



| LEA 02 | Disclosures | Monetary | Principles |
|---|--|------------------------|--|
| <p>By providing detailed disclosure on the table, you will help our investors to understand the impact of your activities on the environment, society and governance (ESG) factors, and to assess the risks and opportunities associated with these factors. This information is essential for our investors to make informed decisions on whether to invest in your company.</p> <p>For further information on our engagement and reporting process, please visit our website at www.sparinvest.com.</p> | <p>LEA 02</p> | <p>Monetary</p> | <p>Principles PRI 1, 2, 3</p> |
| <p>Type of engagement</p> <p>Individual/internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p> | <p>Reason for interaction</p> <p><input checked="" type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional action</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage with internal staff</p> <p><input type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional action</p> <p><input type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> We do not engage with collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in & company's interests</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional action</p> <p><input type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> We do not engage with service providers</p> | | |

RI TRANSPARENCY REPORT

2016

Sparinvest Group

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status |
|--------|---|
| ✓ | The signatory has completed all mandatory parts of this indicator |
| ☑ | The signatory has completed some parts of this indicator |
| 🔒 | This indicator was not relevant for this signatory |
| - | The signatory did not complete any part of this indicator |
| Ⓜ | The signatory has flagged this indicator for internal review |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

| Organisational Overview | | | | Principle | | | | | | General |
|-------------------------|---|--------|------------------------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| OO 01 | Signatory category and services | ✓ | Public | | | | | | | ✓ |
| OO 02 | Headquarters and operational countries | ✓ | Public | | | | | | | ✓ |
| OO 03 | Subsidiaries that are separate PRI signatories | ✓ | Public | | | | | | | ✓ |
| OO 04 | Reporting year and AUM | ✓ | Public | | | | | | | ✓ |
| OO 05 | Breakdown of AUM by asset class | ✓ | Asset mix disclosed in OO 06 | | | | | | | ✓ |
| OO 06 | How would you like to disclose your asset class mix | ✓ | Public | | | | | | | ✓ |
| OO 07 | Fixed income AUM breakdown | ✓ | Private | | | | | | | ✓ |
| OO 08 | Segregated mandates or pooled funds | ✓ | Private | | | | | | | ✓ |
| OO 09 | Breakdown of AUM by market | ✓ | Private | | | | | | | ✓ |
| OO 10 | Additional information about organisation | ✓ | Private | | | | | | | ✓ |
| OO 11 | RI activities for listed equities | ✓ | Public | | | | | | | ✓ |
| OO 12 | RI activities in other asset classes | ✓ | Public | | | | | | | ✓ |
| OO 13 | Modules and sections required to complete | ✓ | Public | | | | | | | ✓ |

| Strategy and Governance | | | | Principle | | | | | | General |
|-------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| SG 01 | RI policy and coverage | ✓ | Public | | | | | | | ✓ |
| SG 02 | Publicly available RI policy or guidance documents | ✓ | Public | | | | | | | ✓ |
| SG 03 | Conflicts of interest | ✓ | Public | | | | | | | ✓ |
| SG 04 | RI goals and objectives | ✓ | Public | | | | | | | ✓ |
| SG 05 | Main goals/objectives this year | ✓ | Private | | | | | | | ✓ |
| SG 06 | RI roles and responsibilities | ✓ | Public | | | | | | | ✓ |
| SG 07 | RI in performance management, reward and/or personal development | ✓ | Private | | | | | | | ✓ |
| SG 08 | Collaborative organisations / initiatives | ✓ | Public | | | | ✓ | ✓ | | |
| SG 09 | Promoting RI independently | ✓ | Public | | | | ✓ | | | |
| SG 10 | Dialogue with public policy makers or standard setters | ✓ | Private | | | | ✓ | ✓ | ✓ | |
| SG 11 | ESG issues in strategic asset allocation | ✓ | Private | ✓ | | | | | | |
| SG 12 | Long term investment risks and opportunity | ✓ | Private | ✓ | | | | | | |
| SG 13 | Allocation of assets to environmental and social themed areas | ✓ | Private | ✓ | | | | | | |
| SG 14 | ESG issues for internally managed assets not reported in framework | 🔒 | n/a | | | | | | | ✓ |
| SG 15 | ESG issues for externally managed assets not reported in framework | 🔒 | n/a | | | | | | | ✓ |
| SG 16 | RI/ESG in execution and/or advisory services | 🔒 | n/a | ✓ | ✓ | | | | | |
| SG 17 | Innovative features of approach to RI | ✓ | Public | | | | | | | ✓ |
| SG 18 | Internal and external review and assurance of responses | ✓ | Private | | | | | | | ✓ |

| Indirect – Manager Selection, Appointment and Monitoring | | | | Principle | | | | | | General |
|--|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| SAM 01 | Role of investment consultants/fiduciary managers | ✓ | Public | | | | ✓ | | | |
| SAM 02 | RI factors in selection, appointment and monitoring across asset classes | ✓ | Public | | | | | | | ✓ |
| SAM 03 | Breakdown by passive, quantitative, fundamental and other active strategies | 🔒 | n/a | | | | | | | ✓ |
| SAM 04 | ESG incorporation strategies | 🔒 | n/a | ✓ | ✓ | | | | | |
| SAM 05 | Selection processes (LE and FI) | 🔒 | n/a | ✓ | | | | | | ✓ |
| SAM 06 | Appointment considerations (LE and FI) | 🔒 | n/a | | | | ✓ | | | |
| SAM 07 | Monitoring processes (LE and FI) | 🔒 | n/a | ✓ | | | | | | |
| SAM 08 | Percentage of (proxy) votes cast | 🔒 | n/a | | ✓ | | | | | |
| SAM 09 | Selection processes (PE, PR and INF) | ✓ | Public | ✓ | | | | | | ✓ |
| SAM 10 | Appointment considerations (PE, PR and INF) | ✓ | Private | | | | ✓ | | | |
| SAM 11 | Monitoring processes (PE, PR and INF) | ✓ | Public | ✓ | | | | | | ✓ |
| SAM 12 | Percentage of externally managed assets managed by PRI signatories | ✓ | Private | ✓ | | | | | | ✓ |
| SAM 13 | Examples of ESG issues in selection, appointment and monitoring processes | ✓ | Private | | ✓ | | | | | |
| SAM 14 | Disclosure of RI considerations | ✓ | Public | | | | | | | ✓ |

| Direct - Listed Equity Incorporation | | | | Principle | | | | | | General |
|--------------------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| LEI 01 | Breakdown by passive, quantitative, fundamental and other active strategies | ✓ | Private | | | | | | | ✓ |
| LEI 02 | Reporting on strategies that are <10% of actively managed listed equities | 🔒 | n/a | | | | | | | ✓ |
| LEI 03 | Percentage of each incorporation strategy | ✓ | Public | ✓ | | | | | | |
| LEI 04 | Type of ESG information used in investment decision | ✓ | Private | ✓ | | | | | | |
| LEI 05 | Information from engagement and/or voting used in investment decision-making | ✓ | Private | ✓ | | | | | | |
| LEI 06 | Types of screening applied | ✓ | Public | ✓ | | | | | | |
| LEI 07 | Processes to ensure screening is based on robust analysis | ✓ | Public | ✓ | | | | | | |
| LEI 08 | Processes to ensure fund criteria are not breached | ✓ | Private | ✓ | | | | | | |
| LEI 09 | Types of sustainability thematic funds/mandates | 🔒 | n/a | ✓ | | | | | | |
| LEI 10 | Review ESG issues while researching companies/sectors | ✓ | Public | ✓ | | | | | | |
| LEI 11 | Processes to ensure integration is based on robust analysis | ✓ | Private | ✓ | | | | | | |
| LEI 12 | Aspects of analysis ESG information is integrated into | ✓ | Private | ✓ | | | | | | |
| LEI 13 | ESG issues in index construction | ✓ | Private | ✓ | | | | | | |
| LEI 14 | How ESG incorporation has influenced portfolio composition | ✓ | Private | ✓ | | | | | | |
| LEI 15 | Measurement of financial and ESG outcomes of ESG incorporation | ✓ | Private | ✓ | | | | | | |
| LEI 16 | Examples of ESG issues that affected your investment view / performance | ✓ | Private | ✓ | | | | | | |
| LEI 17 | Disclosure of approach to ESG incorporation | ✓ | Public | | ✓ | | | | ✓ | |

| Direct - Listed Equity Active Ownership | | | | Principle | | | | | | General |
|---|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| LEA 01 | Description of approach to engagement | ✓ | Public | | ✓ | | | | | |
| LEA 02 | Reasoning for interaction on ESG issues | ✓ | Public | ✓ | ✓ | ✓ | | | | |
| LEA 03 | Process for identifying and prioritising engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 04 | Objectives for engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 05 | Process for identifying and prioritising collaborative engagement | ✓ | Public | | ✓ | | | | | |
| LEA 06 | Objectives for engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 07 | Role in engagement process | ✓ | Public | | ✓ | | ✓ | | | |
| LEA 08 | Monitor / discuss service provider information | ✓ | Public | | ✓ | | | | ✓ | |
| LEA 09 | Share insights from engagements with internal/external managers | ✓ | Private | ✓ | ✓ | | | | | |
| LEA 10 | Tracking number of engagements | ✓ | Public | | ✓ | | | | | |
| LEA 11 | Number of companies engaged with, intensity of engagement and effort | ✓ | Private | | ✓ | | | | | |
| LEA 12 | Engagement methods | ✓ | Private | | ✓ | | | | | |
| LEA 13 | Engagements on E, S and/or G issues | ✓ | Private | | ✓ | | | | | |
| LEA 14 | Companies changing practices / behaviour following engagement | ✓ | Private | | ✓ | | | | | |
| LEA 15 | Examples of ESG engagements | ✓ | Private | | ✓ | | | | | |
| LEA 16 | Disclosure of approach to ESG engagements | ✓ | Public | | ✓ | | | | ✓ | |
| LEA 17 | Voting policy & approach | ✓ | Public | ✓ | ✓ | ✓ | | | | |
| LEA 18 | Typical approach to (proxy) voting decisions | ✓ | Public | | ✓ | | | | | |
| LEA 19 | Percentage of voting recommendations reviewed | 🔒 | n/a | | ✓ | | | | | |
| LEA 20 | Confirmation of votes | ✓ | Private | | ✓ | | | | | |
| LEA 21 | Securities lending programme | ✓ | Private | | ✓ | | | | | |
| LEA 22 | Informing companies of the rationale of abstaining/voting against management | ✓ | Public | | ✓ | | | | | |
| LEA 23 | Percentage of (proxy) votes cast | ✓ | Public | | ✓ | | | | | |
| LEA 24 | Proportion of ballot items that were for/against/abstentions | ✓ | Private | | ✓ | | | | | |
| LEA 25 | Shareholder resolutions | ✓ | Private | | ✓ | | | | | |
| LEA 26 | Examples of (proxy) voting activities | ✓ | Private | | ✓ | | | | | |
| LEA 27 | Disclosing voting activities | ✓ | Public | | ✓ | | | | ✓ | |

| Direct - Fixed Income | | | | Principle | | | | | | General |
|-----------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| FI 01 | Breakdown by passive,active strategies | ✓ | Private | | | | | | | ✓ |
| FI 02 | Option to report on <10% assets | 🔒 | n/a | | | | | | | ✓ |
| FI 03 | Breakdown by market and credit quality | ✓ | Private | | | | | | | ✓ |
| FI 04 | Incorporation strategies applied | ✓ | Public | ✓ | | | | | | |
| FI 05 | ESG issues and issuer research | ✓ | Private | ✓ | | | | | | |
| FI 06 | Processes to ensure analysis is robust | ✓ | Public | ✓ | | | | | | |
| FI 07 | Types of screening applied | ✓ | Public | ✓ | | | | | | |
| FI 08 | Negative screening - overview and rationale | ✓ | Public | ✓ | | | | | | |
| FI 09 | Examples of ESG factors in screening process | ✓ | Private | ✓ | | | | | | |
| FI 10 | Screening - ensuring criteria are met | ✓ | Public | ✓ | | | | | | |
| FI 11 | Thematic investing - overview | 🔒 | n/a | ✓ | | | | | | |
| FI 12 | Thematic investing - themed bond processes | 🔒 | n/a | ✓ | | | | | | |
| FI 13 | Thematic investing - assessing impact | 🔒 | n/a | ✓ | | | | | | |
| FI 14 | Integration overview | ✓ | Public | ✓ | | | | | | |
| FI 15 | Integration - ESG information in investment processes | ✓ | Public | ✓ | | | | | | |
| FI 16 | Integration - E,S and G issues reviewed | ✓ | Public | ✓ | | | | | | |
| FI 17 | ESG incorporation in passive funds | 🔒 | n/a | ✓ | | | | | | |
| FI 18 | Engagement overview and coverage | ✓ | Private | | ✓ | | | | | |
| FI 19 | Engagement method | ✓ | Private | ✓ | ✓ | | | | | |
| FI 20 | Engagement policy disclosure | ✓ | Private | ✓ | ✓ | | | | | |
| FI 21 | Financial/ESG performance | ✓ | Private | | | | | | | ✓ |
| FI 22 | Examples - ESG incorporation or engagement | ✓ | Private | ✓ | ✓ | | | | | |
| FI 23 | Communications | ✓ | Public | | ✓ | | | | ✓ | |

Sparinvest Group

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory services

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Luxembourg

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

140

OO 02.4

Additional information. [Optional]

We have offices in Denmark, France, Luxembourg and Sweden

| | | | |
|-------|-----------|-------------|---------|
| OO 03 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3 Additional information. [Optional]

Our signature of the Principles applies to all parts of our organisation.

| | | | |
|-------|-----------|-----------------|---------|
| OO 04 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

OO 04.1 Indicate the year end date for your reporting year.

31/12/2015

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

| | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM | | 9 | 369 | 000 | 000 |
| Currency | EUR | | | | |
| Assets in USD | | 10 | 214 | 138 | 336 |

| | | | |
|-------|-----------|-------------|---------|
| OO 06 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

| | Internally managed (%) | Externally managed (%) |
|----------------|------------------------|------------------------|
| Listed equity | 32.1 | 0 |
| Fixed income | 53.3 | 0 |
| Private equity | 0 | 0 |
| Property | 0 | 12.3 |

| | | |
|--------------------|-----|---|
| Infrastructure | 0 | 0 |
| Commodities | 0 | 0 |
| Hedge funds | 0 | 0 |
| Forestry | 0 | 0 |
| Farmland | 0 | 0 |
| Inclusive finance | 0 | 0 |
| Cash | 2.3 | 0 |
| Other (1), specify | 0 | 0 |
| Other (2), specify | 0 | 0 |

Publish our asset class mix as broad ranges

OO 06.2

Publish our asset class mix as per attached image [Optional].

Gateway asset class implementation indicators

OO 11

Mandatory

Gateway

General

OO 11.1

Select your direct or indirect ESG incorporation activities your organisation implemented, for listed equities in the reporting year.

- We incorporate ESG in our investment decisions on our internally managed assets
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 11.2

Select your direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- We engage with companies on ESG issues via our staff, collaborations or service providers
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

OO 11.3

Select your direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 12

Mandatory

Gateway

General

OO 12.1

Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Fixed income – securitised
- Cash
- None of the above

OO 12.2

Select externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Property
- None of the above

OO 13**Mandatory****Gateway****General**

You will need to make a selection in OO 13.1 only if you have any voluntary modules that you can choose to report on.

OO 13.1

You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list below.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

Property

Closing module

Closing module

Sparinvest Group

Reported Information

Public version

Strategy and Governance

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Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

| Policy components/types | Coverage by AUM |
|---|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2) | <input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM |

SG 01.3

Indicate what norms have you used to develop your RI policy.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

SG 02

Mandatory

Core Assessed

PRI 6

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.

Policy setting out your overall approach

URL

http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx

Screening / exclusions policy

URL

http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx

Engagement policy

URL

http://www.sparinvest.eu/~media/international/downloads/ri/engagement_policy_march2016.ashx

(Proxy) voting policy

URL

http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx

We do not publicly disclose our investment policy documents

SG 03**Mandatory****Core Assessed****General****SG 03.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

Sparinvest has a detailed policy on managing conflicts of interest, which is made available to clients on request. Sparinvest acts in the interest of our investors and has internal operational procedures in place to ensure that we always act in the best interest of our investors. For example, specifically with regard to the investment funds, the policy and procedure aim to cover risk of potential conflicts of interest including but not limited to the following types:

- Conflicts of interest between a fund or the investors in that fund managed by the Company and another fund managed by the Company
- Conflicts of interest between a fund managed by the Company and another client of the Company
- Conflicts of interest between two clients of the Company

No

Objectives and strategies

| | | | |
|-------|-----------|-----------------------|---------|
| SG 04 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

SG 04.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 04.2 Additional information. [Optional]

How RI goals are set/measured

Formed in Q3 2014, Sparinvest's Responsible Investment Committee, meets 6 times per year. The focus of this Committee is to:

Continuously monitor and review RI Policy and processes and look for any improvements that can be made;
Formally establish the RI goals that will ensure that the relevant RI strategy is adopted and understood throughout the organisation.

Formal RI goals for the year are set, along with Key Performance Indicators, at the time of the submission of our annual UN PRI questionnaire. However, the objective of improving RI processes is ongoing and regularly discussed at RI Committee meetings. Action points are set and followed up in subsequent meetings.

The Committee is chaired by the Head of Responsible Investment and includes representatives from both the Equities and Fixed Income investment teams as well as a member of Sparinvest's Investment Committee and two ESG Assistants. As and when industry developments require it, external RI experts may be invited to Committee meetings to help inform RI policy decisions.

The Head of RI reports to Sparinvest's Investment Committee on RI matters and is asked to give a formal progress report twice per year. Once per year the Head of RI will appear before the Board of Sparinvest to give an update on Group progress towards achieving RI goals.

Governance and human resources

| | | | |
|-------|-----------|---------------|---------|
| SG 06 | Mandatory | Core Assessed | General |
|-------|-----------|---------------|---------|

SG 06.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify
- Other role, specify

SG 06.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

1

SG 06.4

Additional information. [Optional]

- Board Members/ trustees: Oversight gained via annual reporting at Board meeting by Head of RI
- CEO/CIO/Investment Committee: Oversight gained via semi-annual reporting at Investment Committee meeting by Head of RI
- Portfolio Managers and Investment Analysts: All responsible for ESG analysis in investment process. Individual equity managers are assigned Active Ownership responsibilities

- Portfolio Manager: Title: RI Committee representative (Equities): Responsible for ensuring that RI policy is adhered to by Equity team. Additionally involved with shaping RI policy/strategy
- Portfolio Manager: Title: RI Committee representative (Fixed Income): Responsible for ensuring that RI policy is adhered to. Additionally involved with shaping RI policy/strategy
- Dedicated RI Staff: Head of RI: Chairs RI Committee, Reports to Investment Committee on RI matters. Supervises implementation of RI Policy over different asset classes and is responsible for internal RI education
- Two Assistants: Assist PM with RI operations and attend the RI Committee meetings
- External Service Providers: Charged with implementing voting on instruction plus collaborative dialogue.

Promoting responsible investment

SG 08

Mandatory

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 08.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Sparinvest acted as a lead investor in a collaborative engagement on anticorruption, facilitated by PRI, and presented at PRI in Person regarding this. That collaborative engagement ended in 2015, but we have joined a new collaborative engagement on Human Rights in the Extractive Industries. We signed the Montreal Carbon Pledge on behalf of 2 ethical equity funds; we are liaising with PRI (and via PRI, other investors) on the most appropriate measures for carbon efficiency.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We continue to assess the optimal ways to utilise our ICGN membership.

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action for the 21st Century
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Eurosif and DANSIF

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Sparinvest has been a member of Eurosif since 2010, and holds a position in the Eurosif Lobbying Subgroup.

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
Association of the Luxembourg Funds Industry (ALFI)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Member of ALFI Responsible Investment Committee. The aim of this group is to promote the development of Responsible Investment funds in Luxembourg. In addition, Sparinvest was re-awarded the LuxFLAG ESG label in 2016

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 09

Mandatory

Core Assessed

PRI 4

SG 09.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 09.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

specify description

- Hosted promotional events for LuxFlag ESG label
- Spoke at TBLI Nordics and PRI in person and at Africa ESG Forum

No

SG 09.3

Additional information. [Optional]

During 2015, Sparinvest reapplied for and was awarded a LuxFLAG ESG label. This initiative is intended to focus on funds and mandates supporting high ESG standards

Innovation

SG 17

Voluntary

Descriptive

General

SG 17.1

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

SG 17.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

- The degree to which our responsible investment approach is embedded with the relevant portfolio management teams. PMs and analysts are directly involved in ESG research and assessment before new investments, in engagement with companies, and in making decisions on proxy voting and communicating with companies regarding that voting.
- Our integration of UN PRI across asset classes, including corporate bonds

No

Sparinvest Group

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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Overview

| | | | |
|--------|-----------|---------------|-------|
| SAM 01 | Mandatory | Core Assessed | PRI 4 |
|--------|-----------|---------------|-------|

SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use fiduciary managers
- No

| | | | |
|--------|-----------|---------|---------|
| SAM 02 | Mandatory | Gateway | General |
|--------|-----------|---------|---------|

SAM 02.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

| Asset classes | (a) Selection | (b) Appointment | (c) Monitoring |
|---------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Property | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

SAM 02.2 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

ESG and Property - Property investments in the Sparinvest Group are the responsibility of the daughter company, Sparinvest Property Investors. Generally, Sparinvest Property Investors is committed to implementing responsible investment principles in the investment and portfolio management process while upholding our fiduciary duty to our investors. Sparinvest Property Investors manages indirect real estate investments. Indirect real estate investment has fundamental attributes that affect the ability to include ESG factors in the investment process. Specifically:

- Managing funds-of-funds involves no direct control of the ultimate asset invested in.
- Investment in a real estate fund is typically entered into for a defined period of time.

Subject to the above limitations, the fund screening and selection process consists of an asset and property manager quality assessment where Sparinvest Property Investors' policy regarding how to deal with ESG risks in the property portfolio and ESG in the Investment Process is fully integrated. Consequently, since 2005 Sparinvest Property Investors has systematically required the fund investment managers under due diligence to state:

- That the investment manager is aware of the UN Global Compact Principles
- That there have been no deliberate and repeated violations of the principles of UN Global Compact in the property management/development
- That the investment manager has not been involved in any critical violation of national laws with no attempt to remedy the violation.
- That the investment manager will not invest in properties which are principally used for manufacturing, trading, storing or other kinds of servicing of weapons violating the international arms treaties.

The statements are mandatory for Sparinvest Property Investors to consider investment in a fund. In addition, Sparinvest Property Investors exercise active ownership, giving priority to securing impact and influence from the effort:

- Sparinvest Property Investors always seeks board representation in the funds invested in, or alternatively seeks alliances with other investors with board representation.
- Sparinvest Property Investors has identified certain governance issues as a key-focus area and, in particular, the issue of guarding the limited partners' rights.
- Sparinvest Property Investors actively monitors the portfolio and annually requests the fund managers to report any perceived violations of international norms as defined by UN Global Compact
- Sparinvest Property Investors seeks the highest risk-adjusted return in line with its investment strategy with due consideration to environmental sustainability. The movement toward sustainable, or 'green', building practices is a structural change in the commercial real estate market and Sparinvest Property Investors advocates sustainable building practices throughout the funds invested in where it is economically efficient. E.g. by encouraging fund managers/property managers to work systematically towards energy certifying the properties in the portfolios (an example is the LEED Certification in the US).

Sparinvest Property Investors actively enters into alliances with co-investors on securing common policies on ESG risks in the property portfolios.

Private equity (PE), property (PR) and infrastructure (INF)

Selection

| SAM 09 | Mandatory | Core Assessed | PRI 1-6 |
|----------|---|---------------|---------|
| SAM 09.1 | In your manager selection process for the following assets, indicate whether your organisation and/or your investment consultant typically take any of the following actions. | | |
| | General | | |

| | PR | |
|--|-------------------------------------|--|
| Used the PRI's LP DDQ during discussions with managers as part of your selection process | n/a | |
| Review the manager's/general partner's responsible investment policy | <input checked="" type="checkbox"/> | |
| Discuss the manager's governance and management of responsible investment | <input checked="" type="checkbox"/> | |
| Meet staff with responsible investment responsibilities to assess their skills and competence | <input checked="" type="checkbox"/> | |
| Discuss minimum responsible investment expectations that managers must meet | <input checked="" type="checkbox"/> | |
| Discuss the role managers have played in collaborative initiatives | <input checked="" type="checkbox"/> | |
| Ask whether the organisation is a signatory to the PRI and/or other relevant organisations | <input checked="" type="checkbox"/> | |
| Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund | <input checked="" type="checkbox"/> | |
| Review the manager's responsible investment disclosure, excluding PRI reporting | <input type="checkbox"/> | |
| Review the manager's PRI Transparency or Assessment reports | <input type="checkbox"/> | |
| Assign specific weighting to ESG factors in your manager evaluation, specify in 09.2 | <input type="checkbox"/> | |
| Other general aspects in your selection process, specify | <input checked="" type="checkbox"/> | |
| None of the above | <input type="checkbox"/> | |

Investment selection (pre-investment) of underlying holding

| | PR | |
|---|-------------------------------------|--|
| Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment | <input checked="" type="checkbox"/> | |
| Other pre-investment aspects reviewed in your selection process, specify | <input checked="" type="checkbox"/> | |
| None of the above | <input type="checkbox"/> | |

Investment monitoring (post-investment) of underlying holding

| | PR | |
|---|-------------------------------------|--|
| Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities | <input type="checkbox"/> | |
| Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis | <input checked="" type="checkbox"/> | |
| Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings | <input checked="" type="checkbox"/> | |
| Other post-investment aspects reviewed in your selection process, specify | <input checked="" type="checkbox"/> | |
| None of the above | <input type="checkbox"/> | |

If you select any 'Other' option(s), specify

As mentioned in SAM 02 Sparinvest Property Investors always seek board representation in the funds invested in, or alternatively seeks alliances with other investors with board representation. Furthermore, the Sparinvest Property Investors will in many cases be involved in the very early stages of formatting the structure of the investment vehicle. This entails deeper and earlier interaction with the external partner regarding structural and strategic issues of the vehicle, and ensures that the investment policy of the fund is aligned with our own. Therefore, Sparinvest Property Investors has an important impact on the entire governance structure of the selected funds.

SAM 09.2

Provide additional information on how weighting of ESG factors in your manager evaluation are applied.

See SAM 02

SAM 09.3

Provide additional information relevant to your organisation's selection approach for non-listed assets. [Optional]

Sparinvest Property Investors has systematically required the fund investment managers under due diligence to state:

- That the investment manager is aware of the UN Global Compact Principles
- That there have been no deliberate and repeated violations of the principles of UN Global Compact in the property management/development.
- That the investment manager has not been involved in any critical violation of national laws with no attempt to remedy the violation.
- That the investment manager will not invest in properties which are principally used for manufacturing, trading, storing or other kinds of servicing of weapons violating the international arms treaties.

Sparinvest Property Investors exercise active ownership, giving priority to securing impact and influence from the effort:

- Sparinvest Property Investors always seeks board representation in the funds invested in, or alternatively seeks alliances with other investors with board representation.
- Sparinvest Property Investors has identified governance issues as a key-focus area and in particular guarding the limited partners' rights. "

- Sparinvest Property Investors actively monitors the portfolio and annually requests the fund managers to report any perceived violations of international norms as defined by UN Global Compact.

Monitoring

SAM 11

Mandatory

Core Assessed

PRI 1-6

SAM 11.1

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

| | PR | |
|---|-------------------------------------|--|
| Include responsible investment as a standard agenda item at performance review meetings | <input checked="" type="checkbox"/> | |
| Highlight examples of good responsible investment practice by other managers | <input checked="" type="checkbox"/> | |
| Review manager's responsible investment reporting excluding PRI | <input type="checkbox"/> | |
| Review the manager's PRI Transparency or Assessment reports | <input type="checkbox"/> | |
| Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors | <input checked="" type="checkbox"/> | |
| Include responsible investment criteria as a formal component of overall manager performance evaluation | <input type="checkbox"/> | |
| Request information on whether your manager's approach to ESG issues has impacted financial performance | <input type="checkbox"/> | |
| Request information on whether your manager's approach to ESG issues has impacted ESG performance | <input type="checkbox"/> | |
| Other general aspects of your monitoring, specify | <input checked="" type="checkbox"/> | |
| None of the above | <input type="checkbox"/> | |

Investment selection (pre-investment) of underlying holding

| | | | |
|--|-------------------------------------|-----------|--|
| | | PR | |
| Discuss how the analysis of ESG issues affected investment decisions during the reporting period | <input checked="" type="checkbox"/> | | |
| Other ways ESG issues are incorporated in the pre-investment process, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

Investment monitoring (post-investment) of underlying holding

| | | | |
|---|-------------------------------------|-----------|--|
| | | PR | |
| Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund | <input checked="" type="checkbox"/> | | |
| Request examples of ESG issues identified within the portfolio and action taken in response | <input checked="" type="checkbox"/> | | |
| Request details of how ESG factors were considered when preparing to exit from investments | <input type="checkbox"/> | | |
| Other ways ESG issues are monitored in the post-investment process, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

If you select any 'Other' option(s), specify

See SAM 02.

SAM 11.2

Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

As mentioned in SAM 02 Sparinvest Property always seeks board representation in the funds invested in, or alternatively seeks alliances with other investors with board representation. Therefore, dialogue and monitoring is carried out through at least biannual advisory board meetings. In addition, Sparinvest Property Investors have one-to-one meetings with management of the invested funds throughout any given year.

Communication

SAM 14

Mandatory

Core Assessed

PRI 6

SAM 14.1

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- Yes, we disclose information publicly
- Yes, we disclose information to clients/beneficiaries only

SAM 14.3

Indicate what type of information your organisation proactively discloses to clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
 - Details of the responsible investment activities carried out by managers on your behalf
 - E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
 - Other, specify
- We do not proactively disclose information to the public and/or clients/beneficiaries

Sparinvest Group

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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ESG incorporation in actively managed listed equities


Implementation processes

| | | | |
|--------|-----------|---------|-------|
| LEI 03 | Mandatory | Gateway | PRI 1 |
|--------|-----------|---------|-------|

| | |
|----------|--|
| LEI 03.1 | Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%) |
|----------|--|

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies

| | |
|---|--|
| Percentage of active listed equity to which the strategy is applied |  100 |
|---|--|

- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

| |
|--|
| Total actively managed listed equities |
|--|

100%

| | |
|----------|---|
| LEI 03.2 | Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies. |
|----------|---|

Our equity fund range includes active fundamental stock-selecting funds, active quantitative funds, and passive funds.

ALL FUNDS: All funds (active and passive) apply an exclusionary screen for controversial weapons and securities in breach of EU sanctions.

ACTIVE FUNDAMENTAL FUNDS: In our active fundamental funds, our aim is to understand the long-term intrinsic value of company, and any risks to that value. Indeed, we aim to assess the downside risk before the upside potential. Consequently, issues which may impact a company in the short or long-term are considered highly relevant to our analysis, and this includes many environmental, social and governance issues. As such, we integrate ESG considerations into our security analysis, alongside other fundamental factors. We also engage with companies as deemed appropriate (see separate section on engagement).

In addition, certain of our equity funds (labelled 'Ethical') use a negative screen to exclude companies. The exclusionary criteria for these funds result from ongoing consultation with clients, but are broadly categorised as norm-based and sector-based criteria:

- Norm-based screen for violations of global norms: environmental protection, human rights, labour standards and anti-corruption.

- Sector-based screen for companies with certain exposures to sectors such as: alcohol, tobacco, gambling, pornography, weapons and thermal coal& oil sands.

ACTIVE QUANTITATIVE FUNDS: With our quantitative funds, there is an aim that the portfolio's ESG score gradually improves over time, so that at rebalancing quantitative ESG information is integrated into portfolio construction decisions on a ceteris paribus basis.

(PASSIVE FUNDS: with regards to our Passive funds, we work on the understanding that the concept of ESG incorporation in investment decision-making (Principle 1) does not apply to funds whose sole objective is to replicate an index - unless the index itself is focused on ESG considerations. Accordingly, we only apply active ownership (Principle 2) to these funds which, as a result, participate in voting and engagement.)

LEI 03.3

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

As noted above in 03.2, ESG risk factors are integrated into our investment process and investment decisions, across all active equity funds. This extends to ongoing monitoring of existing holdings, exercise of proxy voting, and engagement with holdings, and supra-holding engagements. We use certain external service providers for ESG research and proxy voting advice, while ultimate decisions are made internally.

All funds are subject to the controversial weapons and EU sanctions exclusionary screen.

In addition, the Ethical fund range has sector and norm-based exclusions, as detailed in 03.2. Research for these screens is provided by an external service provider, ISS-Ethix. Note that negative results from these screens may result in a company being excluded from our Ethical funds, but not excluded from other active funds. Where the exclusion is based on normative issues, we choose to engage with the company in order to seek improvement and the prevention of recurrence. We find that the research provided by ISS-Ethix in this regard has useful crossover application in our ESG integration strategy.

(A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

| Description |
|-------------|
|-------------|

Across all funds, we exclude companies involved in controversial weapons and securities in breach of EU sanctions. (We note that on occasion, certain sanctions may have the effect of excluding specific countries, but we have no direct country exclusion screens ourselves).

In addition, we provide certain funds which add an additional focus on "Ethical Investment", which is based on negative screening to exclude companies from the investment universe or investment shortlist, on certain specific grounds. These equity funds are easily identified by the label "Ethical" within the fund name, and are primarily used to meet client needs. The exclusionary criteria for these funds result from ongoing consultation with clients, but are broadly categorised as norm-based and sector-based criteria:

- A norm-based screen for violations of global norms: environmental protection, human rights, labour standards and anti-corruption.
- A sector-based screen for companies operating within sectors such as: alcohol, tobacco, gambling, pornography, weapons thermal coal and oil sands.

(In the above checklist, we reflect this latter sector-based screen as "Product", "Activity" and "Sector". Note that we do not have any broad GICS sector-level exclusions).

- Positive/best-in-class screening
- Norms-based screening

Screened by

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

| Description |
|-------------|
|-------------|

Note that our Norm-Based screening is a negative exclusionary screen, as detailed above. It assesses companies' adherence to international norms for human rights, the environment, labor standards and anti-corruption. It adheres to the UN Global Compact Principles.

| LEI 06.2 | Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made. |
|----------|---|
|----------|---|

A key role of the RI Committee is to be aware of potentially relevant new screening requirements. Any potential review to screening criteria is informed by ongoing consultation with clients, other industry participants and general industry trends.

Clients are notified of changes vial both direct communication such as presentations or coverage in our Responsible Investment Review, and via our website.

| | | | |
|--------|-----------|---------------|-------|
| LEI 07 | Mandatory | Core Assessed | PRI 1 |
|--------|-----------|---------------|-------|

LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

LEI 07.2

Additional information. [Optional]

Normative and sector-based screens are researched and implemented by an external service provider (ISS-Ethix). Internal staff, including both dedicated RI staff and portfolio managers and analysts will review the analysis alongside their own findings based on information from the company in question. Where necessary, more detailed or up-to-date analysis will be requested from the service provider.

(C) Implementation: Integration of ESG issues

LEI 10**Mandatory****Core Assessed****PRI 1****LEI 10.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

| ESG issues | Coverage/extent of review on these issues | |
|----------------------|---|---|
| Environmental | Environmental | <input checked="" type="radio"/> Environmental <input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues |
| Social | Social | <input checked="" type="radio"/> Social <input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues |
| Corporate Governance | Corporate Governance | <input checked="" type="radio"/> Corporate Governance <input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues |

Communication

| | | | |
|--------|-----------|---------------|---------|
| LEI 17 | Mandatory | Core Assessed | PRI 2,6 |
|--------|-----------|---------------|---------|

LEI 17.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx

Provide URL

http://www.sparinvest.lu/~media/international/downloads/ri/jan2016_si%20ri%20review.ashx

LEI 17.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEI 17.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 17.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

Sparinvest Group

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

| | | | |
|--------|-----------|---------------|-------|
| LEA 01 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

LEA 01.1 Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2 Indicate what your engagement policy covers:

- Conflicts of interest
- Prioritisation of engagements
- Transparency
- Environmental factors
- Social factors
- Governance factors
- Other, describe
- None of the above

LEA 01.3 Please attach or provide a URL to your engagement policy. [Optional]

URL

http://www.sparinvest.eu/~media/international/downloads/ri/engagement_policy_march2016.ashx

LEA 01.4 Provide a brief overview of your organization's approach to engagement

Engagement at Sparinvest seeks to be a respectful and constructive dialogue with investee companies, focussed on cases where we see potential for meaningful impact on corporate value and sustainability. Engagements are typically direct, collaborative, by service providers or a combination of these.

Direct Engagement is by members of our investment teams who can best contextualise issues within the overall investment case and corporate value.

Triggers include:

- **Specific ESG Risks or Opportunities:**
Based on materiality and the potential for meaningful change.
- **Voting-related:**
Where agenda items are contentious or in breach of voting policy.
- **Breach of International Norms:**
In conjunction with our Service Provider (see below)

Collaborative Engagement is typically via industry bodies such as the PRI Clearinghouse. Our level of involvement is a function of our specific relationship with the target company and our available resources.

Service Provider Engagement is selected where companies are alleged or confirmed to have breached normative principles, such as the UN Global Compact. We directly engage with affected holdings to indicate concern and encourage response. The aim is to seek deeper understanding and suggest any appropriate remedial actions and policy improvements.

No

| | | | |
|--------|-----------|---------|-----------|
| LEA 02 | Mandatory | Gateway | PRI 1,2,3 |
|--------|-----------|---------|-----------|

| | |
|----------|---|
| LEA 02.1 | Indicate your reasons for interacting with companies on ESG issues and indicate who carries these interactions out. |
|----------|---|

| Type of engagement | Reason for interaction |
|--|--|
| Individual/Internal staff engagements | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify To discuss voting related issues. <input type="checkbox"/> We do not engage via internal staff |
| Collaborative engagements | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements |
| Service provider engagements | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers |

| | |
|----------|------------------------------------|
| LEA 02.2 | Additional information. [Optional] |
|----------|------------------------------------|

As part of our investment analysis and monitoring, our investment teams frequently communicate with companies to bolster their understanding. The ideal is constructive, two-way dialogue with our holdings, with freedom to exchange views on key issues, whether short or long-term, 'ESG' or otherwise.

However, we classify as 'engagements' those dialogues with a specific goal. We take a practical and materiality-based approach, focussed on cases where we see potential for meaningful impact on corporate value and sustainability. Triggers for engagement, and the methods used, can differ on a case-by-case basis and often they overlap.

Engagements are monitored by the Responsible Investment Committee. The equity investment team holds a quarterly Stewardship Meeting on voting and engagement, which is chaired by the equity portfolio manager also serving on the RI committee, and attended by the Head of RI

We aim to provide insight into our engagement programme through regular disclosure of the number and type of engagements carried out, as well as specific examples. These are typically provided in our regular RI Review, found on our website".

Methods of Engagement:

Engagements with companies are typically either direct, collaborative, or by service providers. We often find a combination of these to be powerful. Generally, we aim to act as constructive partners to our investee companies, and this means we may also bring third parties into the dialogue - for example, liaising between the company and an NGO regarding best practice on a specific issue.

Direct Engagement

Members of our investment teams implement direct engagements. Our portfolio managers and analysts run the dialogue on ESG (and other) issues, as they well placed to contextualise the specific issue within the overall investment case and corporate value. It also sends a clear message to the investee company that ESG issues run to the heart of investment decisions. Triggers for direct engagement include:

Specific ESG Risks or Opportunities

Various ESG risks and opportunities are identified in analysis and monitoring of potential and existing holdings. Issues are selected for engagement based on materiality and the potential for meaningful change.

Voting-related:

Votes are blunt tools, which we believe are more powerfully exercised in conjunction with dialogue. We seek to engage with companies where agenda items breach our voting policy or are contentious for other reasons. Where time permits, this happens before the ballot. Outcomes can include the company amending the agenda to our satisfaction, a change in our voting decision based on new information from the company, or a vote against the item followed by further dialogue.

Breach of International Norms:

This links with our service provider engagement policy, described below

Collaborative Engagement

Collaboration with other institutional investors provides an efficient and powerful avenue for engagement. Our involvement ranges from acting as lead investors (running the dialogue on behalf of a wider group of investors) to acting as supporting investors. The appropriate level of involvement is determined by assessing our specific relationship with the target company and our available resources. We typically become involved in via industry bodies such as the PRI Clearinghouse.

Service Provider Engagement

We make use of service providers for engagement where their specialist insight may inform a more constructive dialogue. We use ISS-Ethix to screen for companies that are alleged or confirmed to have breached international conventions such as the UN Global Compact or the UN Guiding Principles on Human Rights. Where this screen identifies confirmed or alleged breaches, we participate in collaborative engagement along with other institutional investors, led by the service provider ISS-Ethix. The aim is to seek deeper understanding and, if appropriate, to suggest possible remedial actions and policy improvements. Alongside this, we directly engage with our affected holdings to highlight the issue, encourage them to respond comprehensively to the collaborative engagement, and address any issues of specific concern to us.

Process

Process for engagements run internally

| | | | |
|--------|-----------|---------------|-------|
| LEA 03 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

LEA 03.2

Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- Geography/market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In reaction to ESG impacts which has already taken place
- As a response to divestment pressure
- Other, describe

other description

For efficacy, we may focus some engagements on specific themes/countries, where we see positive context for change (tailwinds of governance reform, etc)

No

LEA 04**Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- No

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- No

LEA 04.3

Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

Yes

LEA 04.4

Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities.

- Define timelines of the milestones and goals
 - Tracking, monitoring progress against defined milestones and goals
 - Establish a process for when the goals are not met
 - Revisit and revise if necessary goals on continuous basis
 - Other, please specify
- No

Process for engagements conducted via collaborations

LEA 05**Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

- Yes

LEA 05.2

Describe the criteria used to identify and prioritise collaborative engagements

- Potential to learn from other investors
 - Ability to add value to the collaboration
 - Geography / market of the companies targeted
 - Materiality of ESG factors
 - Systemic risks to global portfolios
 - Exposure (holdings)
 - In reaction to ESG impacts which has already taken place
 - As a response to divestment pressure
 - Other, describe
- No

LEA 06**Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
- Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- No

LEA 06.2 Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- No

LEA 06.3 Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- Yes

LEA 06.4 Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities.

- Define timelines of the milestones and goals
 - Tracking, monitoring progress against defined milestones and goals
 - Establish a process for when the goals are not met
 - Revisit and revise if necessary the goals on continuous basis
 - Other, please specify
- No

Process for engagements conducted with/on your behalf by service providers

LEA 07

Mandatory

Core Assessed

PRI 2,4

LEA 07.1 Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes

LEA 07.2 Indicate what role you play in engagements that your service provider conducts on your behalf.

- Discuss the topic (or ESG issue(s)) of engagement
 - Discuss the rationale for engagement
 - Discuss the objectives of the engagement
 - Select the companies to be engaged with
 - Discuss the frequency/intensity of interactions with companies
 - Discuss progress towards the engagement objectives
 - Monitor and review outcomes that have been achieved from the engagement
 - Discuss next steps for engagement activity
 - Participate directly in a sample of engagements with your service provider
 - Other, specify
- No

LEA 07.3 Additional information. [Optional]

Our main route of service provider engagement is via ISS-Ethix, engaging with companies involved in normative breaches. At a general level we have input into the criteria which determine the companies to be engaged with. We also aim for internal staff engagement directly with holdings which are covered by this service provider engagement, often to encourage the company into a more constructive dialogue with the service provider. Sparinvest's investment professionals review the service provider's engagement activities on an ongoing basis

LEA 08 **Mandatory** **Core Assessed** **PRI 2,6**

LEA 08.1 Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

General processes for all three groups of engagers

LEA 10 **Mandatory** **Gateway** **PRI 2**

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

| Type of engagement | Tracking engagements |
|--|--|
| Individual / Internal staff engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track |
| Collaborative engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements |
| Service provider engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements |

LEA 10.2 Additional information. [OPTIONAL]

As mentioned before we have an engagement database where all engagement activities are tracked.

Communication

LEA 16

Mandatory

Core Assessed

PRI 2,6

LEA 16.1

Indicate whether your organisation proactively discloses information on its engagements.

We disclose it publicly

provide URL

http://www.sparinvest.eu/~media/international/downloads/ri/engagement_policy_march2016.ashx

provide URL

http://www.sparinvest.lu/~media/international/downloads/ri/jan2016_si%20ri%20review.ashx

LEA 16.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEA 16.3

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

Our engagement policy explains the overarching principles and processes.

LEA 16.4 | Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Ad hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

LEA 17

Mandatory

Gateway

PRI 1,2,3

LEA 17.1

Indicate whether your organisation has a formal voting policy.

- Yes

LEA 17.2

Indicate what your voting policy covers:

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Securities lending process
- Other, describe
- None of the above

LEA 17.3

Please attach or provide a URL to your voting policy. [Optional]

URL

http://www.sparinvest.lu/~media/international/downloads/ri/sparinvest%20voting%20policy_eng.ashx

| | |
|-----------------|--|
| LEA 17.4 | Provide a brief overview of your organization's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable). |
|-----------------|--|

We receive voting recommendations from ISS which are based on ISS's core policy because this is largely consistent with our own basic voting principles. However, these are considered as just that - recommendations - and it is the responsibility of the Sparinvest equity portfolio managers to decide votes on a case-by-case, based on the guiding principle, the below voting policy, and more extensive set of guidelines derived from the voting policy. We will sometimes choose not to follow ISS recommendations.

No

Process

| | | | |
|---------------|------------------|--------------------|--------------|
| LEA 18 | Mandatory | Descriptive | PRI 2 |
|---------------|------------------|--------------------|--------------|

| | |
|-----------------|---|
| LEA 18.1 | Indicate how you typically make your (proxy) voting decisions and what this approach is based on. |
|-----------------|---|

| | |
|--|----------|
| | Approach |
|--|----------|

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.

| | |
|--|--------------------|
| | Based primarily on |
|--|--------------------|

- the service provider voting policy signed off by us
- our own voting policy
- our clients' requests or policy
- other, explain
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

| | |
|-----------------|-----------------------------------|
| LEA 18.2 | Additional information.[Optional] |
|-----------------|-----------------------------------|

We receive voting recommendations from ISS which are based on ISS's core policy because this is largely consistent with our own basic voting principles. However, these are considered as just that - recommendations - and it is the responsibility of the Sparinvest equity portfolio managers to decide votes on a case-by-case, based on the guiding principle, the below voting policy, and more extensive set of guidelines derived from the voting policy. We will sometimes choose not to follow ISS recommendations.

When proxy voting on portfolio holdings, Sparinvest:

- Supports the principle of one-share, one-vote
- Supports a fair access to forward shareholder resolutions
- Supports the protection of minority shareholders rights
- Supports the principle of independence of Board members
- Supports the principle of dealing with M&A in the interest of creating long-term shareholder value
- Is generally opposed to any kind of 'poison pills'
- Supports the principle that companies should comply with the corporate governance standards applicable in

their country of domicile or explain non-compliance
Supports the principle of companies being transparent

| | | | |
|--------|-----------|---------------|-------|
| LEA 22 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

| | |
|----------|---|
| LEA 22.1 | Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations. |
|----------|---|

- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

| | | | |
|--------|-----------|---------------|-------|
| LEA 23 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

| | |
|----------|--|
| LEA 23.1 | For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year. |
|----------|--|

- We do track or collect this information

| | |
|--|--------------------------------|
| | Votes cast (to the nearest 1%) |
|--|--------------------------------|

| | |
|--|---|
| | % |
|--|---|

57

| | |
|--|--|
| | Specify the basis on which this percentage is calculated |
|--|--|

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

| | |
|----------|--|
| LEA 23.2 | If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional] |
|----------|--|

Whereas our voting on actively-managed funds is around 90%, our policy with regard to our passive/index funds (as agreed with clients) is one of only voting on companies in which we have a significant holding (current threshold EUR 1 million). This results in a lower overall total voting percentage across all listed equities owned.

Market demand for passives is based largely on their low charges and thus our active ownership policy for passives is a trade-off between our understanding of what clients currently want and increasing industry demand for voting across all passive holdings. We are monitoring the situation.

- We do not track or collect this information

Communication

LEA 27

Mandatory

Core Assessed

PRI 2,6

LEA 27.1 Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<http://www.sparinvest.eu/various/voting%20record.aspx>

LEA 27.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEA 27.3 Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 27.4 Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
 - Continuously (soon after votes are cast)
 - Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad-hoc/as requested
- No
 - We disclose it to clients/beneficiaries only
 - We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Sparinvest Group

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

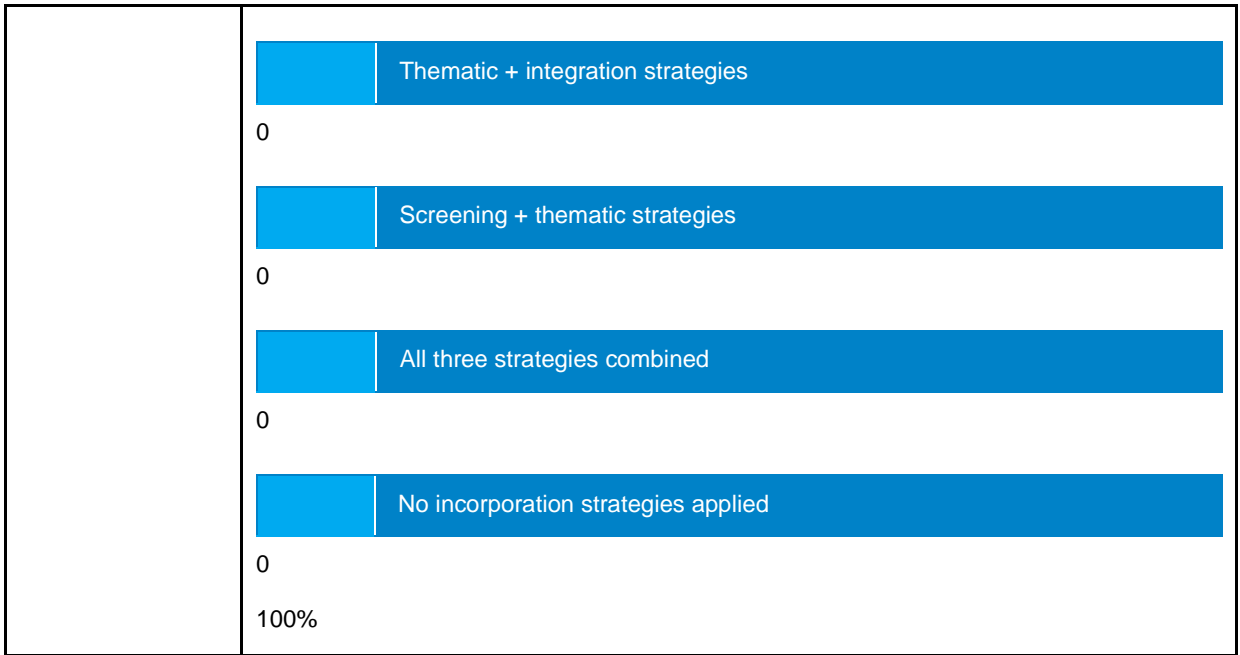
This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed fixed income

Implementation processes

| FI 04 | Mandatory | Gateway | PRI 1 |
|---------|---|---------|-------|
| FI 04.1 | Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to. | | |

| SSA | <table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>100</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>0</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table> | Strategy | Percentage | Screening alone | 0 | Thematic alone | 0 | Integration alone | 0 | Screening + integration strategies | 100 | Thematic + integration strategies | 0 | Screening + thematic strategies | 0 | All three strategies combined | 0 | No incorporation strategies applied | 0 | Total | 100% |
|-------------------------------------|--|----------|------------|-----------------|---|----------------|---|-------------------|---|------------------------------------|-----|-----------------------------------|---|---------------------------------|---|-------------------------------|---|-------------------------------------|---|--------------|-------------|
| Strategy | Percentage | | | | | | | | | | | | | | | | | | | | |
| Screening alone | 0 | | | | | | | | | | | | | | | | | | | | |
| Thematic alone | 0 | | | | | | | | | | | | | | | | | | | | |
| Integration alone | 0 | | | | | | | | | | | | | | | | | | | | |
| Screening + integration strategies | 100 | | | | | | | | | | | | | | | | | | | | |
| Thematic + integration strategies | 0 | | | | | | | | | | | | | | | | | | | | |
| Screening + thematic strategies | 0 | | | | | | | | | | | | | | | | | | | | |
| All three strategies combined | 0 | | | | | | | | | | | | | | | | | | | | |
| No incorporation strategies applied | 0 | | | | | | | | | | | | | | | | | | | | |
| Total | 100% | | | | | | | | | | | | | | | | | | | | |
| Corporate (financial) | <table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>100</td> </tr> </tbody> </table> | Strategy | Percentage | Screening alone | 0 | Thematic alone | 0 | Integration alone | 0 | Screening + integration strategies | 100 | | | | | | | | | | |
| Strategy | Percentage | | | | | | | | | | | | | | | | | | | | |
| Screening alone | 0 | | | | | | | | | | | | | | | | | | | | |
| Thematic alone | 0 | | | | | | | | | | | | | | | | | | | | |
| Integration alone | 0 | | | | | | | | | | | | | | | | | | | | |
| Screening + integration strategies | 100 | | | | | | | | | | | | | | | | | | | | |



| | | |
|---------------------------|-------------------------------------|------|
| Corporate (non-financial) | Screening alone | 0 |
| | Thematic alone | 0 |
| | Integration alone | 0 |
| | Screening + integration strategies | 100 |
| | Thematic + integration strategies | 0 |
| | Screening + thematic strategies | 0 |
| | All three strategies combined | 0 |
| | No incorporation strategies applied | 0 |
| | | 100% |
| Securitized | Screening alone | 0 |
| | Thematic alone | 0 |
| | Integration alone | 0 |
| | Screening + integration strategies | 100 |

| | | |
|--|-------------------------------------|------|
| | Thematic + integration strategies | 0 |
| | Screening + thematic strategies | 0 |
| | All three strategies combined | 0 |
| | No incorporation strategies applied | 0 |
| | | 100% |

FI 04.2 Describe your primary reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Across all our Fixed Income funds, we apply the overarching screening of companies involved with controversial weapons and securities in breach of EU sanctions. In addition to this, and because of the relatively short-term nature of bond investment, compared to equity, we also apply norms and sector-based exclusions - primarily for our ethically-screened high yield funds.

The exclusionary criteria for these funds result from ongoing consultation with clients, but are broadly categorised as norm-based and sector-based criteria:

- A norm-based screen for violations of global norms: environmental protection, human rights, labour standards and anti-corruption.
- A sector-based screen for companies operating within sectors such as: alcohol, tobacco, gambling, pornography, weapons and thermal coal& oil sands.

FI 06 **Mandatory** **Additional Assessed** **PRI 1**

FI 06.1 Indicate how you ensure that your ESG research process is robust:

- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify
- None of the above

FI 06.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, ‘tear sheets’, ‘dashboards’ or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

(A) Implementation: Screening

FI 07 **Mandatory** **Gateway** **PRI 1**

FI 07.1 Indicate the type of screening you conduct.

Select all that apply

| | SSA | Corporate (financial) | Corporate (non-financial) | Securitised |
|----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Negative/exclusionary screening | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Positive/best-in-class screening | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Norms-based screening | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

FI 07.2 Describe the type of screening you apply to your internally managed active fixed income

Across all funds, we exclude companies involved in controversial weapons and securites in breach of EU sanctions. (We note that on occasion, certain sanctions may have the effect of excluding specific countries, but we have no direct country exclusion screens ourselves).

In addition, we provide certain funds which add an additional focus on ethical screening, which is based on negative screening to exclude companies from the investment universe or investment shortlist, on certain specific grounds. The exclusionary criteria for these funds result from ongoing consultation with clients, but are broadly categorized as norm-based and sector-based criteria:

- A norm-based screen for violations of global norms: environmental protection, human rights, labor standards and anti-corruption.
- A sector-based screen for companies operating within sectors such as: alcohol, tobacco, gambling, pornography, weapons thermal coal and oil sands.

Note that our Norm-Based screening is a negative exclusionary screen. It assesses companies' adherence to international norms for human rights, the environment, labor standards and anti-corruption. It adheres to the UN Global Compact Principles.

FI 08 **Mandatory** **Descriptive** **PRI 1**

FI 08.1 | Indicate why you conduct negative screening.

SSA

SSA

- For legal reasons
- For non-legal reasons

Corporate (financial)

Corporate (fin)

- For legal reasons
- For non-legal reasons

Corporate (non-financial)

Corporate (non-fin)

- For legal reasons
- For non-legal reasons

FI 08.2 | Describe your approach to ESG-based negative screening of certain issuers from your investable universe.

See FI 07.2

| | | | |
|--------------|------------------|----------------------|--------------|
| FI 10 | Mandatory | Core Assessed | PRI 1 |
|--------------|------------------|----------------------|--------------|

FI 10.1 | Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

| Type of screening | Checks | |
|---------------------------------|--|--|
| Negative/exclusionary screening | Negative/exclusionary screening | <input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070C0; color: white; padding: 2px;">other description</div> Data used for the screening criteria is updated 6-monthly <input type="checkbox"/> None of the above |
| Norms-based screening | Norms-based screening | <input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070C0; color: white; padding: 2px;">other description</div> Data used for the screening criteria is updated 6-monthly <input type="checkbox"/> None of the above |

(C) Implementation: Integration

| | | | |
|-------|-----------|-------------|-------|
| FI 14 | Mandatory | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|

FI 14.1**Describe your approach to integrating ESG into traditional financial analysis.**

The formal consideration of environmental, social and governance (ESG) risk factors has been fully integrated into the investment process of the Group's Corporate Value Bonds Team. Specifically, ESG risk considerations are included in the analysis phase of the Value Bonds investment process and taken into account in every on-going investment update. This is designed to strengthen portfolios by minimizing exposure to potential ESG downside risk. The investment process for Sparinvest's range of value bond portfolios is essentially that ESG factors are incorporated into the investment process on an equal footing with traditional financial data; and, as with the financial key metrics, environmental, social and governance issues are part of the investment process 'check list'. All potential target companies must meet the criteria of the check list before becoming eligible for investment.

From a practical point of view, we use our own ESG-research, third-party research and our customised 'red flags'-list (primarily focusing on corporate governance) when identifying potential issues. The purpose of the 'red flags' is to make sure that issues, such as allegations of fraud, potential changes of management or of auditors, conflicts of interest etc., which could be signs of potential governance issues, are taken into account during the financial analysis process even where this information is, as yet, unverified. One of our red flags specifically requires the investment management team to consider ESG research information prior to investment.

FI 14.2**Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.****SSA**

From a fiduciary perspective, we believe that the G part of ESG analysis is of paramount importance when investing in Sovereigns because a well-governed country is more likely to repay its debts. Good governance also is essential to the successful development of an economy, as well as its ability to protect its people and environment, therefore good governance permits good ESG behaviour.

The formal consideration of governance risk factors is integrated in - and considered a vital part of - the investment process for Sparinvest funds investing in sovereigns.

In previous internal studies, Sparinvest has found that the World Governance Indicators have explanatory powers regarding historic returns on sovereigns. Therefore the World Governance Indicators are used as input. More than 200 countries are analysed annually on key metrics, focusing on government/regulatory governance and human rights in particular. Specifically, countries are ranked according to:

- Voice and Accountability,
- Political Stability and Absence of Violence,
- Government Effectiveness,
- Regulatory Quality,
- Rule of Law,
- Control of Corruption.

However, the World Governance Indicators are retrospective and there is a built in time-lag in the data. Therefore in order to keep up to date with more immediate potential sovereign risk factors, Sparinvest makes adjustments on the basis of other, more forward looking, data - including broker and Press reports - which cover the same governance factors as well as elections and political cycles. Such factors are included alongside other relevant risk measures when evaluating the credit spread (with particular attention paid to any potential for institutional favouritism and corruption linked to a change of government).

Where serious ESG risks are identified, Sparinvest's Sovereign Bonds Investment Team prefers to look for alternative bond issues.

Corporate (financial)

Corporates (Sparinvest does not distinguish between financials/non-financials in terms of ESG):

The formal consideration of environmental, social and governance (ESG) risk factors has been fully integrated into the investment process of the Group's Corporate Value Bonds Team. Specifically, ESG risk considerations

are included in the analysis phase of the Value Bonds investment process and taken into account in every on-going investment update. This is designed to strengthen portfolios by minimizing exposure to potential ESG downside risk. The investment process for Sparinvest's range of value bond portfolios is essentially that ESG factors are incorporated into the investment process on an equal footing with traditional financial data; and, as with the financial key metrics, environmental, social and governance issues are part of the investment process 'check list'. All potential target companies must meet the criteria of the check list before becoming eligible for investment.

Given the nature of Corporate Bonds, where the maximum investment period is known and defined as the time to maturity, i.e. a typical time-horizon of 2-5 years, the portfolio managers consider that the ESG issues in corporate bonds are best addressed by requesting high governance standards. From a practical point of view, we use our own ESG-research, third-party research and our customised 'red flags'-list (primarily focusing on corporate governance) when identifying potential issues. The purpose of the 'red flags' is to make sure that issues, such as allegations of fraud, potential changes of management or of auditors, conflicts of interest etc., which could be signs of potential governance issues, are taken into account during the financial analysis process even this information is, as yet, unverified. One of our red flags specifically requires the investment management team to consider ESG research information prior to investment.

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|--|---------------------------|
| | Corporate (non-financial) |
|--|---------------------------|

See above.

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|--|-------------|
| | Securitised |
|--|-------------|

The securitised investments almost completely consists of Danish Mortgage Backed Bonds (DMBB) - a uniform asset class with high ESG standards (or alternatively low ESG-related risks) and consequently Sparinvest considers allocating investments to DMBB as a very prudent action in terms of dealing with ESG.

In addition, Sparinvest has consulted with the UN PRI Secretariat who confirmed our understanding that the high level of transparency within the Danish Mortgage system means that the principle of active ownership doesn't apply to Danish Mortgage Banks.

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| FI 15 | Mandatory | Core Assessed | PRI 1 |
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|---------|--|
| FI 15.1 | Indicate how ESG information is typically used as part of your investment process. |
|---------|--|

Select all that apply

| | SSA | Corporate (financial) | Corporate (non-financial) | Securitized |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| ESG analysis is integrated into fundamental analysis | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is integrated into security weighting decisions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is integrated into portfolio construction decisions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is a standard part of internal credit ratings or assessment | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis for issuers is a standard agenda item at investment committee meetings | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is regularly featured in internal research notes or similar | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is a standard feature of ongoing portfolio monitoring | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis features in all internal issuer summaries or similar documents | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Other, specify | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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|-------|-----------|---------------------|-------|
| FI 16 | Mandatory | Additional Assessed | PRI 1 |
|-------|-----------|---------------------|-------|

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| FI 16.1 | Indicate the extent to which ESG issues are reviewed in your integration process. |
|---------|---|

| | Environment | Social | Governance | |
|---------------------------|---------------------------|--|---|---|
| SSA | SSA | <input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all |
| Corporate (financial) | Corporate (financial) | <input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all |
| Corporate (non-financial) | Corporate (non-financial) | <input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all |
| Securitized | Securitized | <input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all |

FI 16.2 Please provide more detail on how you review E, S and G factors in your integration process.

SSA

The formal consideration of governance risk factors is integrated in - and considered a vital part of - the investment process for Sparinvest funds investing in sovereigns.

In previous internal studies, Sparinvest has found that the World Governance Indicators have explanatory powers regarding historic returns on sovereigns. Therefore the World Governance Indicators are used as input. More than 200 countries are analysed annually on key metrics, focusing on government/regulatory governance and human rights in particular. Specifically, countries are ranked according to:

- Voice and Accountability,
- Political Stability and Absence of Violence,
- Government Effectiveness,
- Regulatory Quality,
- Rule of Law,
- Control of Corruption.

However, the World Governance Indicators are retrospective and there is a built in time-lag in the data. Therefore in order to keep up to date with more immediate potential sovereign risk factors, Sparinvest makes adjustments on the basis of other, more forward looking, data - including broker and Press reports - which cover the same governance factors as well as elections and political cycles. Such factors are included

alongside other relevant risk measures when evaluating the credit spread (with particular attention paid to any potential for institutional favouritism and corruption linked to a change of government).

Where serious ESG risks are identified, Sparinvest's Sovereign Bonds Investment Team prefers to look for alternative bond issues.

Corporate (financial)

Corporates (Sparinvest do not distinguish between financials/non-financials in terms of ESG):

As part of the analysis process, every company has to be investigated for potential governance issues identified by checking '13 red flags' making sure that the company is not subject to e.g. fraud rumours, conflicts of interests, change in management etc. One of the red flags requires that the 3rd party ESG research information on the company should have been analysed prior to investment.

Research regarding environmental and social risk factors is also fed into our investment process and in some sectors these risks are fundamental in the evaluation of the investment case. Consequently, the relative importance of ESG issues may differ substantially from case to case. It is then up to the portfolio managers/analysts to assess this.

Corporate (non-financial)

See above.

Securitized

The securitized investments almost completely consists of Danish Mortgage Backed Bonds (DMBB) - a uniform asset class with high ESG standards (or alternatively low ESG-related risks) and consequently Sparinvest considers allocating investments to DMBB as a very prudent action in terms of dealing with ESG

Communication

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| FI 23 | Mandatory | Core Assessed | PRI 2,6 |
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| FI 23.1 | Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments. |
|---------|---|

- We disclose it publicly

Provide URL

http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx

| | |
|---------|---|
| FI 23.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries. |
|---------|---|

- Yes

FI 23.3

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

FI 23.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries