

Investing Responsibly - Global Value

Returns

Transparency

Values

This fund's approach

Detailed ESG Integration	Yes
Stewardship	Yes
Best-in-class	No
Exclusions	Yes

ESG Integration

Qualitative & quantitative consideration of ESG throughout fundamental investment process. Impacts selection, analysis, valuation and portfolio construction.

Stewardship

Voting: Aim to vote all holdings, with decisions made after in-house review of agendas.

Engagement: On various ESG issues, both directly by our investment teams, collaboratively with other investors, & via service providers.

Exclusions

No Sparinvest funds invest in companies with confirmed involvement in production or distribution of controversial weapons.

Transparency

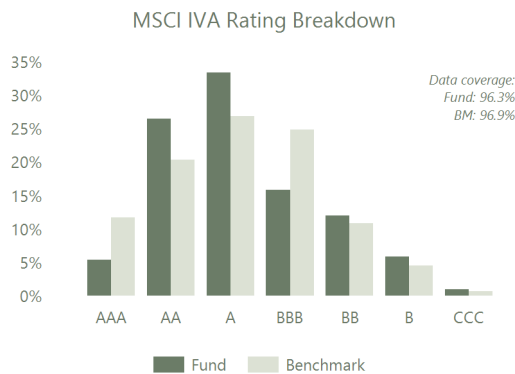
We recognise that many investors wish not only to see what their investments are achieving in terms of financial returns, but also to understand their impact on broader society. We are committed to providing our investors with that understanding.

How we invest responsibly

At Sparinvest, investing responsibly is central to our aim of providing clients with strong and sustainable long-term investment returns. ESG issues present companies, and countries, with a variety of opportunities and risks, and the way these are handled can materially affect long-term value. This mind-set is deeply engrained in our investment teams.

This fund and this report are benchmarked against MSCI World.

ESG profile



Investing responsibly is not a simple question of investing in only a few 'perfect' companies, and the underlying issues are usually not black and white.

This is not a 'best-in-class' fund, but one with diversified holdings. Our strength lies in analysis and understanding of ESG issues, and factoring that understanding into our investment decisions. This fundamental approach to ESG can lead to a relatively strong ESG profile, but instead of focussing on static ESG scores, we believe that value is often generated through positive change. We believe in working with companies to encourage stronger sustainability.

Signatory of:



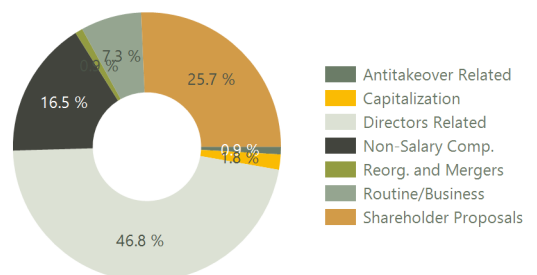
Sparinvest has been awarded the highest score of A+ since 2015

Stewardship - Voting

Voting the last 12 months

Meetings voted	85
- Proportion with votes against management	54 %
Agenda Items voted	1366
- Proportion against management	8 %

Votes Against Management



When voting against management, Sparinvest seeks dialogue with management. In the last 12 months, we communicated with 39 companies regarding voting.

Stewardship - Engagement

During the last 12 months, Sparinvest engaged on ESG issues with 49 companies on behalf of the fund. This includes communication regarding voting. Key issues include:

- Carbon and climate risk
- Cybersecurity
- Board structure – including board independence & gender diversity
- Compliance with international norms regarding the environment, human rights, labour rights, and anti-corruption.

These areas align with certain Sustainable Development Goals.



Engagement is predominantly carried out in-house by our investment teams. We also join other institutional investors in collaborative engagements, including via the PRI and Climate Action 100+. We also make use of collaborative engagements via service providers in some circumstances.

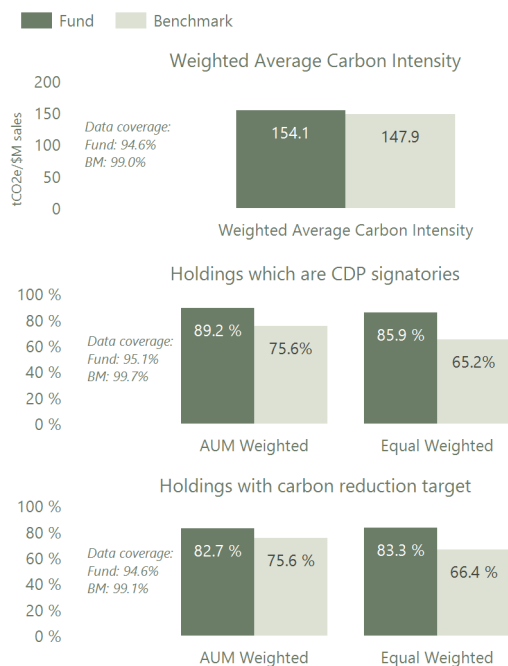
Exclusions

Controversial Weapons Exclusions

No Sparinvest funds invest in companies with confirmed involvement in production or distribution of controversial weapons (anti-personnel mines, cluster munitions, biological weapons, chemical weapons, or nuclear weapons outside the Nuclear Non-Proliferation Treaty). The fund's investment universe is broader than the benchmark, but for reference, the above criteria currently exclude 0.46% (6 companies) from the benchmark.

Selected ESG data

Environment

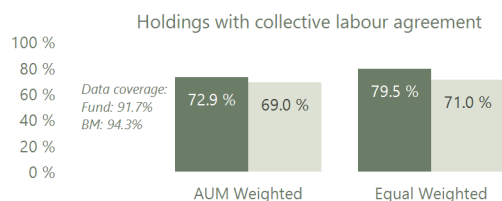


Weighted average carbon intensity provides an indication of portfolio exposure to potential climate change-related risks (such as carbon pricing), relative to the benchmark. The fund's carbon footprint report provides more information.

The CDP (Carbon Disclosure Project) is a global disclosure system, enabling measurement and management of environmental impacts. Improving disclosure levels for carbon emissions, and other environmental impacts, is a crucial step in enhancing management of those issues.

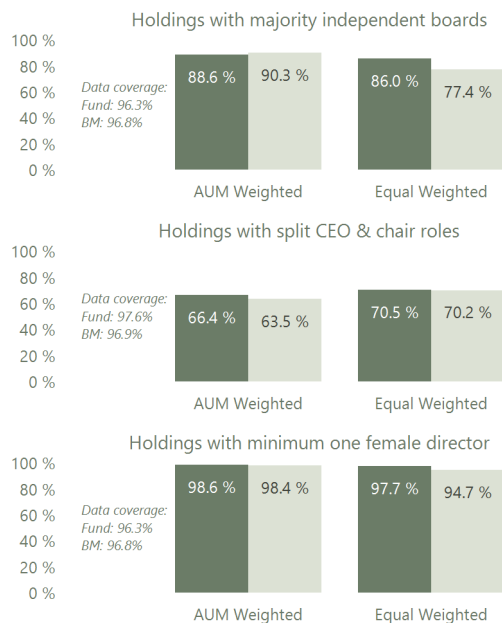
As a signatory to the PRI Montreal Pledge, we disclose the fund's carbon footprint. We are also active participants in Climate Action 100+.

Social



Approaches to labour agreements vary by country, but management disregard for employee rights can be counter-productive over the medium to long-term.

Governance



Our voting policy places an emphasis on high levels of independence in boards. During 2019, we voted against 18 directors, due to concerns over independence. In such cases, we seek dialogue with the company.

We believe the board should provide effective independent oversight, and prefer the roles of board chair and chief executive to be separate. We typically vote against appointments that combine these roles. In 2019, we voted against 15 such appointments. In such cases, we seek dialogue with the company.

We believe there are long-term benefits to various forms of diversity in the board, including gender diversity. As a basic initial threshold, at companies that fail to appoint at least one woman to the board, we will typically vote against the appointment of the chair of the nomination committee, or the chair of the board. In such cases, we seek dialogue with the company.

ANBEFALINGER FOR
AKTIVT EJERSKABKOMITEEN FOR
GOD SELSKABSLEDELSE

Signatory of:



Standards

Sparinvest's Stewardship Policy has been declared compliant with the Danish Stewardship Code by the Danish Committee for Corporate Governance (Komiteen for God Selskabsledelse.)

Sparinvest submits annual Transparency Reports to the PRI, based on which the PRI issues Assessment Reports. We consistently receive strong assessments (A+ for Strategy and Governance for the past five years). The assessments can be seen below.

PRI Scoring Modules	Sparinvest 2020	Median 2020	Sparinvest 2019
Strategy & Governance	A+	A	A+
Listed Equity Incorporation	A+	B	A+
Listed Equity Active Ownership	A	B	A
Fixed Income SSA (Gov Bonds)	A+	B	A+
Fixed Income Corp(non-Financial)	A	B	A+
Fixed Income Corporates (Financial)	A	B	A
Fixed Income Securitized	A+	C	A

Band	Score
E	0%
D	>0-25%
C	>25-50%
B	>50-75%
A	>75-95%
A+	>95%

Policies & Reporting

Sparinvest's website www.sparinvest.lu/investing%20responsibly/overview.aspx includes dedicated responsible investment pages:

- Overview of our approach
- Key policies (Responsible Investment Policy, Stewardship Policy, Voting Policy)
- PRI Transparency and Assessment Reports
- Responsible Investment Reviews
- Exclusion lists for our funds
- Carbon footprints for relevant funds