

Corporate Governance

Pareto Securities AB

Corporate Governance

- ▶ Pareto Securities AB (Pareto Sweden) is part of Pareto Securities group of companies (Pareto Securities Group), which is formed by Pareto Securities AS and its subsidiary companies.
- ▶ Pareto Sweden is under the supervision of the Financial Supervisory Authority of Sweden (SFSA), Finansinspektionen. Pareto Sweden's parent company Pareto Securities AS is an investment firm under the supervision of the Financial Supervisory Authority of Norway.
- ▶ Pareto Sweden is a Swedish limited liability company, which observes the laws concerning investment services, the Companies Act, the regulations set by the SFSA and other rules regarding the lines of business. In addition, the company complies in its operations with Pareto Securities Group's internal policies. Furthermore the company has its own guidelines concerning specifically the Swedish environment.
- ▶ Pareto Securities AB operates branch operations in Norway through the parent company Pareto Securities AS.

Board of Directors - Pareto Securities AB

- ▶ The board of Pareto Securities AB (Pareto) consists of 4 board members. The general meeting shall appoint the members of the directors of the board for a term of one year. The SFSA shall confirm that the management is fit and proper regarding the account given by the company.
- ▶ The board of directors is annually participating in training sessions for improvements and updates.
- ▶ The board assembles according to a previously agreed schedule at least 4 times a year and summons additional meeting when necessary.
- ▶ The Audit committee consists of the board members of Pareto. Since Pareto does not fall within the definition of a firm with a considerable size, internal organization and complexity the audit committee consists of the board members. The audit committee meetings are held separately from the board meetings.

<p>Christian Galtung, born 1962</p>	<p>Mats Carlsson, born 1966</p>
 <ul style="list-style-type: none"> ▶ Master of Laws (LL.M.) Oslo/Cambridge ▶ Chairman of the Board of Directors ▶ Lawyer, Partner Kluge Law Firm 	 <ul style="list-style-type: none"> ▶ Upper Secondary Education (Econ.) ▶ Member of the Board of Directors ▶ Chief Executive Officer, Pareto Securities AB
<p>Christian Jomaas, born 1968</p>	<p>Atle Moen, born 1970</p>
 <ul style="list-style-type: none"> ▶ M.Sc. (Econ.), NHH ▶ Member of the Board of Directors ▶ Chief Executive Officer, Pareto Securities AS 	 <ul style="list-style-type: none"> ▶ M.Sc. (Econ.), Bergen ▶ Member of the Board of Directors ▶ Chief Financial Officer, Pareto Securities AS

Chief Executive Officer and management

- ▶ Pareto Sweden's operational activities are lead by the Chief Executive Officer (CEO). The board of directors shall appoint the CEO. The CEO's remuneration is determined by the board of directors.
- ▶ During 2007 -2010 and from September 2011 Mats Carlsson has the function as CEO.
- ▶ The CEO's function is to take care of the company's administration according to the instructions and regulations set by the board of directors, the applicable laws and regulations, the articles of association as well as the working order. The CEO shall take care of the administration in a professional and prudent manner.

Management and Corporate governance

- ▶ The board of Pareto has the ultimate responsibility for the company's internal governance and control. The board is also ultimately responsible for making sure that the risk management system is efficient and adequate enough for Pareto Securities.

- ▶ The board is responsible of establishing a work description that states the different areas of work for the board and how it has been divided between the different members of the board.

- ▶ Among the responsibilities relating to internal governance and control the board is in charge of:
 - Establish and decide on internal regulation and guidelines relating to the different areas of their work description.
 - On a regular basis review and update the internal guidelines and instructions of Pareto.
 - On a regular basis assess and review the efficiency in the routines, measures and actions that Pareto has taken to comply with relevant regulation.
 - On a regular basis follow up and control the efficiency and the suitability in Pareto's risk management system.
 - Regularly follow up and evaluate the efficiency in the corporate governance system as a whole.

Internal Control and Risk Management

- ▶ Internal control consists of financial and other control. Internal control aims to ensure e.g. the financial or management reporting reliability and correctness, an adequate management of risks related to operations, observing external regulations and internal procedures as well as following appropriate manners in customer relationships and adequate and appropriately arranged manual and IT systems which support the operations. Internal control is carried out by the entire personnel. Pareto Sweden's internal control system includes management reporting, business activities' authorizations and limits, distribution of tasks inside business activities as well as principles regarding the control systems.
- ▶ **Risk Management**
 - The risk control function is independent of all business activities; Pareto Sweden has outsourced the risk management to Pareto Securities AS. It reports to the CEO and to the board of directors of Pareto Sweden.
 - Risk management is a permanent component of the management process of Pareto Sweden's business activities. The function of risk management is to ensure, that the risks under the company's control do not threaten its ability to reach strategic or financial targets nor threaten the continuity of its business operations.
- ▶ **Compliance**
 - The function of an independent compliance is to control the observation of the operations' conformity to law and to internal and external regulations. Pareto Sweden's compliance officers are supported by Pareto Securities Group Compliance.

Internal Audit

- ▶ Internal audit supports the board of directors in controlling Pareto Sweden's operations by auditing the business and support activities. The internal audit assesses the performance, efficiency, adequacy of internal control, internal capital adequacy assessment process, standard of risk management and the observance of laws, authorities' regulations and internal instructions in operations.
- ▶ The internal audit shall annually draft an audit plan, which Pareto Sweden's board of directors approves. The internal audit operates directly as a subordinate of Pareto Sweden's board of directors and reports the findings of its audits to the board of directors, external auditors and, if necessary, to the CEO.
- ▶ Pareto Sweden has outsourced internal audit to PWC AS.

Auditors

- ▶ Pareto Sweden's auditor is Deloitte AB, the principally responsible auditor being Malin Lüning.
- ▶ The auditor provides a statutory audit report for the company's shareholders as part of the company's annual financial statements. The purpose of an audit is to ensure that the company's financial statements provide a true and fair view of the company's financial position and performance for each reporting period.

Remuneration

- ▶ In its remuneration, Pareto Sweden complies with provisions based on EU and national laws and guidelines issued by the SFSA and other regulators. Remuneration policies governing Pareto Securities Group's employees and management are based on laws, provisions and recommendations applicable to the financial sector and on good corporate governance.
- ▶ Pareto Sweden is committed to ensuring that its remuneration practices enable the company to:
 - Appropriately compensate employees for the services they provide to the company and Pareto Securities Group;
 - Attract and retain employees with skills required to effectively manage the operations and growth of the business;
 - Motivate employees to perform in the best interests of the company and its shareholders; and
 - Provide an appropriate level of transparency and low risk tolerance