



LEA 02	Disclosures Monetary	Reason for Interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG decision-makers</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	<p><input checked="" type="checkbox"/> We do not engage via internal staff</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	<p><input type="checkbox"/> We do not engage via collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	<p><input type="checkbox"/> We do not engage via service providers</p> <p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> Other: specify</p>	

RI TRANSPARENCY REPORT

2014/15

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 2014-15 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	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	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	Description of RI considerations	✓	Private	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	🔒	n/a							✓
SAM 05	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓						✓
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓						✓
SAM 11	Appointment considerations (non-listed assets)	✓	Private				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓						✓
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓						✓
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						✓
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	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	Description of ESG incorporation	✓	Private	✓						
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	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	✓	Private	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	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	✓	Private		✓					
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 engagement activities	✓	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	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	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, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

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

125

OO 02.4

Additional information. [Optional]

We have offices in Denmark, France, Luxembourg and Sweden

OO 03	Mandatory	Descriptive	General
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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]

The consideration of ESG risk factors is integrated into all our investment processes, across all asset classes, in line with our commitment to the UN PRI. Our signature of the Principles applies to all parts of our organisation.

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

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	562	400	000
Currency	EUR				
Assets in USD		12	541	003	218

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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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	31.55	0

Fixed income – corporate	23.4	0
Fixed income – government	8.1	0
Fixed income – other	25.65	0
Private debt	0	0
Private equity	0	0
Property	0	9.46
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	1.87	0
Other (1), specify	0	0
Other (2), specify	0	0

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 10.3	Additional information. [Optional]
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In line with our commitments under PRI we have continued to incorporate ESG issues into all investment decisions on our actively-managed listed equity assets

We engaged with portfolio companies on ESG issues, when relevant, as part of our usual process of discussing company fundamentals with the management of investee companies. In addition, we undertook the Lead role in an engagement with NTT, on behalf of the UN PRI Anti-corruption Committee. We also undertook collaborative engagement via our service providers

We cast our proxy votes via our service providers but under the instruction of our fund managers. We voted on 90% of resolutions and our voting record is visible on our website. We aim to engage with companies regarding voting issues, as appropriate.

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

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Cash
- None of the above

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- Property
- None of the above

OO 11.3	Additional information. [Optional]
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We have continued to implement ESG issues into investment decisions across these asset classes, to differing degrees as appropriate (for example in property we manage a fund of funds as opposed to direct investments). For further details on our approach in fixed income, see Fixed Income section later in document, and our Responsible Investing Book:

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

OO 12	Mandatory	Gateway	General
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This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. 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. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

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 - Corporate
- Fixed Income - Government

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Property

Closing module

- Closing module

Sparinvest Group

Reported Information

Public version

Overarching Approach

PRI disclaimer

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Our investment strategies are focused on long-term results and sustainable because they built on decades of academic evidence demonstrating history of superior returns within a mainstream investment universe.

The focus on environmental, social and governance-related (ESG) company risk factors is an important component of our value based approach, and non-financial risks have always played a key role, albeit informal, in our meticulous way of assessing investment upside. In deciding to become a UN PRI signatory, however, we have now formalized the analysis and integration of ESG factors in the investment process. Consideration of ESG risk factors is the responsibility of the portfolio management teams and has been fully integrated into the investment process of the Group's actively-managed portfolios. Specifically, the ESG risk consideration has been implemented in the analysis phase of the investment process, designed to strengthen decision-making and securing further downside protection. We see the integration of ESG research as an important element of the assessment of non-financial risks which, combined with company dialogue, can serve as a driver for the reduction of portfolio tail risk. Specifically, the integration of ESG risk factors in the analysis facilitates:

- The information needed for the investment teams to be able to assess the ESG risks in a specific company.
- Information about the potential for company dialogue, i.e. what will it take for the company to improve on ESG matters and 'blind spots' when compared to industry leaders.

To ensure high-quality ESG research, Sparinvest has entered into an agreement with an internationally acknowledged research provider, offering up-to-date and relevant information on target companies. In addition, Sparinvest uses a combination of company reports, sector reports and customized bespoke research reports as the basis for well-informed investment decisions.

Furthermore, we have a responsible investment book which describes Sparinvest's RI policy and approach in detail - including the various asset class modifications.
http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes

OA 02.2

Provide a URL to your responsible investment policy.

URL

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

No

OA 02.3

Indicate if your other policies or guidance documents related to responsible investment are publicly available.

Yes

Yes, all

Yes, some

OA 02.4

List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Sparinvest Ethical Investment Policy	http://www.sparinvest.lu/~media/international/downloads/responsible%20investment/20121001_ethical_investment_policy_in_short_eng.ashx
Sparinvest Voting Record	http://www.sparinvest.eu/various/voting%20record.aspx
Sparinvest Responsible Investment Book	http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx
Sparinvest Proxy Voting Policy	http://www.sparinvest.lu/~media/international/downloads/ebooks/20121119_ebook_responsible_investing_english_final.ashx
Sparinvest UNPRI Policy	http://www.sparinvest.lu/~media/international/downloads/responsible%20investment/sparinvest%20unpri%20policy%20january%202012.ashx
Sparinvest Responsible Investment Review	http://www.sparinvest.lu/~media/international/downloads/responsible%20investment/si_ri_review_022015.ashx

No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<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

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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VARIATION BY ASSET CLASS:

Our responsible investment policy applies across asset classes, but naturally is applied as appropriate to the nature of the specific asset class or product area.

A rough, but not comprehensive, summary of the difference by asset classes would be:

- Within active equity, this includes full integration of ESG risk factors in the investment process, voting of shares, and engagement with holdings on various ESG and voting related issues.
- Within quantitatively managed equities, emphasis is on overall portfolio characteristics rather than on individual holdings, with ESG factors considered on a portfolio-wide basis and the overall ESG score of the portfolio monitored and logged. The long-term ambition is to improve the ESG score of quant portfolios over time.
- Within passive equities, Sparinvest follows PRI guidance that the emphasis should be on active ownership (Principle 2).
- Within corporate bonds, ESG risk factors are fully integrated into the investment process
- Within sovereigns, World Governance Indicators are used alongside other relevant risk measures when evaluating the credit spread; collaborative engagement, such as through the PRI initiative Clearinghouse, may also be used.
- Within property, we note that our funds are funds-of-funds with no direct control of the ultimate asset, and that investment in real estate funds is typically entered into for a defined period of time. Subject to these limitations, the fund screening and selection process consists of an asset and property manager quality assessment which addresses various ESG risk factors, while ongoing portfolio management includes aspects of active ownership.

These variations are explained with the Sparinvest Responsible Investing Book.

RESPONSIBLE INVESTMENT AND ETHICAL INVESTMENT

We note also that within Sparinvest, we make a distinction between "Responsible Investment" and "Ethical Investment".

We aim to be responsible investors across the board, as outlined above. The responsible investment approach does include certain screening elements; for example, to avoid investing in companies producing illegal weapons or in breach of EU sanctions.

Meanwhile, we also 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 funds are easily identified by the label "Ethical" within the fund name.

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 and weapons

Sparinvest has an agreement with Ethix SRI Advisors AB, a service provider of international repute, to provide a structured analytical and screening process relating to these norm-based and sector-based screens.

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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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

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
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Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
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- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed
- No

OA 05.4

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 the dedicated RI analysts. 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

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

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
- Other role, specify
- Other role, specify

OA 08.2

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

Number

3

OA 08.3

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
- Dedicated RI Staff: 2 ESG Analysts: Assist PM with RI operations. Sit on RI Committee
- External Service Providers: Charged with implementing voting on instruction plus collaborative dialogue.

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

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 has acted as lead investor in the ongoing collaborative engagement regarding anticorruption facilitated by UNPRI and Transparency International.

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- 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 joined during the year and thus far participation has been limited to attending certain events and utilising available materials; we are currently assessing the optimal ways to utilise ICGN.

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Eurosif

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. In addition Sparinvest has obtained the LuxFLAG ESG Label.

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

DANSIF

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]

Sparinvest has been an active member of Dansif since 2010.

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

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

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

- Yes

OA 11.2

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
- Other, specify
 - Encourage the adoption of UN Global Compact.
 - Contributed to the design of the LuxFLAG ESG Label

No

OA 11.3 Additional information. [Optional]

Sparinvest has been a driving factor in the development of LuxFLAG ESG Label that was launched in 2014. This initiative will help put even more focus on funds and mandates supporting high ESG standards. Sparinvest has obtained the LuxFLAG ESG Label.

Innovation

OA 18

Voluntary

Descriptive

General

OA 18.1

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

Yes

OA 18.2

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
- The degree to which ESG information is fully integrated into the decision supporting tools of the portfolio management teams

No

Sparinvest Group

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

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.

Overview

SAM 02	Mandatory	Core Assessed	PRI 4
--------	-----------	---------------	-------

SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

- Yes
 No

SAM 02.4 Additional information. [Optional]

In Sparinvest Property Investors we have our own investment team that consists of skilled professionals with vast experience in property investment and management, corporate finance and private equity. The team has an in-depth knowledge of property markets and a wide-ranging industry network, enabling us to identify and get access to superior operating partners. Thus, we are solely responsible for selecting, appointing and monitoring our external managers.

SAM 03	Mandatory	Gateway	General
--------	-----------	---------	---------

SAM 03.1 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"/>

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
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SAM 10.1 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	
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, including PRI reporting	<input type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<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 01 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 10.2

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 12

Mandatory

Core Assessed

PRI 1-6

SAM 12.1

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, for example PRI-generated responsible investment reports	<input checked="" 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 01.

SAM 12.2

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

As mentioned in SAM 01 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 16

Mandatory

Core Assessed

PRI 6

SAM 16.1

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 16.3

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/Core Assessed	PRI 1
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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.
----------	--

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 - you may (estimate +/- 10%)	 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 primary reasons for choosing a particular ESG incorporation strategy.
----------	---

As a general concept, we prefer engagement to exclusion, believing that encouraging companies towards higher ESG standards may ultimately benefit investment performance. We therefore choose to analyse ESG risk factors and where the overall risk-reward profile of the investment case remains compelling, invest, but engage with companies as appropriate (see separate section on engagement).

However, we think that an integration strategy can be complemented by certain exclusionary screenings. Across all funds, we exclude companies involved in illegal weapons and in breach of EU sanctions.

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 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 and weapons

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 illegal 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, Ethis SRI Advisors AB. 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 Ethis in this regard has useful crossover application in our ESG integration strategy.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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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 illegal weapons and 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 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 and weapons

(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
- Universal Declaration of 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.
-----------------	---

The Head of Responsible Investment is responsible for semi-annual review of all our screening criteria. This review is informed by ongoing consultation with clients, other industry participants, and general industry trends. A key role of the RI committee is to be aware of potentially relevant new screening requirements.

Clients are notified of changes via both direct communication such as presentations, and via our website.

LEI 07	Mandatory	Core Assessed	PRI 1
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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 (Ethix SRI Advisors AB). 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 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1	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	<input checked="" 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	<input checked="" 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	<input checked="" 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

Outputs and outcomes

LEI 17	Voluntary	Descriptive	PRI 1
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LEI 17.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
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ESG issue 1

ESG issue and explanation

RUSSIA - GENERAL& SPECIFIC ESG CONCERNS. Russia is a market which frequently involves ESG issues requiring our attention. It ranks poorly in World Governance Indicators and in general ESG scores for individual companies tend to be relatively low. There is often concern over governance risk, and poor environmental track records at various companies. Primarily due to geopolitical events, there was even stronger focus on these risk factors in Russia in 2014. Among other impacts seen, sanctions arose (US, EU) and the Russian equity market suffered losses relative to global emerging markets. Within Russia, a prominent telecoms and energy holding company saw state investigations into asset ownership, ultimately resulting in a core asset being transferred to the state.

ESG incorporation strategy applied

- Screening
- Integration
- Combination of ESG incorporation strategies
- Index incorporating ESG issues

Impact on investment decision or performance

These considerations were reflected in various ways:

- Sanctions screens: all our funds are committed to excluding companies in breach of EU sanctions. We monitored the situation closely; no existing investments were found to be in breach, and no divestments made.
- Ethical fund screens: our Ethical funds screen on both normative issues and sector exposures. Various Russian companies are excluded on this basis, including certain major energy companies due to environmental issues.
- Country weighting: as value investors, when we see securities, sectors or countries which have low nominal valuations, we must naturally ask whether this is an attractive investment opportunity. Russia typically trades at low valuations relative to many other markets, partially due to the aforementioned governance concerns. During 2014, the valuation discount became deeper. Despite this, we take a conservative view of the current situation in terms of ESG risk factors (particularly governance), and the potential knock-on economic effects. This means that our funds are not overweight Russia, but in fact somewhat underweight, despite it being a market where nominal valuations might typically suggest higher weighting to a value investor.
- Stock specific: relating to the holding company mentioned above, our response was a detailed review of the ongoing situation, both in terms of fundamentals and share price development. We refrain from further comment because the situation remains active.

ESG issue 2

ESG issue and explanation

During the last 2 years in particular Japan has been a particularly interesting market in terms of corporate governance. Japan has recently introduced a Stewardship Code; is on the verge of introducing a Corporate Governance Code for listed companies; has a new stock index which incorporates certain governance benchmarks into index inclusion criteria and which is being adopted as a benchmark by some very major institutional investors; and certain proxy voting advisors are adopting new policies which are tougher on companies with poor capital efficiency. These tailwinds are creating interesting opportunities for engagement and both new investments and divestments.

ESG incorporation strategy applied

- Screening
- Integration
- Combination of ESG incorporation strategies
- Index incorporating ESG issues

Impact on investment decision or performance

We have for some time engaged with various Japanese holdings relating to governance issues, most commonly board structure (lack of external presence) and approaches to capital structure (in some cases we feel the management/board approach to capital structure does not adequately foster long term corporate value or the interests of minority shareholders). During 2014, we continued to push on these engagements, partially because we believe the current tailwinds increase the potential to achieve material change.

The impact on investment decision or performance varies case-by-case:

- A mid-cap machinery maker made a significant change to its capital allocation policies, committing to boost return on shareholders' equity by returning 100% of net income to shareholders for a two year period. This change in governance attitudes had an immediate and significant positive impact on the share price, contributing to fund performance. (Ultimately, this performance has led to the stock attaining fair value and therefore being divested from portfolios).
- A mid-cap distributor of consumer electronics and office equipment, with a dominant parent company, faced recommendations from proxy vote advisors against management due to lack of external representation on the board. We opted to engage directly with the company, using the proxy advisors' recommendation to drive discussions, and having been impressed with the company's commitment to improve, chose to vote in favour of management. In 2014, the company added an Independent Director and Independent Auditor. We note that the company's share price significantly outperformed the Japanese market and its own parent company during 2014; we would hesitate to suggest a direct causal link, but we do believe listed subsidiary companies are well rewarded in the long-term if they are able to demonstrate an improving level of independence.
- A major consumer electronics, entertainment and financial services company came under direct pressure from a major overseas shareholder to take dramatic steps to restructure its business in order to foster long-term value. We monitored this situation closely. Ultimately the company responded through providing improved transparency with clearer business targets for certain operating units. We believe this has led to an increase in corporate value, and contributed directly to strong share price performance in the latter half of 2014

ESG issue 3

ESG issue and explanation
<p>During 2014, corruption issues emerged at a Brazilian oil major. In March 2014, police arrested the company's former head of refining, and revelations subsequently spread to construction companies and politicians.</p>
ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Integration</p> <p><input checked="" type="checkbox"/> Combination of ESG incorporation strategies</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>
Impact on investment decision or performance
<p>Our exposure to the company in question has been reduced; the company has taken some credible steps to address the allegations, including internal investigations implemented by two external law firms, and the creation of a new executive director position to oversee compliance and corruption risk, and the creation of a new anti-corruption manual. Nonetheless, visibility on this issue remains somewhat limited. We will also closely monitor whether the company is verified to have breached any norms, relating to our screening criteria for Ethical funds.</p>

- ESG issue 4
- ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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- 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.eu/~media/international/downloads/responsible%20investment/si_ri_reveiw_20140703.ashx

LEI 18.2

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

Yes

LEI 18.3

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 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- 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

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.

Engagement

Overview

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 out these interactions.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved 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 support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved 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 support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2

Additional information. [Optional]

Engagement can cover a range of issues and goals. We utilise different engagement routes (internal/collaborative/service provider) as deemed appropriate to achieve the best results in each specific case. These routes are not mutually exclusive and can be complementary: for example, internal staff engagement can be used to encourage a company into a more constructive dialogue with a service provider.

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 how you identify and prioritise engagements.

Active funds - Dialogue with an impact:

In our active funds our aim is not to enter into dialogue with each and every company in our portfolios. Instead, we will make an assessment of dialogue matters on a case-by-case basis. The formal process for identifying these cases varies somewhat by type of engagement:

- **VOTING RELATED:** we aim to communicate our voting policy to all holdings at point of initial investment. We aim to have internal staff engagement with companies where we plan to or have already voted against management recommendations. From 2015, we aim to bolster our communication regarding voting, so that all holdings receive direct notification of our voting decisions, with particular focus on explaining & discussing any controversial or borderline issues.
- **NORMATIVE BREACHES:** where the norm-based screen for our Ethical funds reveals normative breaches, we aim to have internal staff engagement with the company, which may still be held within other funds. Note that we also have service provider engagement via Ethix SRI Advisors AB with all companies found to be in normative breach. Often, one aim of our direct engagement will be to encourage the company into constructive dialogue with Ethix.
- **ESG ISSUES:** selection of holdings for internal staff engagement on specific ESG issues is based on monitoring of our holdings for ESG risk by the investment managers and dedicated RI staff. As opposed to dialogue with all holdings, we aim to enter dialogue where we see reasonable potential for achieving a material impact. We label this "dialogue with an impact".

Passive funds:

In the passive equity funds Sparinvest engages systematically with companies in breach with the UN Global Compact principles, in collaboration with other institutional investors. This dialogue is driven by an external research provider.

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

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

Dialogue in active funds:

Regarding internal staff engagements, Sparinvest maintains an internal engagement database noting key details on all engagements. Progress evaluation is done systematically in quarterly equity team meetings where next steps are discussed and planned. Depending on the specific engagement, the target can be more or less concrete; we do not think that being excessively dogmatic regarding specific targets is always the most constructive way to engage, with more constructive engagements often leaving discretion to the investee company as to the precise shape and form of improvement.

The Head of Responsible Investment attends the above meetings, and carries out an annual review of collaborative and service provider engagements.

- 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 how you identify and prioritise collaborative engagements.

Similarly to internal staff engagements, we aim to select collaborative engagement opportunities based on the potential to achieve a material impact. This may, for example, be where we are in a unique position to strengthen a collaborative engagement, such as due to our relationship with the target company or organisation or due to our specific experience in the subject matter. As noted above we utilise different engagement routes (internal/collaborative/service provider) as deemed appropriate to achieve the best results in each specific case, so for example a collaborative engagement may be initiated to add impetus to an internal staff engagement.

During 2014 Sparinvest was involved in three collaborative engagements:

- Anti-Corruption engagement with NTT of Japan, as lead investor in a PRI initiative
- Increase ESG Transparency on Stock Exchanges
- UN Global Compact Anti-Corruption Campaign

- No

LEA 06	Mandatory	Core Assessed	PRI 2
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LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
 - Yes, for all collaborative engagement activities
 - Yes, for the majority of collaborative engagement activities
 - Yes, for a minority of collaborative 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

LEA 06.3 Describe how you monitor and evaluate the progress of your collaborative engagement activities.

The degree to which we directly monitor and evaluate the progress will reflect the level of our involvement in the specific engagement. Typically we aim to be involved in collaborative engagements which have a clear system or process to share information between participants. Where we have a lead role, we will of course take responsibility for directly monitoring the target company and reporting progress to other participants.

- 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.

- Specify the issues for the engagement
 - Specify the objectives for the engagement
 - Select the companies to be engaged with
 - Participate directly in the engagements with your service provider
 - Actively monitor and review the activities of the service provider
 - Other, specify
- No

LEA 07.3 Additional information. [Optional]

Our main route of service provider engagement is via Ethix SRI Advsiors AB, 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. The Head of Responsible Investment carries out an annual review of the service provider's engagement, based on their annual engagement report.

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/Core Assessed

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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, 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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, 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 15

Mandatory

Core Assessed

PRI 2,6

LEA 15.1

Indicate whether your organisation proactively discloses information on its engagements.

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/responsible%20investment/si_ri_review_022015.ashx

LEA 15.2

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

- Yes
 No

LEA 15.3

Indicate what engagement information your organisation proactively discloses to the public.

- 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 RI policy explains our overarching principles of engagement, including the concept of engagement with impact, & regarding voting policy & decisions.

LEA 15.4

Indicate how frequently you typically report engagements information to the public.

- Disclosed continuously (prior to and post engagements)
 Disclosed quarterly
 Disclosed annually
 Disclosed every two years or less
 Other, specify

Current disclosure of overarching policy is updated as appropriate on an ad hoc basis. From 2015 introducing more regular disclosure on ongoing engagements.

LEA 15.5

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

- 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

LEA 15.6

Indicate how frequently you typically report engagements information to clients/beneficiaries.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify

Reporting is typically via client presentations which are on an ad hoc basis, but typically this means more frequently than annually.

- 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 16	Voluntary	Descriptive	PRI 2
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LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).		
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FUNDS' FINANCIAL PERFORMANCE

With regard to our Ethical funds, which exclude certain stocks based on norm and sector-based screens, we are able to directly compare performance with the equivalent fund without the same exclusion criteria. Since launch, the active equity Ethical Global Value and Ethical Emerging Markets Value have both outperformed the non-screened versions of the funds. In 2014, the passive fund Ethical MSCI World outperformed the benchmark index MSCI World.

Regarding the illegal weapons and sanctions screen, and integration of ESG considerations, Sparinvest has not been able to prove a positive return from ESG integration in a credible way. However Sparinvest has numerous cases where ESG risk considerations have resulted in not investing or divesting from companies which subsequently had significant negative returns.

FUNDS' RISK OR VOLATILITY

We do not specifically measure the volatility impact of our screening and integration measures. As noted above, ESG risk considerations have resulted in not investing or divesting from companies which subsequently had significant negative returns, and this suggests to us that ESG risk considerations mitigate stock specific fundamental risk.

FUNDS' ESG PERFORMANCE

Where we have run comparisons of the ESG score of our portfolios versus the relevant benchmarks, based on for example MSCI IVA ratings, we have generally found the results encouraging. We note however that not all our holdings fall under the current coverage universe of such external rating providers, partly due to the relatively high small cap and off-benchmark exposure of our funds. This does imply some limit on the comparability of the data between fund and benchmark, but we note that the coverage universe of external ESG rating providers is expanding rapidly.

We also note that our designated Ethical funds use norm- and sector-based exclusion criteria. These criteria would exclude around 15% of the MSCI World index constituents, but exclude under 10% of the stocks which have been selected as investments across our active equity fund range. This may imply that our stock selection process for all active funds is effectively filtering some risk.

Within quant funds, we aim to optimise the ESG score of portfolios over time to the extent that this is reconcilable with the investment strategy of the fund; we believe this has improved ESG performance of those portfolios.

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	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) which 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) which 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) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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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 frequently 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 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
-----------------	---

- Obtain confirmation that votes have been received by the company:
 - for a majority of votes
 - for a minority of votes
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

LEA 19.2	Provide additional information on your organisation’s vote confirmation efforts.
-----------------	--

In the voting system provided by ISS Governance, it's possible to see whether the votes reach the intended destination on time. Sparinvest has also commissioned ISS Governance in assisting the establishment of Power of Attorneys which is needed in certain markets in order for Sparinvest to successfully proxy in these markets.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	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 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has 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%)
--	--------------------------------

	%
--	---

91

	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 22.2	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]
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In a small minority of countries, country specific requirements of Powers of Attorney prevented successful proxy voting in these markets; we have endeavoured to remedy this but change of custodian bank during the year delayed the process.

We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
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We disclose it publicly

	provide URL
--	-------------

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

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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Yes

LEA 26.3	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 26.4

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- 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

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ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

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 corporate fixed income to which the strategy is applied (estimate +/- 10%)	%
	100

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

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

The focus on environmental, social and governance-related (ESG) company risk factors is an important component of our value-based approach, and non-financial risks have always played a key role, albeit informal, in our meticulous way of assessing investment upside. Inclusions of ESG risks in the decision making process provides usefull and important information to the portfolio managers. Thus helping us to meet our fiduciary duty in general.

In addition Sparinvest has clients to whom certain values are prevailant. For these clients Sparinvest offers products where the portfolios are screened to accomodate these values.

FI 04.3	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
----------------	---

All Sparinvest funds are screened to prevent investments in companies/institutions involved in the production of illegal weapons, and to prevent investments in companies/institutions/states involved in breach of EU Sanctions.

All Sparinvest funds comply with UNPRI in the sense that ESG considerations are incorporated in the investment process.

In addition to the above Sparinvest Ethical funds offer an additional ethical screening of the portfolios on the basis of norm-based and sector based exclusion policies. Such screening criteria are developed in consultation with clients. In short, the ethical screens are built on two exclusion filters:

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

(A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
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FI 06.1	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
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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 illegal weapons and 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 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 and weapons

(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
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

See above.

FI 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.
----------------	---

Screening criteria are established in collaboration with clients. Criteria are reviewed semi annually and clients are always notified in advance before changes are executed.

Screening:

Norm-Based Screening assesses companies' adherence to international norms for human rights, the environment, labor standards and anti-corruption. It adheres to the UN Global Compact Principles.
 Illegal Weapons Screening assesses companies' involvement in banned weapons such as anti-personnel mines, cluster munitions, biological and chemical weapons.
 Sector Based Screening assesses companies' involvement in industry sectors and products such as alcohol, tobacco, gambling, pornography or weapons

FI 06.3	Additional information. [Optional]
----------------	------------------------------------

Beside the screening provided by Ethix SRI Advisor, we do also have a procedure regarding sanctions.

Sanctions Procedure

The Sparinvest procedure of financial sanctions is based on EU sanctions. The financial sanctions include companies as well as governments/states.

If a company violates any applicable sanctions our service provider will always classify the company conflicted with the EU sanctions.

Regarding sovereigns the EU sanctions list providesth an overview of applicable sanctions on country/state level. In case of overlap between the sanctions list and our investments, the affected bondswill be divested.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1

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

- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers 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 issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG 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

(C) Implementation: Integration of ESG factors

FI 11

Mandatory

Core Assessed

PRI 1

FI 11.1

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	<input checked="" 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	<input checked="" 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	<input checked="" 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

Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

FI 13.1 Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

Yes

FI 13.2 Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

FI 13.3 Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" 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	<input checked="" 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	<input checked="" 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

FI 13.4 Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

ESG and Sovereigns

The formal consideration of sovereign ESG risk factors is integrated in the investment process of the Sparinvest funds that invest in sovereigns, using World Governance Indicators 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. This metric captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as enjoy freedom of expression, freedom of association, and a free media.
- Political stability and absence of violence. This metric measures the perception of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.
- Government effectiveness. This metric captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of

policy formulation and implementation, and the credibility of the government's commitment to such policies.

- Regulatory quality. This metric captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
- Rule of law. This metric captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
- Control of corruption. This metric captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Sparinvest operates a proprietary risk regression model where the factors listed above are included alongside other relevant risk measures when evaluating the credit spread. Consequently, World Governance Indicators are systematically included in the investment process and decision. Where serious ESG risks are identified, Sparinvest's Sovereign Bonds Investment Team prefers to look for alternative bond issues. Accordingly, engagement and intervention with States/Governments is done in collaboration with other institutional investors through e.g. the Clearinghouse, a UNPRI initiative to support co-operation between institutional investors in the effort to increase awareness on ESG issues and improve the standards in dealing with ESG risks. Other forums for engaging with States/Governments include Eurosif - where Sparinvest is a member of the Lobbying Advisory Group.

No

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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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/strategies%20and%20solutions/responsible%20investing.aspx>

FI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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Yes

FI 18.3

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

FI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
- We disclose it to clients/beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries