



Portfolio Carbon Footprint

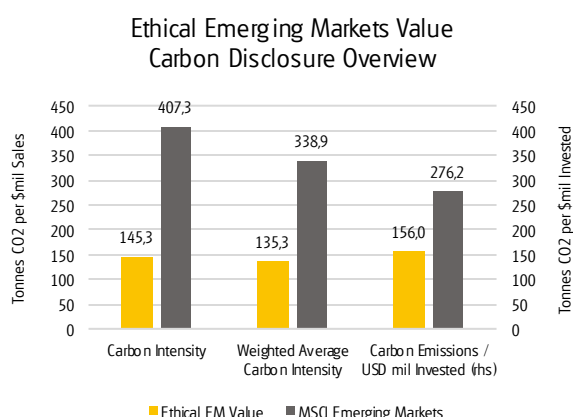
Sparinvest – Ethical Emerging Markets Value

Measured: 18 December 2017

By signing the Montreal Pledge on behalf of the Sparinvest Ethical Emerging Markets Value fund, Sparinvest has committed to measuring and publicly disclosing the carbon footprint of this fund annually.

What is a carbon footprint?

The purpose of a carbon footprint is to better understand, quantify and manage the carbon and climate change-related impacts, risks and opportunities in our investments. MSCI ESG Research, supplies three carbon footprint measures.



Source: MSCI Carbon Portfolio Analytics. Data as at 18/12/2017.

Data availability Ethical EM Value 98.5%, MSCI EM 99.7%

- **Carbon Intensity** We lead with this measure, which shows how much carbon our portfolio holdings emit relative to their economic output (revenues). We believe investors should care about how efficiently a company generates carbon relative to its productivity. This measure could also be thought of as one of environmental harm relative to economic good. The fund's carbon intensity is 64% lower than MSCI Emerging Markets, whereas in 2016, it was 67% lower and in 2015, it was 10% lower.
- **Weighted Average Carbon Intensity** This metric indicates a portfolio's exposure to potential climate change-related risks (e.g. market and regulatory risks) relative to

other portfolios or a benchmark. The fund's weighted average carbon intensity stands at 60% less than MSCI Emerging Markets, whereas in 2016, it was 61.5% lower and in 2015, it was 4.3% less.

- **Carbon Emissions/\$m. Invested** This metric is, on the surface, a simple one that allows for assessment of any fund's contribution to climate change relative to peers or benchmark. However, because it is based purely on the fund's ownership stake in a company, it is influenced by the price paid for each holding. We therefore find it problematic because 1) it penalizes investment strategies where a low price is paid for shares (Value) 2) it does not consider how carbon-efficient the holdings are. The fund's carbon emissions are now 44% lower than MSCI Emerging Markets, whereas in 2016, they were 35.1% lower and in 2015, they were 88.3% higher.

Sectoral Attribution

- The Utilities, Industrials, and Consumer Staples sectors in the Ethical EM Value portfolio contribute 23.1% of the weight versus 70.3% of weighted avg. carbon intensity.

Fossil Fuel Reserves v. Clean Tech Solutions

- The Ethical EM Value portfolio is 10.9% underweight, relative to the MSCI EM, companies that own Fossil Fuel Reserves, and 11.6% underweight companies offering Clean Technologies Solutions.

Next Steps

Sparinvest will be prioritising engagement on carbon in the coming years and as part of this, we have committed to participation in the PRI-coordinated Climate Action 100+ initiative.

Emissions data revealed about individual portfolio holdings during this year's carbon footprinting exercise will be used by the Portfolio Managers to guide engagement plans.

The mentioned fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. For further information please refer to the prospectus, the key investor information document and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest S.A. or of appointed distributors together with the initial statutes of Sparinvest SICAV and any subsequent changes to such statutes. Investments should only be made on the basis of these documents. For investors in Switzerland the SICAV's representative and paying agent is: Société Générale, Paris, Zweigniederlassung Zürich, Talacker 50, Postfach 1928, CH-8021 Zürich. Published by Sparinvest S.A., 28, Boulevard Royal, L-2449 Luxembourg.