

# SFDR FUND STATEMENT

Pareto Likviditet  
2025



# Fund Statement

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## Summary

This document provides sustainability-related disclosures according to the Sustainable Finance Disclosure Regulation Article 10 regarding Pareto Asset Management's fixed income product branded as Pareto Likviditet. The Fund is categorised as an Article 8 fund.

Overall, the Fund is subject to the requirements made at company level through Pareto Asset Management's guidelines for responsible investments. Furthermore, Pareto Asset Management has signed the UN Principles for Responsible Investment (PRI). These guidelines are based on UN PRI, the UN Global Compact, the guidelines for the Norwegian Government Pension Fund Global, the Principles for the exercise of ownership rights in investment companies from the Norwegian Fund and Asset Management association, as well as internationally recognised principles and conventions. At fund level, Pareto Likviditet builds on these guidelines.

Pareto Likviditet promotes environmental and social characteristics by investing in companies that align with Pareto Asset Management's guidelines for responsible investments. The fund managers believe that responsible investments are important for achieving the best possible risk-adjusted return for the investors. Responsible actions and sound corporate governance give companies competitive advantages and contribute to long-term value creation.

### No sustainable investment objective

This financial product promotes environmental and/or social characteristics but does not have as its objective a sustainable investment.

### Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics by making responsible investments according to Pareto Asset Management's guidelines for responsible investments. When making such investments, the Fund promotes environmental and social standards by:

- Exclusions: excluding investments contributing to violation of human rights, labor rights, corruption, environmental damage and other unethical actions according to the Norwegian Government Pension Fund Global's exclusion list and Pareto Asset Management's guidelines for responsible investments' exclusion list.
- Corporate governance safeguards: see to that companies have features as described in Pareto Asset Management's guidelines for responsible investments.
- International principles: complying with UN's Principles for Responsible Investments.

### Investment strategy

The Fund's investment strategy must be exercised in accordance with the following frameworks for all investments made by the Fund:

- UN's Principles for Responsible Investments; and
- Pareto Asset Management's guidelines for responsible investments

Overall, as Pareto Asset Management AS is a signatory of the UN's Principles for Responsible Investments, the fund managers are committed to comply with the principles provided for the Fund's investment strategy. The Fund applies the following binding elements in its investment strategy to select investments to attain the environmental and social characteristics promoted by the Fund, as described in the previous section.

- The investment has to comply with the Fund's applied exclusion criteria;
- The investment has to demonstrate satisfying elements on the Fund's corporate governance safeguards; and
- The investment's principal adverse impacts on sustainability factors have to be aligned with Pareto Asset Management's guidelines for responsible investments, where such information is available.

The following elements are included in the standard checklist/policy to assess good governance practice of

the Fund's investee companies:

- 1) board composition;
- 2) transparency; and
- 3) accountability and incentives.

### Proportion of investments

All of the Fund's investments in bonds will be aligned with the environmental and social characteristics promoted by the Fund, which is equivalent to 80% of the total net assets of the Fund.

The remaining share of the Fund is not considered to be aligned with the environmental and social characteristics promoted by the Fund and includes cash and derivatives. Cash may be held as ancillary liquidity or for risk balancing purposes. The Fund may use derivatives for the purposes described in the "Objective and Investment strategy" section in the Fund's prospectus.

Where it is in the best interests of the investors and in response to market conditions, the Fund may temporarily deviate from the 80% threshold.

### Monitoring of environmental or social characteristics

Pareto Asset Management maintains an exclusion and observation list that is cross-checked against the Norwegian Government Pension fund exclusion list. The Head of Risk receives news from NBIM via email alerts. If a new company were to be excluded, the risk management would be notified immediately.

Pareto Asset Management has established an ethics committee entrusted with the responsibility to ensure that the company's guidelines for responsible investments are up to date and appropriate, as well as assess and decide exclusion of companies in accordance with the guidelines. Twice a year, the Ethics Committee prepares a report on Pareto Asset Management's guidelines for responsible investments and the practice of these. The report reviews specific topics the company has worked with as well as relevant company assessments and dilemmas. Such reports are made publicly available at: <https://paretoam.com/en/investments/fund-documents>

### Methodologies

The Fund applies principal adverse impact indicators as sustainability indicators. The Fund uses the 14 mandatory principle adverse impact indicators, where such information is available, namely:

- GHG emissions;
- Carbon footprint;

- GHG intensity of investee companies;
- Exposure to companies in the fossil fuel sector;
- Share of non-renewable energy consumption and production;
- Energy consumption intensity per high impact climate sector;
- Activities negatively affecting biodiversity-sensitive areas;
- Emissions to water;
- Hazardous waste and radioactive waste ratio;
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises;
- Unadjusted gender pay gap;
- Board gender diversity; and
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

In addition, the Fund has selected 2 additional principle adverse impact indicators, namely:

- Investment in companies without carbon emission reduction initiatives; and
- Insufficient whistle-blower protection.

#### Data sources and processing

Data sources used to attain the environmental and social characteristics of this product rely on publicly available information, such as annual and interim reports, investor presentations, or other relevant sources of information such as e.g., management discussions. The portfolio managers seek to verify all information used in the investment selection process by using multiple sources where such information is available.

Further, Pareto Asset Management has designated third-party to provide certain sustainability-related data, including the principal adverse impacts indicators on sustainability factors.

#### Limitations to methodologies and data

The availability and quality of data differs from case to case. In the event of limited publicly available information with respect to a potential new investment, the portfolio managers may ask the company to provide additional information before they make a final investment decision.

The requirements for additional information will often be determined by the risk associated with the issuers business activities, where it operates and complexity of the legal corporate structure etc. In all cases, the fund managers must make sure that the investments are compliant with Pareto Asset Management's guidelines for responsible investments, including the exclusion criteria.

#### Due diligence

The fund management shall strive for a high level of diligence in the selection and on-going monitoring of investments. Consequently, the portfolio managers seek to verify all information used in the investment selection process by using multiple sources where such information is available. In the selection process the portfolio managers shall assess whether the investment is within Pareto Asset Management's guidelines for responsible investments.

#### Engagement policies

The Fund is a fixed income fund. Bonds do not have affiliated voting rights and the fund managers' power of influence in terms of active ownership is consequently limited. However, the Fund applies a reactive engagement approach when there is a specific reason to believe that a company violates the Fund's investment criteria. In such cases, the fund managers will consider addressing the issue with the company's management and encouraging the company to correct the circumstances. If the necessary change is not implemented, the fund managers will normally sell all positions in the company.

#### Designated reference benchmark

No specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

#### Guidelines for responsible investments

For more information on our guidelines for responsible investments, please refer to our guidelines:

<https://paretoam.com/uploads/RI-reports/Guidelines-for-responsible-investments.pdf>

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