

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: MIRABAUD ESG Leaders Strategy

Legal entity identifier: 549300D7SF4JSQDV7040

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

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.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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 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 (see in the section regarding investment strategy, and please refer to the [ESG Leader Rating Disclosure](#) for more information about the methodologies, models, and key rating assumptions used in the “ESG leader” rating).

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 sustainable development goal (“SDG”);
- 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);
- companies directly involved in the tobacco industry’s product (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.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

All of the three ESG criteria are applied; we factor in Environmental, Governance and social criteria when assessing companies from an extra financial point of view. When conducting our ESG analysis, it is to highlight that we take into account the regional and sectorial specificities of a company. This allows us to account for the material ESG issues a company is exposed to as those will vary from one industry or region to another.

For information, please find an indication of the main criteria considered when analysing the E, S and G pillars as follows:

- Environment: Energy efficiency, sustainable mobility, waste management, clean technology;
- Social: diversity & inclusion, education, access to medicine, access to finance, healthy food, data privacy and security;
- Governance: Board structure, business ethics, bribery and corruption.

We then apply a screening process using the following methodology:

- Percentage of portfolio that qualify as “ESG leader”: through our qualitative analysis we define which E/S characteristics are positively impacted;
- Percentage of sustainable investments: to assess that there are limited negative impact;
- Percentage of SDGs: quantitative data, in addition to our qualitative analysis (for the selection of “ESG leaders”);
- Percentage of financial instruments with an ESG controversy level 5: to assess that there are limited negative impact.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments that the product partially intends to make, is to support energy efficiency, waste management and carbon emissions reduction.

This is achieved by investing in companies undertaking economic activities making a substantial contribution to at least one of the United National Sustainable Development Goals (“SDGs”), provided they do no significant harm (“DNSH”), meet minimum safeguards and good governance criteria.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Bank uses a multi-layered approach to ensure the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective. This approach is followed before any investment decision on an ex-ante basis:

1. Mirabaud does not invest directly in any company that does not meet specific criteria detailed in our Mirabaud Exclusion Policy. Selected external Funds and ETFs have their own exclusion policy but must respect similar criteria;
2. Mirabaud considers Principal Adverse Impacts (“PAI”) indicators for the investments included in its portfolio through a proprietary analysis tool (please refer to the dedicated question below for additional details);
3. In addition, the financial product’s investments comply with minimum social safeguards, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (please refer to the dedicated question below for additional details).

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

The 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” products, the indicators for adverse impacts are systematically taken into consideration. Moreover, on a regular basis, a set of indicators (including PAIs

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

indicators) are monitored to enable measuring the financial product’s extra-financial performance.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

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 ILO conventions. The Research team excludes entities that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.

Moreover, the financial product does 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 analyzed in order to assess the outlook of the controversy and the company’s response.



Does this financial product consider principal adverse impacts on sustainability factors?

x Yes,

Mirabaud considers and monitors the adverse impacts that entities have on sustainability factors, as per Table 1 of Annex 1 to regulation 2022/1288:

- Greenhouse gases (“GHG”) emissions:
 - GHG intensity of investee companies (PAI #3);
 - Exposure to companies active in the fossil fuel sector (PAI #4).
- Social and employee matters:
 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI #10).
- Human rights:
 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14).

The specific PAI indicators that are taken into consideration re subject to data availability and may evolve with improving data availability and quality.

No



What investment strategy does this financial product follow?

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

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **Sovereign bonds**

Developed and emerging sovereign bond issuers, considered ESG Leaders, rank in the top quartile of the United Nations' Sustainable Development Goals (SDGs) assessment.

Countries are assessed by the United Nations according to specific indicators for all 17 Sustainable Development Goals (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 Group 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 Wealth Management 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.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The various steps of the investment process described above are binding elements, with specific focus on:

- 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.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

No commitment.

- ***What is the policy to assess good governance practices of the investee companies?***

For direct lines, we analyze 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.



What is the asset allocation planned for this financial product?

A minimum of 70% of the portfolio net assets will be invested in products that qualify as aligned with its E/S characteristics.

Furthermore, the strategy invests, a minimum of 10% of net assets in sustainable investments with environmental or social objective.

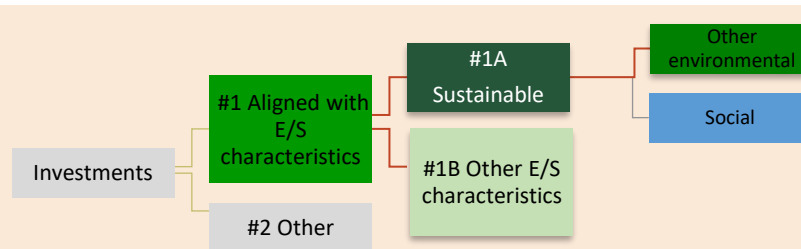
The strategy invests a maximum of 30% in cash, cash equivalents and/or investments for diversification purposes.

Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

No alignment

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?



Yes:



In fossil gas

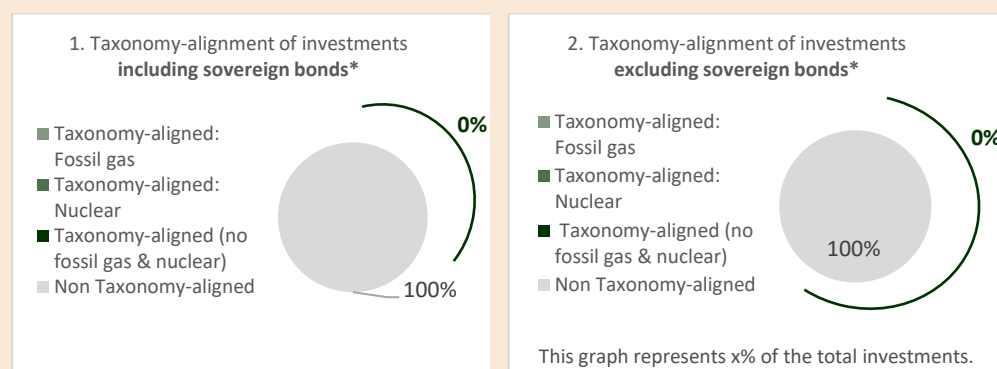


In nuclear energy



No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- What is the minimum share of investments in transitional and enabling activities?

No commitment within the financial product to a minimum share of investments in transitional and enabling activities.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

No commitment within the financial product to invest in activities not aligned with the EU Taxonomy.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash, cash equivalents and/or other investments may be held as ancillary liquidity or for diversification purposes. These instruments are not expected to detrimentally affect the delivery of the sustainable investment objective. There are no minimum environmental or social safeguards applied to cash investments.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific index was designated as a reference benchmark.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.mirabaud.com/en/services/wealth-management/sustainable-and-responsible-investing>