Sustainable Investments Methodology

December 2025

MIRABAUD
ASSET MANAGEMENT

SFDR regulatory context and sustainable investment definition

The EU Sustainable Finance Disclosure Regulation (SFDR)[1] is a European Union (EU) regulation designed to reorientate capital towards sustainable finance. SFDR aims to achieve this by disclosure requirements related to environmental, social, and governance (ESG) factors in pre-contractual documents, on websites and in periodic reports, on asset managers and other participants in financial markets.

The SFDR has introduced comprehensive disclosure obligations both at the entity and product levels. Regarding product-level disclosures, SFDR mandates the description of how sustainability risks are managed (Article 6 funds) and provides for specific disclosure requirements for financial products that promote environmental or social characteristics (Article 8 funds) and financial products with a sustainable investment objective (Article 9 funds). SFDR was supplemented by Regulatory Technical Standards – RTS ("level 2")[2] which entered into force on January 1, 2023, and which further clarified disclosure requirements for financial market participants, advisors and their related financial products, mandating specific reporting templates and granular data points.

Under article 2(17) SFDR, **sustainable investment** is defined as an investment:

1. in an economic activity that **contributes to an environmental objective,** as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, **or an investment in an economic activity that contributes to a social objective**, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities

2. provided that such investments **do not significantly harm** any of those objectives

3. and that the investee companies follow **good governance practices**, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

SFDR article 2 (17) offers a high-level definition of a sustainable investment, which leads some room for interpretation and implementation. As such, Mirabaud Asset Management uses its proprietary methodology to define more precisely what it considers a 'sustainable investment' under SFDR. The specific approach adopted by MIRABAUD ASSET MANAGEMENT is elaborated upon in the following sections and is subject to review at all times.

[1] Regulation (EU) 2019/2088 of the European parliament and of the council of 27 November 2019 on sustainability-related disclosures in the financial services sector

[2] Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022

Scope of application of the methodology

The scope of application of the methodology encompasses UCITS funds classified as SFDR Article 8 funds for which a Mirabaud Asset Management entity acts as fund management company and which are either classified as (i) SFDR Article 8 funds which may or may not invest in sustainable investments or as (ii) SFDR Article 9 funds products that have a sustainable objective to be achieved with sustainable investments.

Sustainable investment methodology

Mirabaud Asset Management's **proprietary sustainable investment framework** enables us to set clear requirements and thresholds to identify those companies and related business activities that qualify as sustainable investments. Our methodology serves as a basis for calculating the proportion of sustainable investments in our funds, ensuring compliance with mandatory disclosures for SFDR Article 8, including those with a subset of a minimum proportion of sustainable investment, and Article 9 funds.

Screening

Our proprietary sustainable investments methodology is based on the three drivers deriving from Article 2 (17) SFDR: (i) the positive contribution to an environmental objective, (ii) the do no significant harm criteria and (iii) the minimum safeguards.

1. Screening for activities with a positive contribution to an environmental or social objective

Our initial screening identifies activities that contribute to an environmental or social objective. Our methodology varies based on whether the fund is classified as Article 8 or Article 9 fund under the SFDR classification.

Article 8 funds

Mirabaud Asset Management's Article 8 SFDR funds promote environmental and/or social characteristics in a variety of ways, depending on the asset class and investment strategy of the fund.
Funds committed to having a minimum proportion of sustainable investment, define sustainable investments as follows:

- Issuers and companies undertaking economic activities that either (i) generate revenues from activities that make a substantial contribution to at least one of the climate and environmental objectives set out in the EU Taxonomy, or (ii) demonstrate a credible alignment with the objectives of the Paris Agreement , such as a 2°C trajectory or below, based on recognized frameworks including the

Science-Based Targets initiative (SBTi), the Transition Pathway Initiative (TPI), or other equivalent alignment methodologies.

- Provided they do no significant harm, meet minimum safeguards and good governance criteria.

Article 9 funds

Mirabaud Asset Management's Article 9 SFDR funds have a sustainable investment objective, depending on the investment strategy of the financial product.

- **Mirabaud – Global Climate Bond Fund**

The fund will seek to maintain a weighted average temperature of sub-2°C in line with the Paris Agreement targets. It has an explicit sustainable/environmental objective of climate change mitigation with an aim to reduce carbon emissions in line with the 2015 Paris Agreement.

The fund targets companies with strong commitments to emission reductions and positive environmental impacts. The fund invests in green bonds, which are bond instruments that explicitly target a positive environmental impact and enable the transition to low carbon economy. In addition, it invests in the debt of corporate issuers with clear emissions reduction targets, aligned or on track to be aligned with the goals of the 2015 Paris Agreement. These issuers can be high emitters of greenhouse gases today but are part of the energy transition, either through the impact of their activity on the reduction of emissions, or through their commitments to reduce these.

Given the distinctive nature of the fixed income asset class, our screening process is focused on assessing eligible green bonds and eligible transition bonds as per the fund's investment process.

Green Bonds	**Transition Bonds**
Green bonds are issued by countries or companies with the proceeds targeting specific environmental projects. They are deemed eligible upon successfully undergoing due diligence based on the **Green Bond Framework** of each issuer, outlining the specific projects to be financed with the proceeds.	Transition bonds are issued by companies leading the energy transition, demonstrating either alignment with a sub-2°C trajectory, or being on a trajectory toward alignment with a positive trend.

2. Screening for the Do No Significant Harm (DNSH) principle

The subsequent phase of the framework entails an evaluation based on the Do No Significant Harm (DNSH) principle. For an activity or investment to be classified as sustainable, it must not significantly harm any other environmental and/or social objectives in line with the DNSH principle.

In line with the recommendation of the European Supervisory Authorities (ESAs)[1], we conduct a screening process using Principle Adverse Impacts (PAI) indicators[2] to identify whether the activity meets the DNSH requirements.

As a baseline standard, we identify PAIs and mitigation measures, which are detailed in the Mirabaud Asset Management Principal Adverse Impact Statement. As part of the measures and policies, we apply our Exclusion Policy which encompasses the following sectors: controversial weapons, tobacco production and related products/services, thermal coal mining and adult entertainment. Additional exclusions might be applied based on the investment approach of each fund covered by this Methodology. More details on exclusions can be found in our Exclusion Policy which can be accessed on the following webpage: https://www.mirabaud-am.com/fileadmin/mount_asset_management/Legal/Copyright_and_Legal/MAM_Exclusion_Policy.pdf

Furthermore, certain companies are excluded from qualifying as sustainable investments based on the following criteria:

- **ESG laggards**: companies ranking in the bottom 20%[3] within the investment universe of each fund covered by this Methodology, based on fund specific ESG criteria and on our internal scoring method.
- Entities with **severe controversies** (i.e., category 5 according to the classification of the provider Sustainalytics): companies involved in incidents with negative environmental, social and governance (ESG) implications. These events may pose significant business or reputational risk to the company due to potential impact on stakeholders, the society or the environment.
- Entities in breach of **PAI 4**[5] (companies active in the fossil fuel sector) with no significant revenues and/or CAPEX derived from contributing activities (i.e., activities contributing to at least one EU taxonomy objective).
- Entities in breach of **PAI 7** (companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas) with no adequate management of biodiversity issues.
- Entities in breach of **PAI 14** (companies involved in the manufacture or selling of controversial weapons including anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) in line with our Exclusion Policy.

[1] The European Supervisory Authorities (ESAs) provided clarifications on the ESAs' draft Regulatory Technical Standards (RTS), among which they outlined that the use of PAI indicators is mandatory to demonstrate that an investment qualifies as a sustainable investment. For more information please visit the following link: https://www.esma.europa.eu/sites/default/files/library/jc_2022_23_-_clarifications_on_the_esas_draft_rts_under_sfdr.pdf.

[2] Principle Adverse Impact (PAI) indicators are defined by the EU as "*negative, material, or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions and advice performed by the legal entity*". The EU has identified 64 adverse impact indicators that must be calculated, of which 18 are mandatory to report, and 46 are voluntary.

[3] 30% for Funds holding the French SRI Label

Where companies are found to be in the bottom decile of the investment universe of the fund against these PAIs, the investment team engages with the companies to ensure an adequate mitigation strategy is in place. Companies that fail this assessment will be excluded from the portfolio.

3. Screening for minimum social safeguards and good governance

In the last phase of our framework, we implement a filter known as "minimum social safeguards and good governance", which involves the exclusion of companies in breach of **PAI 10** (companies that have been involved in violations of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises).

Furthermore, we establish a minimum threshold for companies by assessing a **set of indicators related to governance** such as: Bribery & Corruption, Board Independence, Board Diversity, ESG Governance, Whistleblower Programmes, Freedom of Association and Diversity Programmes.

Outcomes

Article 8 Funds

A sustainable investment is one that meets all the requirements of positive contribution, DNSH and minimum social safeguards (DNSH-MSS). As such, Mirabaud Asset Management deems an investment as sustainable only when it successfully passes all the aforementioned screening criteria.

Article 9 Funds

Mirabaud – Global Climate Bond Fund

Green Bonds	**Transition Bonds**
Green bonds with robust Green Bond Framework passing the DNSH-MSS are eligible investment and labelled as sustainable investments.	Transition bonds issuers passing the DNSH-MSS with aligned pathways or verified climate targets or companies that are not aligned but whose emissions pathways are between 2 and 3°C; have made public commitment to set a science-based target; pledges made as part of the Paris Agreement or international targets. These are eligible for investment and labelled as sustainable investments.

Sustainable Investment

(1) Contributes to an environmental or social objective
(2) Does **not significantly harm** any of those objectives (DNSH)
(3) The company follows **good governance practices**

Positive contribution to an environmental or social objective	**MAM Article 8 funds*:** We screen for activities that contribute to any of the six environmental objectives set by the EU Taxonomy or (ii) companies demonstrating a credible alignment with the objectives of the Paris Agreement - such as a 2°C trajectory or below - based on recognized frameworks including the Science-Based Targets initiative (SBTi), the Transition Pathway Initiative (TPI), or other equivalent alignment methodologies. **Global Climate Bond Fund (Article 9):** We screen for eligible green bonds and eligible (Aligned & On Track) transition bonds.
Do No Significant Harm (DNSH)	We apply the MAM Exclusion Policy and additional fund-specific exclusions (when applicable), screening out ESG laggards, companies with severe controversies, and companies in breach of PAI 4, 7 and 14**.
Good Governance	We screen out companies in breach of PAI 10 (UN Global Compact, OECD Guidelines) and apply minimum governance thresholds based on specific governance indicators.

A **sustainable investment** is one that meets **all three requirements**: **positive contribution**, **DNSH**, and **good governance**.

**Article 8 funds with a minimum commitment to sustainable investments.*
***As described in Section 2.*

Mirabaud Asset Management, December 2025

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