contributing to accelerate global warming and temperature rising.

#### *High emitting sectors*

Further, the Sub-Fund has identified the following sectors as high emitters of Greenhouse Gases, namely:

- Aviation;
- Aluminum;
- Automobiles;
- Cement;
- Mining;
- Pulp and papers;
- Shipping; and
- Steel.

If holding companies operating in the above-mentioned sectors shall be considered investable by the Sub-Fund, they must pass at least one of the following eligibility criteria:

- At least 30% of the company's economic activity is aligned with the climate change objectives of the EU Taxonomy (climate change mitigation and adaptation);
- At least 75% of the company's CapEx, on average for three consecutive years including the last financial year, 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) with near- and long-term or net-zero emission targets or is aligned with a similar internationally accepted framework for transition; and/or
- The company is one of the best 15% in GHG intensity. To calculate intensity the Sub-Fund shall consistently use either yearly GHG emission/Enterprise value incl. cash or GHG emission/revenue in a global comparison of its sector with reported GHG emissions. GHG emissions shall be calculated with the GHG Protocol Corporate Standard (scopes 1 & 2, and scope 3 for automobiles).

#### *Conventional weapons*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from the production or sale of conventional weapons. This also covers firearms for civilian use but does not include production or sale of weapons or ammunition for hunting and competition.

Any investment in companies that do not derive 5% or more of their revenue from such activities, must nevertheless comply with the Investment Manager's guidelines for responsible investment which prohibits the fund to invest in companies which:

- Produce weapons that in normal use does violate basic humanitarian principles
- Sell weapons or military equipment to states subject to sanctions from the UN Security Council or other international measures directed at a particular country that Norway has supported

#### *Tobacco*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from the production of tobacco and tobacco products.

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from sale/distribution of tobacco and tobacco products.

#### *International norms and conventions*

ILO's fundamental principles: The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of human rights such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour.

UN Global Principles: The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of the ten principles which cover human rights, labour rights, environmental protection, and the fight against corruption.

OECD Guidelines for multinational Enterprises: The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of the government-backed recommendations on responsible business conduct.

#### *Exclusions specifically applied for government bonds*

The Sub-Fund does not invest in government bonds. In case of investment in government bonds, the Sub-Fund may not invest in such bonds issued by countries that are subject to EU Financial sanctions or UN Financial sanctions, or countries that have not ratified the Paris Agreement.

Further, the Sub-Fund may not invest in government bonds issued by countries which achieve a score worse than 40 in the currently valid Transparency International's Corruption Perceptions Index.

*Severe environmental damage*

The Sub-Fund may not invest in companies if there is an unacceptable risk that the company contributes or is responsible for severe environmental damage including emissions of greenhouse gases that affect our climate.

*Gross corruption*

The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of the UN Global Compact's tenth principle on "business should work against corruption in all its forms, including extortion and bribery".

*Produce pornography*

The Sub-Fund may not invest in companies which themselves or through entities they control produce pornography.

*Produce alcohol*

The Sub-Fund may not invest in companies which themselves or through entities they control derive revenue from the production of alcohol.

*Gambling*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from gambling.

*Genetically modified organism*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from modified seeds, crops and genetically modified organisms for agricultural use of human consumption.

The investment contributes to one of the sustainable investment objectives of the Sub-Fund

Issuers still within the Sub-Fund's investment universe after the exclusion screening process has been subject to further analysis by the fund managers to disclose whether the investment contributed to one of the sustainable investment objectives of the Sub-Fund.

An investment is considered to contribute to one of the sustainable investment objectives if:

- The products / services / clearly identifiable strategy and targets of the investee enable or positively impact one of the targeted SDGs; and
- The issuer passes the Sub-Fund's ESG analysis.

As an investment's contribution to the Sub-Fund's sustainable investment objectives is assessed based on, among others, the targeted SDGs for each sustainable investment objective, the fund managers will perform an analysis of the issuer to determine whether the issuer has revenue derived from activities enabling or positively impacting one of the targeted SDGs and / or has a clearly identifiable strategy and targets that enable or positively impact one of the targeted SDGs.

Further, the investment is subject to the Sub-Fund's adapted ESG analysis. The issuer is assigned an ESG rating as either "underperformer", "average", "above average" or "outperformer"

relative to the result of the analysis, including all E, S and G aspects. If an issuer is rated as “underperformer”, the issuer is not eligible for investment.

The ESG analysis’ methodology is developed according to the requirement of the Nordic Swan Ecolabel. An annual review of the Sub-Fund’s analysis is performed, signed, and released by the Chief Compliance Officer. This review is verified by the Nordic Swan Ecolabel.

The ESG analysis is conducted based on information disclosed in several sources. Given the amount of available information, the fund managers prioritize data collection from the following sources:

- Companies’ public disclosures and publicly available reports;
- Sell-side research;
- Third party research;
- Academic studies;
- White papers;
- Climate research centers; and / or
- Non-governmental organisations (NGOs) research.

The first step of the valuation model is to assign the issuer an individual environmental score, social score and governance score based on the following associated factors:

#### *Environmental factors*

The following criteria are considered:

- Demonstrate a clear focus on environmental issues in operations. Considerations: evidence of environmental policies, codes, certifications, or practices promoting environmental consciousness
- Undertake initiatives to promote greater environmental responsibility. Considerations: 1) development of a sustainability strategy or explicit commitment, along with details to prioritize and address environmental issues, and 2) provide environmental adverse impact indicators, set targets, and demonstrate tangible progress
- Promote and widespread adoption of environmentally friendly technologies. Considerations: foster innovation to minimize waste of raw material, enhance energy efficiency and develop use of greener technologies

Ratings:

(+) Environmental: The issuer satisfies all the three criteria and associated considerations.

(0) Environmental: The issuer satisfies at least one out of the three criteria and associated considerations.

(-) Environmental: The issuer does not satisfy any of the above criteria and associated considerations.

#### *Social factors*

The following criteria are considered:

- Implement a comprehensive framework for Human and Labor rights. Considerations: support and respect the protection of internationally proclaimed human and labor rights in direct operations and supply chain
- Cultivate a constructive workplace promoting the health and well-being of employees. Considerations: develop inclusion, diversity, equality, and empowerment principles and practices

Ratings:

(+) Social: The issuer satisfies all the criteria and associated considerations.

(0) Social: The issuer satisfies at least one out of the three criteria and associated considerations.  
(-) Social: The issuer does not satisfy any of the above criteria and associated considerations.

### *Governance*

The following criteria are considered:

- Mitigate ethical misconduct in operations. Considerations: provide policy or guidelines promoting business ethics
- Manage critical corporate governance cornerstones. Considerations: evidence of a well application and monitoring of process
- Promote good corporate governance principles. Considerations: develop practices in line with respective market standards

Ratings:

(+) Governance: The issuer satisfies all the three criteria and associated considerations.

(0) Governance: The issuer satisfies at least one out of the three criteria and associated considerations.

(-) Governance: The issuer does not satisfy any of the above criteria and associated considerations.

Once the issuer is assigned an individual environmental score, social score and governance score, a total score is computed, where the issuer at least has to gain an overall score of average.

### *Engagement*

Each formalized dialogue is integrated, updated and reviewed into the ESG analysis. The outcome of the engagement activities may impact the ESG rating.

The activities (products or services) of the investee do not cause significant harm to any environmental or social sustainable objective and the investee follows good governance practices.

To ensure that all investments made by the Sub-Fund complied with the do no significant harm principle and followed good governance practices, the Sub-Fund applied the following methodologies:

- Exclusions: All investments not within the Sub-Fund's investment universe are excluded, as such investments do not contribute to the Sub-Fund's sustainable investment objectives, may cause significant harm to environmental and / or social objectives and such investees' governance practices do not live up to the required standards.
- ESG analysis: Issuers not filtered out in the exclusion screening but rated as "underperformer" in the ESG analysis are not eligible for investment as 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.
- Principle adverse impacts on sustainability factors: Issuers' principal adverse impacts on sustainability factors are assessed prior to an investment and monitored during the holding period, to the extent such information is available.
- Carbon Footprint: A third party is designated to measure the carbon footprint of each investment within the Sub-Fund's portfolio and aggregated at portfolio level.

Investments aligned with the EU Taxonomy

As described in the Sub-Fund's "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" included in the Prospectus of PARETO SICAV Annex 2, the Sub-Fund did

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

not commit to making sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy. However, the Sub-Fund can allocate to Taxonomy-aligned sustainable investments.

The Investment Manager has used a best effort approach to integrate a consideration of environmentally sustainable economic activities (as prescribed by the EU Taxonomy) into the investment process for the Sub-Fund. In those circumstances, and based on data on EU Taxonomy alignment obtained, 3.84% of the Sub-Fund’s investments were aligned with the EU Taxonomy in 2024. The Investment Manager has obtained the Taxonomy data from both third parties and directly from investee companies.

A breakdown of the proportion of the investments per each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which those investments contributed has not been disclosed. Any elements reported by companies are calculated in alignment with both climate mitigation and climate change adaptation. The investments aligned with the EU Taxonomy have not been subject to an assurance provided by an auditor or a review by a third party.

● **How did the sustainability indicators perform?**

The Sub-Fund has applied the following sustainability indicators to measure the attainment of the environmentally sustainable investment objective:

Percentage of NAV in investments aligned with the SDGs	
SDG	Percentage
SDG 7	62.22%
SDG 8	26.52%
SDG 9	14.83%
SDG 10	26.39%
SDG 11	14.83%
SDG 12	14.83%
SDG 13	65.35%
SDG 14	50.53%
SDG 15	50.53%
Other indicators	
Indicator	Percentage
Percentage of NAV climate action plan	88.65%
Percentage of NAV approved SBTs	35.33%
Percentage of NAV committed to SBTs	19.38%
Percentage of NAV Green Bonds	9.30%
Percentage of NAV Sustainability-linked bonds	15.95%
Carbon Footprint assessment executed by a designated third party: The carbon footprint assessment is available in the Sub-Fund’s Sustainability Report 2024.	



The Sub- Fund has applied the following sustainability indicators to measure the attainment of the socially sustainable investment objective:

Percentage of NAV in investments aligned with the SDGs	
SDG	Percentage
SDG 1	11.69%
SDG 2	11.69%
SDG 3	28.11%
SDG 4	26.39%
SDG 5	26.39%
SDG 6	11.69%
SDG 8	26.52%
SDG 16	11.69%
SDG 17	5.98%

The sustainability indicators have been subject to internal review by the Investment Manager's ESG team. However, the sustainability indicators were not subject to an assurance provided by an auditor or a review by a third party.

### ● *...and compared to previous periods?*

The sustainability indicators used to measure the attainment of the environmentally sustainable investment objective performed as follow in 2022:

Percentage of NAV in investments aligned with the SDGs	
SDG	Percentage
SDG 7	57%
SDG 8	22%
SDG 9	17%
SDG 11	17%
SDG 12	17%
SDG 13	69%
SDG 14	52%
SDG 15	52%
Other indicators	

Indicator	Percentage
Percentage of NAV climate action plan	75%
Percentage of NAV approved SBTs	28%
Percentage of NAV committed to SBTs	22%
Percentage of NAV Green Bonds and Sustainability-linked bonds	26%
Carbon Footprint assessment executed by a designated third party: The carbon footprint assessment is available in the Sub-Fund's Sustainability Report 2022.	

The sustainability indicators used to measure the attainment of the socially sustainable investment objective performed as follow in 2022:

Percentage of NAV in investments aligned with the SDGs	
SDG	Percentage
SDG 1	7%
SDG 2	5%
SDG 3	25%
SDG 4	18%
SDG 5	18%
SDG 6	5%
SDG 8	22%
SDG 10	18%
SDG 16	5%
SDG 17	5%

The sustainability indicators used to measure the attainment of the environmentally sustainable investment objective performed as follow in 2023:

Percentage of NAV in investments aligned with the SDGs	
SDG	Percentage
SDG 7	56.29%
SDG 8	15.14%
SDG 9	15.14%
SDG 10	22.45%

SDG 11	15.14%
SDG 12	15.14%
SDG 13	65.48%
SDG 14	50.34%
SDG 15	50.34%
<b>Other indicators</b>	
<b>Indicator</b>	<b>Percentage</b>
Percentage of NAV climate action plan	86.61%
Percentage of NAV approved SBTs	29.92%
Percentage of NAV committed to SBTs	21.43%
Percentage of NAV Green Bonds	18.45%
Percentage of NAV Sustainability-linked bonds	12.83%
Carbon Footprint assessment executed by a designated third party: The carbon footprint assessment is available in the Sub-Fund's Sustainability Report 2023.	

The sustainability indicators used to measure the attainment of the socially sustainable investment objective performed as follow in 2023:

<b>Percentage of NAV in investments aligned with the SDGs</b>	
<b>SDG</b>	<b>Percentage</b>
SDG 1	5.95%
SDG 2	5.95%
SDG 3	22.45%
SDG 4	26.61%
SDG 5	22.45%
SDG 6	5.95%
SDG 8	5.95%
SDG 16	5.95%
SDG 17	5.95%

*How did the sustainable investments not cause significant harm to any sustainable investment objective?*

**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.

As part of the investment strategy, the fund managers have applied the following measures to ensure that the sustainable investments did not cause significant harm to any environmental or social investment objective:

- Exclusions: All investments not within the Sub-Fund’s investment universe has been excluded, as such investments do not contribute to the Sub-Fund’s sustainable investment objectives, may cause significant harm to environmental and / or social objectives and such investees’ governance practices do not live up to the required standards.
- ESG analysis: Issuers not filtered out in the exclusion screening but rated as “underperformer” in the ESG analysis has been considered not eligible for investment as the risk of the issuer causing significant harm to any environmental or social objectives is unacceptable and / or the investee’s governance practices do not live up to the required standards.
- Principal adverse impact on sustainability factors; Issuers’ principal adverse impacts on sustainability factors has been assessed prior to investments and monitored during the holding period to the extent such information has been available.
- Carbon footprint assessment: A designated third party has measured the carbon footprint of each investment within the Sub-Fund’s portfolio and aggregated at portfolio level.

— — — *How were the indicators for adverse impacts on sustainability factors taken into account?*

The PAIs are integrated into the overall sustainability assessment, using a combination of quantitative and qualitative analysis whenever applicable data is available. The integration of the PAIs influences the overall rating of the company. Depending on the outcome, different remediation actions such as targeted engagement dialogue / divestment may be undertaken.

— — — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

As the Sub-Fund may not invest in a company if there is an unacceptable risk or systematic violations of the UN Global Principles and / or the OECD Guidelines for multinational Enterprises the fund managers have applied a precautionary approach to ensure that all investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles.



**How did this financial product consider principal adverse impacts on sustainability factors?**

The fund managers’ methodology aims to continuously evaluate the principal adverse impacts on environmental, social and governance issues related to the issuers’ operation activities, where such information has been available. The PAIs are integrated into the overall sustainability assessment, using a combination of quantitative and qualitative analysis whenever applicable data is available. The integration of the PAIs influences the overall rating of the company. Depending on the outcome, different remediation actions such as targeted engagement dialogue / divestment may be undertaken.

The principal adverse impact indicators performed as follow in 2024 (aggregated figures based on the end of each quarter). The units used for each indicator are the ones presented in the European ESG Template.

PAI	Value expressed in	Value	Coverage
GHG Emissions Scope 1	Metric tonnes	12,020.60	71%
GHG Emissions Scope 2	Metric tonnes	3,067.35	71%
GHG Emissions Scope 3	Metric tonnes	54,541.22	75%
GHG Emissions Total Scope12	Metric tonnes	15,060.28	71%
GHG Emissions Total Scope123	Metric tonnes	69,200.17	71%
Carbon Footprint Scope12	Metric tonnes of carbon dioxide equivalents per million euro or dollar invested or loaned	55.79	71%
Carbon Footprint Scope123	Metric tonnes of carbon dioxide equivalents per million euro or dollar invested or loaned	254.89	68%
GHG Intensity Of Investee Companies Scope12	Metric tonnes per EUR million	83.58	78%
GHG Intensity Of Investee Companies Scope123	Metric tonnes per EUR million	496.00	68%
Exposure To Companies Active In The Fossil Fuel Sector	Share (expressed as percentage/100) of investments in companies active in the fossil fuel sector	0.04	73%
Share Energy Consumption From Non-Renewable Sources	Share non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy	0.23	61%

	sources, expressed as percentage/100 of total energy sources		
Share Energy Production From Non-Renewable Sources	Share non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as percentage/100 of total energy sources	0.18	61%
Activities Negatively Affecting Biodiversity-sensitive Areas	Share (percentage/100) of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.15	73%
Water Emissions	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	25.45	23%
Hazardous Waste Ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	576.79	32%
Share Of Companies Involved In Violation Of UN Global Compact Principles And OECD Guidelines For Multinational Enterprises	Share (percentage/100) of investments in companies that have been involved in violation of the UNGC principles or OECD Guidelines for	0.00	31%

	Multinational Enterprises		
Share Of Companies Without Policies To Monitor Compliance With UNGCP And OECD Guidelines For Multinational Enterprises	Share (percentage/100) of investments in companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.30	30%
Energy Consumption per high impact climate sector	GWh per million EUR of revenue of investee companies	SECTION A — AGRICULTURE, FORESTRY AND FISHING: 0.00	SECTION A — AGRICULTURE, FORESTRY AND FISHING: 0.00
		SECTION B — MINING AND QUARRYING: 0.00	SECTION B — MINING AND QUARRYING: 0.00
		SECTION C — MANUFACTURING: 934.98	SECTION C — MANUFACTURING: 31%
		SECTION D — ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY: 41.20	SECTION D — ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY: 6%
		SECTION E — WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES: 10.52	SECTION E — WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES: 2%
		SECTION F — CONSTRUCTION: 0.02	SECTION F — CONSTRUCTION: 1%
		SECTION G — WHOLESALE AND	SECTION G — WHOLESALE AND

		RETAIL TRADE; REPAIR OF  MOTOR VEHICLES AND MOTORCYCLES: 0.00	RETAIL TRADE; REPAIR OF  MOTOR VEHICLES AND MOTORCYCLES: 0.00
		SECTION H — TRANSPORTATION AND STORAGE: 4.84	SECTION H — TRANSPORTATION AND STORAGE: 3%
		SECTION L — REAL ESTATE ACTIVITIES: 5.84	SECTION L — REAL ESTATE ACTIVITIES: 3%
Unadjusted Gender Pay Gap	Average unadjusted gender pay gap of investee companies	10.33	12%
Board Gender Diversity	Average ratio of female to male board members in investee companies, expressed as percentage/100 of all board members	14.14	73%
Share Of Investments Involved In Controversial Weapons	Share (percentage/100) of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00	100%
Exposure To Companies Without Human Rights Policy	Share (percentage/100) of investments in entities without a human right policy	0.30	82%
Share Of Securities Not Issued under Union Legislation On Environmentally Sustainable Bonds	Share (percentage/100) securities not issued under Union legislation on environmentally sustainable bonds	0.77	94%





## What were the top investments of this financial product?

The figures are presented as averages calculated based on monthly observations.

Targets investments	Sector	% Assets	Country
UPM-Kymmene Corp 7.45% Reg S Sen 97/26.11.27	Materials	2.62%	FI
Seche Environnement SA 2.25% 21/15.11.28	Industrials	2.07%	FR
Banco Bilbao Vizcaya Argent SA VAR 20/15.10.Perpetual	Financials	1.97%	ES
Wesco Dist Inc 7.25% 144A 20/15.06.28	Industrials	1.86%	US
Praemia Healthcare 5.5% 23/19.09.28	Financials	1.79%	FR
Pattern Energy Gr Inc 4.5% Ser 144A Sen 20/15.08.28	Utilities	1.77%	US
DaVita Inc 4.625% 144A 20/01.06.30	Health Care	1.76%	US
Centene Escrow I Corporation 4.25% Ser B 20/15.12.27	Health Care	1.56%	US
Organon & Co 4.125% 144A 21/30.04.28	Health Care	1.55%	US
Pentair Finance SA 5.9% 22/15.07.32	Industrials	1.54%	US
Tdc Net A/S 5.056% EMTN 22/31.05.28	Communications	1.51%	DK
Chrome Bidco SAS 3.5% 21/31.05.28	Health Care	1.48%	FR
Ephios Subco 3 S.a r.l. 7.875% 23/31.01.31	Health Care	1.41%	LU
IQVIA Inc 5.7% Ser B 24/15.05.28	Health Care	1.37%	US
Iron Mountain Inc 7% 23/15.02.29	Financials	1.34 %	US

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2024



## What was the proportion of sustainability-related investments?

In 2024, 94% of the portfolio holdings (aggregated figures based on the end of each quarter) were classified as sustainable investments. Reference is made to the asset allocation breakdown below.

### ● What was the asset allocation?

	<b>#1 Sustainable</b> covers sustainable investments with environmental or social objectives.
	<b>#2 Not sustainable</b> includes investments which do not qualify as sustainable investments.

Allocations	FY 2022	FY 2023	FY 2024
#1 Sustainable	94.8%	92.41%	94%
#2 Not sustainable	5.2%	7.59%	6%
Environmental	69.5%	65.48%	66%
Social	25.3%	26.93%	28%
Taxonomy aligned	0%	3.78%	3.84%
Other	69.5%	61.70%	62.16%

### ● In which economic sectors were the investments made?

Sectors and Sub-sectors are calculated as an average for 2024 based on monthly data.

Sectors	Proportion
Materials	17.66%
Industrials	17.13%
Financials	15.36%

**Asset allocation**  
describes the share  
of investments in  
specific assets.

Consumer Discretionary	13.40%
Health Care	13.03%
Utilities	8.00%
Communications	6.97%
Consumer Staples	4.75%
Technology	3.33%
Energy	0.38%
<b>Sub-sectors</b>	<b>Proportion</b>
Containers & Packaging	8.07%
Health Care Facilities & Services	7.37%
Industrial Other	6.82%
Power Generation	5.77%
Real Estate	5.68%
Auto Parts Manufacturing	5.64%
Forest & Paper Products Manufacturing	4.24%
Wireline Telecommunications Services	4.21%
Banks	4.06%
Consumer Services	3.95%
Waste & Environment Services & Equipment	3.88%
Electrical Equipment Manufacturing	3.74%
Pharmaceuticals	3.47%
Financial Services	3.35%
Chemicals	3.09%
Travel & Lodging	2.66%
Construction Materials Manufacturing	2.26%
Utilities	2.23%
Wireless Telecommunications Services	2.05%
Machinery Manufacturing	1.91%
Food & Beverage	1.87%
Consumer Products	1.58%

Managed Care	1.56%
Software & Services	1.39%
Supermarkets & Pharmacies	1.30%
Property & Casualty Insurance	1.22%
Diversified Banks	1.05%
Communications Equipment	0.99%
Hardware	0.95%
Transportation & Logistics	0.78%
Home Improvement	0.64%
Biotechnology	0.63%
Publishing & Broadcasting	0.62%
Leisure Products Manufacturing	0.52%
Renewable Energy	0.38%
Cable & Satellite	0.09%

In the PAIs statement of the Sub-Fund during the financial year of 2024 two companies have been flagged as exposed to fossil fuel with the meaning of Article 2, point (62), of Regulation (EU) 2018/1999. UPM-kymmene is flagged due to its biofuel production, which is grouped with fossil fuel activities in the classification system of the third-party data provider. UPM's biofuel production is based on sustainable feedstocks (e.g., forest residues). According to averages calculated based on monthly data, UPM-kymmene represented 2.62% of the Sub-Fund's portfolio in the financial year of 2024. The company is in line with the Sub-Fund's exclusion policy. Further, Ørsted is flagged for natural gas distribution which represent around 6% of the the total turnover. In its annual report for the financial year of 2024, Ørsted reported Taxonomy aligned revenue =91% , CAPEX= 99%, OPEX= 86%. According to averages calculated based on monthly data, Ørsted represented 1.68% of the Sub-Fund's portfolio in the financial year of 2024. The company is in line with the Sub-Fund's exclusion policy.



### To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

As described in the Sub-Fund's "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" included in the Prospectus of PARETO SICAV Annex 2, the Sub-Fund did not commit to making sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy. However, the Sub-Fund can allocate to Taxonomy-aligned sustainable investments.

The Investment Manager has used a best effort approach to integrate a consideration of environmentally sustainable economic activities (as prescribed by the EU Taxonomy) into the investment process for the Sub-Fund. In those circumstances, and based on data on EU Taxonomy alignment obtained, 3.84% of the Sub-Fund's investments were aligned with the EU Taxonomy as

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

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

of 31 December 2024. The Investment Manager has obtained the Taxonomy data from both third parties and directly from investee companies.

A breakdown of the proportion of the investments per each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which those investments contributed has not been disclosed. Any elements reported by companies are calculated in alignment with both climate mitigation and climate change adaptation. The investments aligned with the EU Taxonomy have not been subject to an assurance provided by an auditor or a review by a third party.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No

As described in the Sub-Fund's "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" included in the Prospectus of PARETO SICAV Annex 2, the Sub-Fund did not commit to making sustainable investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy. However, the Sub-Fund can allocate to Taxonomy-aligned sustainable investments.


***The graphs below show in green the percentage of investments that were 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.***

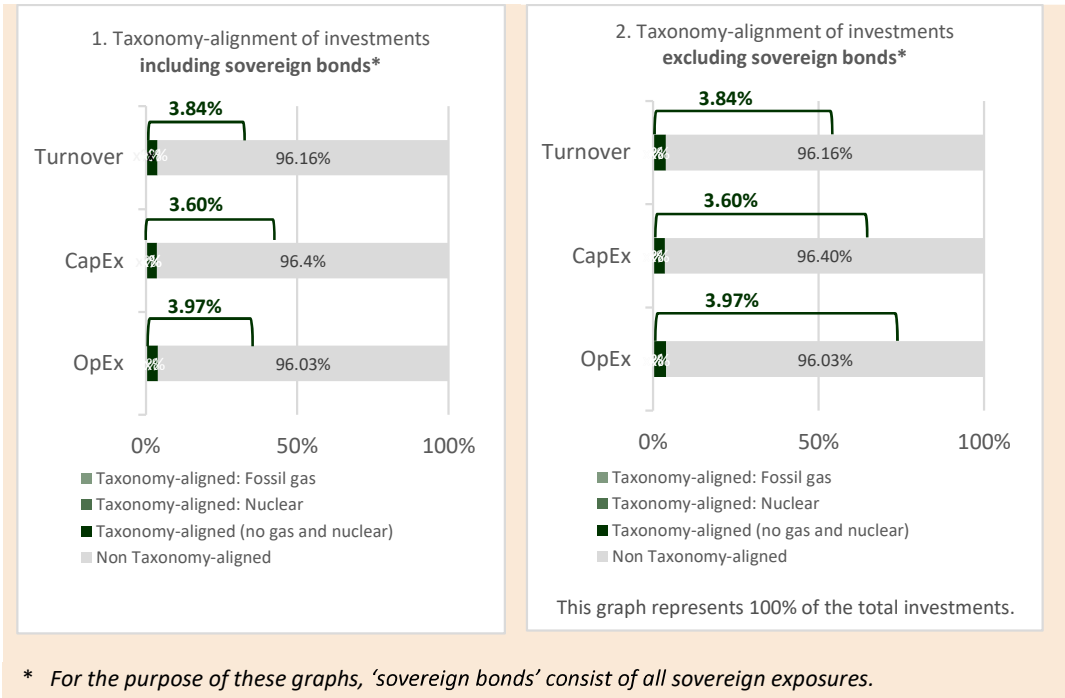
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<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

-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.

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



● **What was the share of investments made in transitional and enabling activities?**

0%. As described in the Sub-Fund’s “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” included in the Prospectus of PARETO SICAV Annex 2, the Sub-Fund did not commit to making sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy. However, the Sub-Fund can allocate to Taxonomy-aligned sustainable investments. The Sub-Fund had no investments in transitional and enabling activities during the reference period.

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

As described in the Sub-Fund’s “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” included in the Prospectus of PARETO SICAV Annex 2, the Sub-Fund did not commit to making sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy. However, the Sub-Fund can allocate to Taxonomy-aligned sustainable investments. For the financial year of 2023, 3.78% of the Sub-Fund’s investments were aligned with the EU Taxonomy. For the financial year of 2022, 0% of the Sub-Fund’s investments were determined as aligned with the EU Taxonomy.



**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

**62.16%** of the total net assets of the Sub-Fund. Such investments are made with an environmental objective that is not aligned with the EU Taxonomy. The investments contribute to another environmental objective in accordance with the Sub-Fund's environmentally sustainable investment objective.

These investments offer products / services and / or has a clearly identifiable strategy and targets that contribute to maintaining a decarbonisation trajectory through enabling or positively impacting targeted SDGs.

As described in the Sub-Fund's "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" included in the Prospectus of PARETO SICAV Annex 2, the Sub-Fund did not commit to making sustainable investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy. However, the Sub-Fund can allocate to Taxonomy-aligned sustainable investments.



### **What was the share of socially sustainable investments?**

**28%** of the total net assets of the Sub-Fund.



### **What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?**

The investments included under "not sustainable" are the use of cash and derivatives. Cash has been held as ancillary liquidity / risk balancing purposes. The Sub-Fund's use of derivatives has been executed in accordance with the purposes as described in the "Investment Objective and Policy" section in the Prospectus of PARETO SICAV Annex 2.

As a licensee of the Nordic Swan Ecolabel, the Sub-Fund's investments in derivatives must comply with the label's investment criteria applicable to such instruments.



### **What actions have been taken to attain the sustainable investment objective during the reference period?**

Overall, the investment strategy of the Sub-Fund has been executed in accordance with:

- The Nordic Swan Ecolabel criteria;
- UN's Principles for Responsible Investments [Principle 1, Principle 2 and Principle 3];
- The Investment Manager's guidelines for responsible investments; and
- The Sub-Fund's investment policy, exclusion policy and engagement policy.

The Sub-Fund has applied several binding elements in its investment strategy to attain the sustainable investment objectives of the Sub-Fund during the reference period.

The investment had to contribute to one of the Sub-Fund's sustainable investment objectives: 1) to maintain a decarbonization trajectory, or 2) contribute to a well-functioning society and promote better living standards. Each investment had to enable or positively impact one of the SDGs targeted by each sustainable investment objective and pass the ESG analysis by achieving a rating exceeding "underperformer".

The investment could not cause significant harm to any environmental or social sustainable investment objective: The investment had to comply with the Sub-Fund's applied exclusion criteria,

pass the Sub-Fund's ESG analysis by achieving a rating exceeding "underperformer" and the principal adverse impacts had to be acceptable opposite the sustainable investment objectives of the Sub-Fund.

The investee had to follow good governance practices: The investment had to comply with the Sub-Fund's applied exclusion criteria and pass the Sub-Fund's ESG analysis by achieving a rating exceeding "underperformer".

Newsflow analysis: The newsflow analysis has been a binding element applied to monitor the Sub-Fund's investments during their holding period. "Newsflow" includes all new information about an issuer disclosed by the issuer or through public sources. The disclosures provided through the newsflow have enabled the Sub-Fund to continuously assess whether the investment complies with the Sub-Fund's investment criteria.

Engagement: The fund managers have engaged with the issuers which the Sub-Fund is invested in according to procedures as described in the Sub-Fund's Engagement Policy. Information about active management and engagement dialogues conducted during the financial year of 2024 is publicly available in Sub-Fund's Sustainability Report 2024: [https://paretoam.com/globalassets/svanen/sustainability-report\\_pegcb.pdf](https://paretoam.com/globalassets/svanen/sustainability-report_pegcb.pdf)

Carbon footprint assessment: A third party has been designated to measure the carbon footprint of each investment within the Sub-fund's portfolio an aggregated at portfolio level.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.



### **How did this financial product perform compared to the reference sustainable benchmark?**

The Sub-Fund did not designate a specific index as a reference benchmark to meet the sustainable investment objective as no eligible or appropriate benchmark with similar investment universe is available at the time of "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".

- ***How did the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

N/A