



MIRABAUD
ESG Leaders
Strategy
Website Product
Disclosure

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1. Summary

Mirabaud ESG Leaders Strategy ("financial product") promotes environmental and social characteristics pursuant to Article 8 of the Regulation (EU) 2019/2088 by investing in financial instruments which integrate sustainability risks in the investment process and which, in parallel, show positive Environmental, Social and Governance ("ESG") performance.

This financial product is composed by a mix of funds and direct lines, aiming at reducing extra financial risks while ensuring a good ESG performance (ESG management and governance). Overall, based on Morningstar & Sustainalytics data, the ESG risk score of the portfolio has to be below 20 (range: 0-100).

Moreover, at least 70 % of the portfolio is allocated in target funds, direct lines (equity and bonds), and structured products that promote environmental and/or social characteristics.

In addition, at least 10% of the net assets will be in investments that qualify as sustainable investments.

Finally, the financial product excludes from the investments all companies directly involved in (i) controversial weapons, as well as all those who generate more than 5% of their income from the following three activities: (ii) thermal coal extraction, (iii) tobacco and, (iv) adult entertainment.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

2. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Mirabaud Research team uses a combination of fundamental research and bottom up ESG analysis to identify the best quality issuers that are well positioned both from a financial and extra-financial perspectives. In the selection process of "ESG leaders" products¹, the indicators for adverse impacts are systematically taken into consideration.

Moreover, on a regular basis, a set of indicators (including PAIs indicators) are monitored to enable measuring the mandate's extra-financial performance.

¹ The "ESG leaders" label is used by the Mirabaud Research team for products that highlight their positive environmental and social characteristics, reflecting Mirabaud's internal methodology

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?

Mirabaud Wealth Management strives to invest in companies, directly or through funds, that abide to international rules and norms, including but not limited to, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and International Labour Organization conventions. The Mirabaud Research team excludes entities that have been involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises.

Moreover, the financial product do not invest in issuers subject to severe controversies including business ethics and human right breaches. Mirabaud monitors controversies and breaches on a regular basis with the belief that being subject to serious controversy reflects a poor management of ESG risks and, in general, weak business practices. Companies with considerable controversies are monitored closely and analysed in order to assess the outlook of the controversy and the company's response.

3. Environmental or social characteristics of the financial product

The financial product is composed by a mix of funds and direct lines, aiming at reducing extra financial risks while ensuring a good ESG performance (ESG management and governance). Overall, based on Morningstar & Sustainalytics data, the ESG risk score of the portfolio has to be below 20 (range: 0-100).

The financial product invests up to 70% of the portfolio allocation in target funds and direct lines that promote environmental and/or social characteristics and pass the qualitative assessment of their sustainability processes conducted by Mirabaud, i.e. "ESG leader" selection.

In addition, at least 10% of the net assets will be in investments that qualify as sustainable investments. To be considered as sustainable, the investments have:

- to be qualified as "ESG leader" according to the Bank's assessment;
- to contribute to at least one United Nations' Sustainable Development Goals ("SDGs");
- to never violate any of the United Nations Global Compact principles and OECD guidelines for multinational enterprises;
- to do no significant harm (no controversial weapons & a max limit of 5% exposure to fossil/fuel sector).

Finally, the financial product excludes from the investments ("Mirabaud Exclusion Policy"):

- companies involved in the research, development and manufacture of controversial weapons (regardless of the level of revenue generated from such activities);
- companies deriving revenues from tobacco activities (5% revenue threshold);
- companies deriving revenues from thermal coal mining (5% revenue threshold); and
- companies deriving revenues from adult entertainment (5% revenue threshold).

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

4. Investment strategy

The investment strategy used to meet the environmental or social characteristics promoted by the financial product

The financial product promote investments which integrate sustainability risks in the investment process and which, in parallel, show positive environmental, social and governance performance.

The asset allocation is composed of a mix of funds, ETFs, structured products and direct lines (equities, corporate and sovereign bonds), aiming at reducing ESG risks and promoting identified ESG themes and dimensions. Investment selection is founded on a solid ESG analysis that embeds non-financial information both from internal and external sources.

ESG is integrated into the strategy through exclusions, integration and thematic.

At a more granular level, investments selection considers multiple ESG criteria for each asset class:

Companies (equities & corporate bonds)

A majority of selected companies are labelled as "ESG leaders" by Mirabaud Research team, highlighting its positive environmental and social characteristics reflecting our internal methodology. For each company, the exposure to ESG risks and the management of its ESG dimension were assessed as part of a detailed analysis. It is complemented by an assessment of the main impacts of the company's products and services on the environmental and social dimensions. This analysis is based on data provided by various rating agencies, as well as research from various sources (company documentation, press articles, international organizations and NGOs, etc.).

ESG criteria for Companies (equities & corporate bonds):

- Exclusion: Mirabaud Wealth Management does not invest directly in any company that does not meet specific criteria detailed in our Mirabaud Wealth Management Exclusion Policy;
- Controversies: Companies that face severe ESG controversies (level 5 according to Sustainalytics) are excluded. All securities in the investment universe are systematically analysed for their environmental, social and governance controversies;
- ESG Risks: Preference is given to companies in sectors that are not highly sensitive and that demonstrate good ESG risk management. In addition, the qualitative analysis focuses on materiality issues specific to business sectors which are defined in advance. This analysis aims to assess companies' ESG governance, strategy, policies, sustainability objectives and results;

- Impacts of products and services: Preference is given to companies that, through their products and services, contribute to positive and measurable impacts on the environment and society, such as:
 - Environment: Energy efficiency, sustainable mobility, waste management, clean technology, etc.
 - Social: diversity & inclusion, education, access to medicine, access to finance, healthy food, data privacy and security, etc.
- The activities of companies are analysed in terms of their positive or negative impacts. Indicators such as the percentage of turnover associated with sustainable activities are considered. Besides, the SDGs framework is used.

Sovereign bonds

Developed and emerging sovereign bond issuers, considered “ESG leaders”, rank in the top quartile of the SDGs assessment.

Countries are assessed by the United Nations according to specific indicators for all 17 SDGs. The SDGs are used to assess the Environmental, Social and Governance aspects of countries and to determine a performance score for each country.

Active funds

The selection of ESG and thematic strategies is based on a robust and proven in-house methodology. A specific ESG due diligence is performed by Mirabaud Wealth Management Research team.

The ESG active funds may include funds managed by Mirabaud Asset Management in addition to external third-party funds.

ESG criteria for selection:

- ESG Strategy: the funds all put forward a clear, credible and ambitious ESG strategy;
- ESG methodology and expertise: Funds must be managed according to a robust methodology by teams with demonstrated expertise in thematic research and ESG analysis. These dimensions are assessed through the questionnaire used for due diligence;
- ESG Risks Performance: the ESG performance of the funds demonstrate that ESG risks related to securities, are controlled and well managed both in terms of controversies and involvement in sensitive activities from a sustainability point of view. ESG performance must achieve a minimum risk rating score (minimum of 3 globes out of 5, reflecting at least average performance);
- Exclusions: Mirabaud Exclusion Policy applies to Mirabaud Asset Management funds. External third-party funds are excluded from the scope of application;
- Controversies: in the event of severe controversies related to a fund security, exchanges take place with the concerned fund managers which may ultimately lead to the exclusion of the fund.

Passive funds (ETFs)

To complement the range of ESG funds, the portfolio offers a selection of global and thematic ESG ETFs. The chosen global ESG ETFs replicate a traditional index while favouring securities that have a better ESG performance (including scores provided by Morningstar), through a best-in-class and exclusionary approach.

ESG criteria for selection:

- Quality of ESG indices: thematic ESG indices must be built on a clear ESG methodology which is assessed and reviewed by Mirabaud Research team;
- ESG Risks Performance: the ESG performance of the ETF demonstrates that ESG risks related to underlying securities are controlled and well managed both in terms of controversies and involvement in sensitive activities from a sustainability point of view;
- Exclusions: Mirabaud Exclusion Policy does not apply to the selection of passive funds.

Structured products

The ESG portfolio may also contain actively managed certificates (AMC) reflecting specific ESG thematics Mirabaud Wealth Management chose to promote. These products may be labelled as “ESG leaders”. Other types of structured products may also be labelled as “ESG leaders” depending on their underlyings.

The policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

For direct lines, we analyse how the business is run, how corporate management and boards relate to different stakeholders and whether the corporate incentives align with the business' success. Assessing the effectiveness of corporate governance systems within a firm gives us insight into the accountability mechanisms and decision-making processes that support all critical decisions impacting the business.

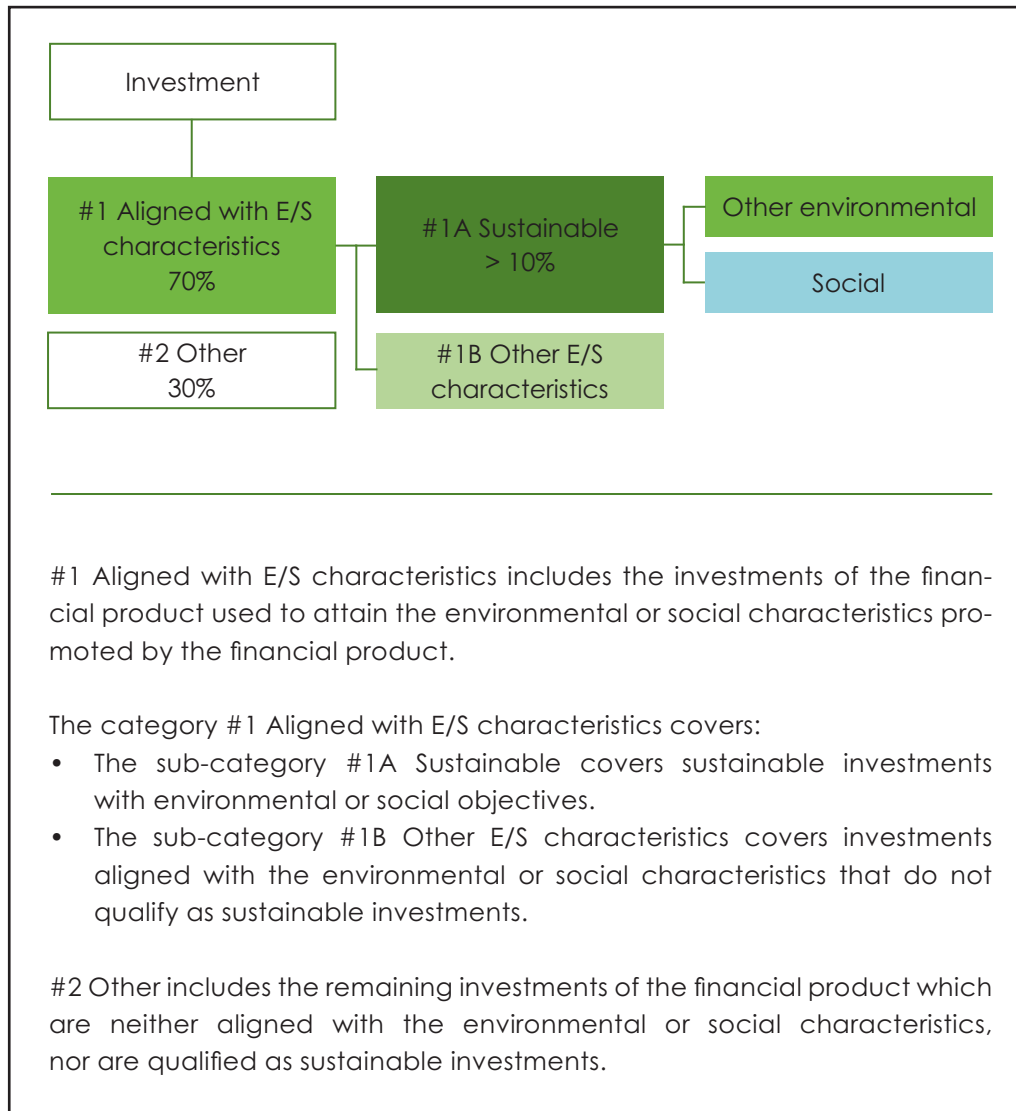
Examples of governance topics we look out for include but not only:

- Executive compensation;
- Compensation tied to long term and/ or ESG metrics;
- Diversity of the board of directors;
- Separation of chairman and CEO roles;
- Independent board members.

For funds, we mainly select SFDR compliant Article 8 and 9 products, where good governance principles shall be verified by the fund investment management team.

5. Proportion of investments

The financial product will have the following asset allocation:



6. Monitoring of environmental or social characteristics

A set of indicators (including PAIs indicators) is monitored regularly in the following manner to track the environmental or social characteristics of the underlying investments of the financial product:

- Upstream to its investment process, the strategy excludes investments in controversial weapons, tobacco, adult entertainment and thermal coal mining. More information can be found in the Mirabaud Exclusion Policy;
- All direct investments must receive an ESG risk rating below 30 according to Sustainalytics data availability (and overall ESG risk rating of the portfolio has to be below 20);

- The portfolio excludes any direct investment in equity, bond or structured product connected to a company facing severe ESG controversy (level 5 according to Sustainalytics);
- Companies in breach of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and ILO conventions are further excluded.

7. Methodologies

The methodologies to measure how the environmental or social characteristics are met include:

- ESG risk ratings;
- Analysis of company-specific ESG dimensions and impacts;
- Regular monitoring of sustainability indicators; and
- Alignment with the SDGs.

8. Data sources and processing

Data sources include but are not limited to:

- Rating agencies – Morningstar & Sustainalytics, Impaakt, S&P Trucost;
- Companies' publications (corporate reports and presentations);
- Asset Managers' presentations and reporting;
- Specialised broker and sell-side publications;
- Press articles;
- Providers of financial and extra-financial data;
- Reports from international organisations and NGOs.

Data quality is ensured through rigorous analysis and cross-verification with multiple sources.

Data are processed using proprietary analysis tools and methodologies, integrating both financial and non-financial information.

A proportion of the data used is estimated, with efforts made to improve data accuracy and availability continuously.

9. Limitations to methodologies and data

Identifying sustainability indicators and implementing sustainable investment methodologies depends on the availability and quality of the ESG data. The Mirabaud Research team seeks to monitor data quality and is constantly working internally and in collaboration with our data providers and industry initiatives to expand our data coverage and acquire a better understanding of the full impact of our investments.

The primary limitation to the methodology or data source is absence or insufficient corporate disclosure. To address this challenge, we have adopted a strategy of leveraging multiple data providers and combining ESG data with internal research to inform our decisions or adjusting ratings on an ad hoc basis.

We maintain a regular dialogue with our data providers to discuss and overcome any data issues we might encounter, either related to quality, reliability or coverage. Nevertheless, despite these caveats, we believe that ESG data and research collected from external data providers provide useful information to our investment team, informing their investment decisions and enabling them to meet the environmental and social aspects promoted by the product.

10. Due diligence

Our analysis draws from proprietary internal research we supplement with research from third party data providers. We collaborate with a number of service providers to ensure optimal coverage of the different asset classes and geographies where we operate. Prior to working with a provider, we conduct appropriate due diligence on their services and coverage, to ensure their services and offering outputs match our expectations and needs. This means that working relationships with our providers are based on trust from an early stage. We formally monitor the quality of our investment and ESG research providers periodically through minuted calls or physical meetings. Moreover, we maintain regular communication with our providers through in-person meetings, phone calls and email.

Also, the ESG Research experts bases the selection of active funds on specific ESG due diligence which analyses the values, expertise, and the ESG experience of external fund managers.

11.Engagement policies

Mirabaud WM Research team does not currently vote or engage directly on behalf of investors in discretionary portfolios.