



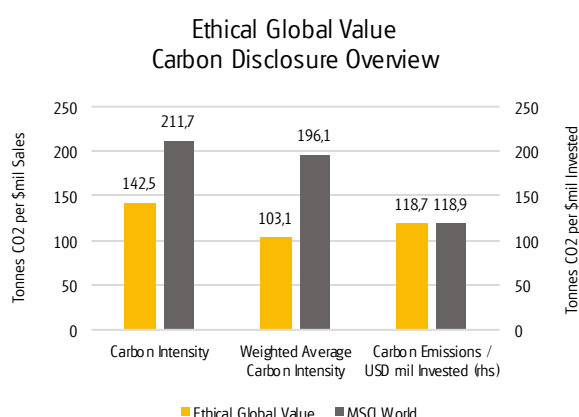
Portfolio Carbon Footprint Sparinvest – Ethical Global Value

Measured: 18th December 2017

By signing the Montreal Pledge on behalf of Sparinvest - Ethical Global Value fund, Sparinvest has committed to measuring and publicly disclosing the carbon footprint of this fund's portfolio 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 coverage: Ethical Global Value 98.5%, MSCI World 99.9%.

Carbon Intensity We have chosen to lead with this measure, which shows how much carbon is 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. Sparinvest - Ethical Global Value fund's carbon intensity stands at 32.7% less than MSCI World, whereas in 2016, it was 33.8% lower and in 2015, it was 49.4% higher.

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 47.4% less than MSCI World, whereas in 2016, it was 48.9% lower and in 2015, it was 4.9% higher

Carbon Emission/\$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 now stand at 0.2% lower than MSCI World, whereas in 2016, it was 1.4% higher and in 2015, it was 169.6% higher.

Fossil Fuel Reserves v. Clean Tech Solutions

The Ethical Global Value portfolio is 5.2% underweight, relative to the MSCI World, in companies that own fossil fuel reserves, and 0.8% underweight in 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.