



# Principal Adverse Impacts Statement

31 December 2022

## Background and scope

This disclosure is applicable to Mirabaud Asset Management. The Sustainable Finance Disclosure Regulation (SFDR) defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Principal adverse impact is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors. This statement describes how we consider principal adverse impacts (PAI) of our investment decisions on sustainability factors, as per Article 4 of the SFDR.

This statement applies as of 31 December 2022. It will be reviewed at least annually.

## 1. Summary of Principal Adverse Sustainability Impacts

Mirabaud Asset Management considers principal adverse impacts of its investment decisions on sustainability factors. Through our Sustainable and Responsible Investment strategy, we identify, prioritise and monitor adverse impacts that entities have on sustainability factors such as climate, environment, resources use, labour and human rights as well as business ethics.

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Mirabaud Asset Management.

Subject to data availability, our Responsible Investments (RI) team monitor the selected PAI indicators for all managed assets on an ongoing basis using an internally developed monitoring system. Issuers identified as laggards, or exhibit high adverse impact across several indicators, are subject to further analysis and monitoring

Please refer to the following table for an overview of the adverse impacts that we structurally consider and aim to mitigate, including more information about what they entail and the key mitigation methods that we apply for each of them.

## 2. Description of the principal adverse impacts on sustainability factors

Indicators applicable to direct investments in investee companies						
Adverse sustainability indicator	Metric	Impact [year n][1]	Impact [year n-1][2]	Explanations [3]	Actions Taken and Related Policies	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Greenhouse gas (GHG) emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	ESG integration and Active ownership
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	ESG integration and Active ownership
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	ESG integration and Active ownership
Biodiversity	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	ESG integration, Active ownership and Exclusion for specific funds
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	N/A	ESG integration and Active ownership
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	N/A	ESG integration and Active ownership
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	ESG integration and Active ownership
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	ESG integration and Active ownership
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	ESG integration, Active ownership and Exclusion for specific funds
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	ESG integration, Active ownership
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	ESG integration and Active ownership
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	ESG integration and Active ownership
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A	N/A	Exclusion policy
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	ESG integration
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	Exclusion and ESG integration
<b>Other indicators for principal adverse impacts on sustainability factors</b>						
Energy performance	Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	N/A	N/A	N/A	ESG integration and Active ownership
Social and employee matters	Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	N/A	N/A	N/A	ESG integration and Active ownership

[1] Information on impact will be published by 30 June 2023, and continuously on an annual basis. This information will cover the period of 1 January until 31 December of the preceding year. Impact will be calculated and illustrated as the average of impacts on 31 March, 30 June, 30 September and 31 December of each reference period.

[2] Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis.

[3] Explanation of difference in impact reported will be published by 30 June 2023, and continuously on an annual basis.

### 3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

In order to identify and monitor adverse sustainability impact within our investment universes, we rely on our holistic Sustainable and Responsible Strategy based on four complementary pillars: Exclusion, Active Ownership, ESG Integration and Climate Change.

#### 3.1 Exclusion

Also known as negative screening, exclusion is traditionally considered as one of the primary Sustainable and Responsible investment (SRI) approaches. Some activities, products or services are deemed 'controversial' when they pose major and global risks to the environment and the society. Indirectly, such activities also expose investors to severe financial and reputation risks.

Whilst we favour inclusion over exclusion, in line with our values and ESG beliefs, we apply restrictions to sectors and companies involved in controversial activities and facing critical ethical, social and environmental challenges. We also closely monitor ESG-related controversies and sensitive incidents that companies may face. Company failures to respond appropriately to controversies may trigger divestment.

In this context, Mirabaud has specific sector guidelines and business restrictions that seek to address those issues. Currently these are:

<p style="text-align: center;"><b>CONTROVERSIAL WEAPONS</b></p> <p style="text-align: center;">Companies involved in dedicated research, development, and manufacture of controversial weapons</p>	<p style="text-align: center;"><b>TOBACCO</b></p> <p style="text-align: center;">Companies directly involved in the production of tobacco industry (Constituting more than 5% of revenue)</p>	<p style="text-align: center;"><b>THERMAL COAL</b></p> <p style="text-align: center;">Companies deriving more than 10% of revenues from thermal coal mining</p>
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We apply additional exclusions in specific investment strategies and upon client request.

Read more on our [exclusion policy](#)

#### 3.2 Active Ownership

We believe active ownership is a highly effective approach to contribute to good corporate governance and thereby enhances the long term economic and societal value of companies over time.

##### 3.2.1 Proxy Voting

Proxy voting is an effective way to demand change or block decisions we do not agree with, often alongside other investors.

As shareholders, we are entitled to vote at a company's annual general and extraordinary meetings. For our ESG voting activities, for public companies, we collaborate with specialist stewardship service provider, Institutional Shareholder Services (ISS).

Read more on our [proxy voting policy](#)

### 3.2.2 Dialogue & Engagement

As stewards of our clients' assets, we aim to use our active voice and enter into dialogue with companies on ESG matters to protect and increase the value of our assets. Such dialogue can also enhance our understanding of a company's sustainability, which can be fed back into investment processes.

As active, high conviction investors, our portfolio managers always take a dynamic approach to evaluating and interacting with companies to encourage best practices

Our investment professionals perform three complementary types of dialogue & engagement activities:

<p style="text-align: center;"><b>COMPANY ESG DIALOGUE</b></p> <p>An informed, regular dialogue, through which the investment teams understand a company's corporate responsibility policy and identify their exposure to ESG risks and opportunities.</p>	<p style="text-align: center;"><b>ADDRESSING MATERIAL ESG ISSUES</b></p> <p>Dialogue and engagement on the adoption of best practices on material ESG issues we believe may ultimately benefit the companies, our clients and wider sustainability challenges.</p>	<p style="text-align: center;"><b>COLLECTIVE ENGAGEMENT</b></p> <p>We participate in collaborative engagement initiatives, which are aimed at mitigating investment risks, improving practices and seeking greater disclosure and transparency of information.</p>
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Read more on our [Engagement Policy](#)

Read more in our [Stewardship Report](#)

### 3.3 ESG Integration

At Mirabaud Asset Management, ESG integration is core to our investment activities and reflections. We explicitly interweave relevant and material ESG considerations and financial considerations into investment processes, portfolio construction and research.

Beyond optimising investment universes to reduce the downside risk of portfolio, we proceed with an in-depth ESG analysis of investee companies and issuers. Double materiality is at the core of our approach. We therefore seek to understand how companies are managing their material ESG risks and opportunities but also how they are managing their negative externalities and impact on the society and environment.

Our analysis draws from proprietary internal research we supplement with research from third party data providers.

Read more on our ESG integration approaches in our [Sustainable & Responsible Investment Policy](#).



### 3.4 Climate Change

Climate change challenges induces medium to long-term risks, with a complex quantification of impacts on economic and financial activities. Taking advantage of our role as a financial institution we aspire to identify and manage the impact of climate related risks on our clients' assets. Climate Change considerations are a core dimension of our SRI efforts and as such, we are signatories of the Climate Action 100+, an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

### 3.5 Governance in relation to policies

A Corporate Social Responsibility (CSR) Committee was set up in order to oversee the implementation and monitoring of Mirabaud Group CSR strategy.

The committee is comprised of members of executive management and representatives of the primary support departments. The Committee meets on a quarterly basis to review the Group's CSR activities and define or follow-up on Key Performance Indicators (KPIs) related to the aforementioned CSR pillars and themes, including SRI and ESG integration strategies.

A team of responsible investment specialists is dedicated to internal SRI research and is in charge of strengthening Mirabaud Asset Management's SRI strategy. When it comes to the implementation and execution of our SRI approaches in our various activities, the SRI specialists works hand in hand with our investment teams.

All the mentioned policies and any amendments thereof shall be approved by the competent governing body of each relevant Mirabaud Asset Management entity.

The entire set of policies is updated on an annual basis and was approved by the Group Executive Committees in March 2022.

### 3.6 Selection of indicators

Our Sustainable and Responsible Investment Policy describes the framework governing our approach to responsible investments and ESG/sustainability. Our ESG strategy identifies multiple core areas of interest:

- Climate and other environment-related indicators
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- Social, employee and respect for human rights
- Anti-corruption and anti-bribery matters
- Supranational and sovereigns environmental and social indicators

We have developed specific environmental, social, and governance (ESG) positions that outline the requirements we have for investee companies to ensure our investments align with these core areas based on their materiality to each company.

Our ESG positions are consistent with PAI indicators, which assess the environmental and social impact of our investments. We understand that the quality and availability of data on these indicators varies.

To fully grasp the concept of double materiality – the consideration of both financial and ESG factors – we consider the primary negative impact of investment decisions as well as sustainability risk. The material negative impact of ESG issues on the value of investments is referred to as sustainability risk.

For further information on our SRI strategies and ESG integration approach, please refer to our Sustainable and Responsible Investment Policy.

### 3.7 Limitations

Identifying principal adverse impact (PAI) is a methodology that depends on the availability and quality of data. Nevertheless, we are constantly working internally and in collaboration with our data providers to expand our data coverage and acquire a better understanding of the full impact of our investments.

### 3.8 Data sources

Both SRI team and dedicated investment teams carry out analytics for Mirabaud Asset Management funds. The SRI team is considered an extension of the investment team and plays a critical role in integrating ESG considerations into the investment process as well as in implementing policies such as engagement or proxy voting policy. Our analysts draw on a variety of information sources to conduct holistic and comprehensive analysis. This includes:

- External extra-financial data providers:
- Companies publications (corporate reports and presentations)
- Specialised broker and sell-side publications
- Meetings with company management

Additionally, the teams collaborate closely to share information, insights and perspectives which further enhances the depth and breadth of our analyses.

## 4. Engagement policies

Please refer to point 3.2 above.

## 5. Adherence to International Initiatives

As a signatory of the **UN Principles for Responsible Investment (UNPRI)** since 2010, we act accordingly to integrate and promote the internationally recognised principles for responsible finance.

We support the 10 principles of the **United Nations Global Compact (UNGC)** relating to human rights, labour law, the environment and the fight against corruption. We are committed to the promotion and development of sustainable finance, in particular through our partnership with the associations **Swiss Sustainable Finance (SSF)** and **Sustainable Finance Geneva (SFG)**.

Mirabaud Asset Management is also signatory of **Net-Zero Asset Managers Initiative (NZAM)**, the **CDP** (formerly the Carbon Disclosure Project), supports the **Task Force on Climate-related Financial**



**Disclosure** (TCFD) and collaborates closely with initiatives such as the **Transition Pathway Initiative** and **Climate Action 100+**.

## 6. Historical comparison

A historical comparison of the period reported on with the previous reported period will be made as of 2024.

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