



2024 ACTIVE OWNERSHIP REPORT

MIRABAUD - SUSTAINABLE CONVERTIBLES GLOBAL
MIRABAUD - DISCOVERY CONVERTIBLES GLOBAL

MIRABAUD
ASSET MANAGEMENT

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About Mirabaud Asset Management

Mirabaud Asset Management is part of the Mirabaud Group and is an independent, European asset manager focused on active investing across fixed income, equities, multi-assets and private assets. We support our clients with high conviction, sustainable investment strategies along with best-in-class reporting on climate change and other key issues shaping our world. We operate in Europe's key financial centres: Paris, London, Luxembourg, Madrid, Milan, Geneva, and Zurich.

As a Group, Mirabaud has always recognised the value of combining growth with sustainability. A partnership-based business structure means flexibility to take a longer-term view, without engaging in proprietary trading or pursuing speculative positions. Core values also reflect a prudent approach to the way the group meets the current and evolving needs of its global institutional and wholesale clients, focusing on responsibly generating the best risk-adjusted returns.

SRI is in our DNA and it is underpinned by the following values and commitments that we have upheld for the last 200 years: Independence, conviction, responsibility, and passion.

Independence: As a family-owned business we maintain a long-term perspective across all our activities. We have always been focused on managing assets for our clients.

Conviction: Our conviction is that human talent can make a difference. We focus on giving our investment professionals the culture and environment they need to express their talent, convictions and long-term views.

Responsibility: Our business has been transferred from generation to generation, becoming stronger and relevant to its time. Today, this broader sense of responsibility and sustainability expresses itself in our relationships with clients, our staff, our investments and towards society in general.

Passion: Passion brings motivation and dedication together to enable servicing excellence. This passion extends to our interaction with clients, as well as the way we face challenges on their behalf.



Our SRI Strategy

Our role as asset managers is to ensure that the interests of our clients are preserved. To fulfil this duty, we acknowledge the importance of incorporating Environmental, Social, and Governance criteria into our investment decisions. In our view, this results in better informed investments, and therefore added value for our clients. Companies with higher ESG standards benefit from their competitive advantage in the long term.

As part of our high-quality proposition, we aim to:

- Avoid investments in companies that might pose a financial risk due to their ethical, social or environmental challenges;
- Consider Environmental, Social and Governance (ESG) factors in our investment decisions;
- Partner with issuers to improve ESG-related business practices and better allocate capital for the long term.

Mirabaud Asset Management's SRI strategy is based on the following complementary pillars:

Exclusions: We exclude companies from our investment universe which are involved in activities deemed "controversial" by international conventions, accords and certain national laws, or which pose a risk to health or the environment, and which cannot be addressed through engagement.

Active ownership: This approach translates into initiating and maintaining a formal dialogue with companies, as well as voting on ESG topics. Active Ownership can be achieved through proxy voting and engagement activities.

ESG integration: ESG analysis is integrated into investment processes from the early stages through to portfolio construction, using quantitative and qualitative research across most of our assets.

Climate change: Aside from highlighting low-carbon businesses, the climate change approach also seeks to drive intensive carbon issuers to reduce emissions, rather than excluding them.



Thoughts from 2024

Head of Convertibles **Nicolas Crémieux**

Over the past year, we have strengthened our engagement with issuers through meaningful conversations, addressing global sustainability challenges and improving our understanding of business and ESG risk management. We have seen encouraging progress, with issuers demonstrating greater commitment to transparency — essential for informed investment decisions. Improved corporate sustainability objectives, particularly on climate, reflect stronger ESG oversight and more effective risk management.

In the convertible market, 2024 has brought heightened interest rate volatility, tighter credit conditions, and geopolitical uncertainty — all influencing issuance levels and pricing. These challenges have made active engagement and rigorous ESG analysis even more critical. We have remained disciplined in assessing companies involved in controversial activities, carefully evaluating business models and revenue exposure to determine whether exclusion is warranted.

While we are encouraged by the progress made, we recognize that challenges remain. ESG analysis continues to play a central role in our investment process, as we believe it is key to delivering sustainable returns. We look forward to continuing meaningful engagement with stakeholders over the coming year to support their path toward a more sustainable future.

Head of SRI **Hamid Amoura**

It has been a demanding yet rewarding year for the SRI and investment teams, with a growing number of complex engagement themes reflecting the evolving sustainability landscape. Active ownership remains central to our strategy. Through ongoing dialogue and shareholder meetings, we have worked to drive positive change and strengthen governance standards within the companies we invest in.

In 2024, we significantly improved our ability to track engagement outcomes by implementing more effective monitoring mechanisms. The positive responses and tangible progress we have seen — with companies aligning more closely with our sustainability objectives — are encouraging. That said, 2024 has presented challenges. Heightened geopolitical instability, tighter regulations (including SFDR and CSRD), and increased pressure on companies to deliver credible transition plans have created a more complex environment. The growing focus on biodiversity and social issues has also required deeper analysis and more targeted engagement.

As we reflect on the year, we are proud of our progress. We remain committed to active stewardship and look forward to guiding companies through the challenges ahead toward a more sustainable future.



2024 Active Ownership

Mirabaud Asset Management's Active Ownership Report on Convertible Bonds aims to show our achievements on key sustainability themes during 2024. Our investment philosophy is deeply rooted in the synergy between active management and extensive ESG research, forming the foundation of our investment approach. The report specifically focuses on the "Mirabaud Convertible Bonds" range encompassing Mirabaud – Sustainable Convertibles Global and Mirabaud – Discovery Convertibles Global.

At MAM we put sustainable and responsible investing at the core of our investment approach. We strongly believe it serves as a catalyst for fostering positive change within companies, ensuring consistent and appealing financial returns for our clients, and contributing to the well-being of the planet, the community, and the society.

Our strategy involves making high-conviction investments, conducting comprehensive research, and leveraging our influence as active investors to advocate for sustainable practices. This proactive approach enables us to address potential material risks and preserve the value of businesses.

Aligned with our fiduciary responsibility, we are deeply committed to fostering the sustainable growth of companies. We fulfil this commitment through the active exercise of voting rights and engagement initiatives, both of which are closely aligned. A thorough in-house analysis precedes our stewardship activities, ensuring a comprehensive grasp of extra-financial risks and opportunities inherent in our investments.

Our ambition is to promote best practices and drive positive change. Central to this mission is an ongoing, constructive dialogue complemented by the thoughtful casting of proxy votes. This approach informs our investment decisions made on behalf of our clients.

Throughout 2024, we continued our journey to create shareholder value in line with our investment philosophy by fostering good governance, integrity, transparency, and accountability within companies through our stewardship initiatives to safeguard the interest of our clients.

Our [Engagement Policy](#) is based on generally accepted best practices, which reflected in the OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises, the ICGN Global Governance Principles, the UN Global Compact, the UN Principles for Responsible Investment (UN PRI) and the UK Stewardship Code where applicable.



Active Ownership Annual Review

Our approach

Engagement is a key component of our investment process, as detailed in our engagement policy. Through constructive dialogues, we delve into sustainability factors critical to businesses. This dedicated effort is geared towards promoting sustainable practices, providing companies with a competitive edge and enhancing their prospects for long-term success.

In aligning with our stance as responsible investors, we employ a double-materiality lens when analyzing companies. We look at the impact of ESG factors on financial performance as well as on the environment and the society. We see engagement as a platform to share our expectations with companies, gain deeper insights into their sustainability approach and effectively communicate our objectives.

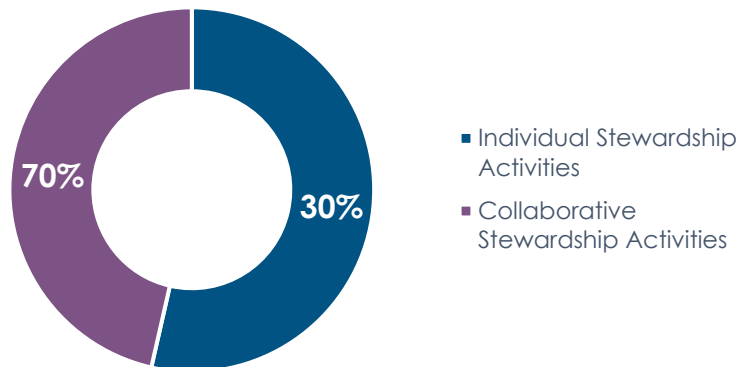
Engagement is an evolving process which requires ongoing dialogue to be effective, thus we prioritise depth and quality over volume of activity. Our goal is to deepen mutual understanding with portfolio companies ensuring that the outcomes of our dialogues drive best practices. We diligently track and measure the progress made by our portfolio companies, ensuring our engagement efforts tangibly contribute to their growth and sustainability.

2024 stewardship activities

Leveraging our capabilities, we adopt a multi-channel approach to stewardship activities, enabling direct discussions with companies and active participation in collaborative initiatives. Throughout 2024, we discussed with 72 distinct companies, leveraging both individual and collaborative stewardship efforts to maximize our influence on portfolio companies while upholding the uncompromised quality of our analysis (figure 1). In the context of individual stewardship activities, we held 35 discussions among direct engagements and ESG interactions. As part of our collaborative efforts, we engaged with 58 companies through the CDP Non-Disclosure Campaign and the CDP Science-Based Targets (SBT) Campaign.



FIGURE 1: STEWARDSHIP CHANNELS



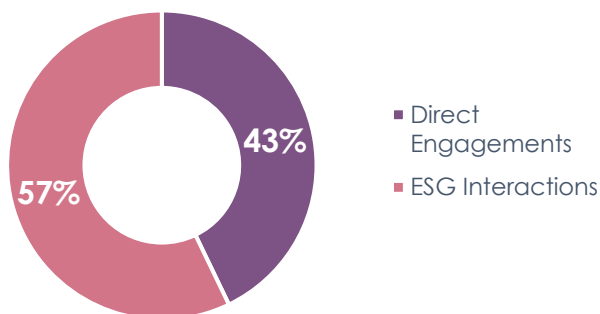
Source: Mirabaud Asset Management. 1 January – 31 December 2024

Individual stewardship activities

In 2024, our strategic approach remained unwavering as we consistently cultivate meaningful relationships with our investee companies by fostering dialogues. We leverage our investor position to share best practices and expert input to guide them towards sustainable growth. These exchanges allow us to form long term partnerships with investee companies.

In the context of individual stewardship activities, we have conducted 15 direct engagements and 20 ESG interactions, with 26 Convertible Bonds issuers (figure 6).

FIGURE 2: INDIVIDUAL STEWARDSHIP ACTIVITIES BREAKDOWN

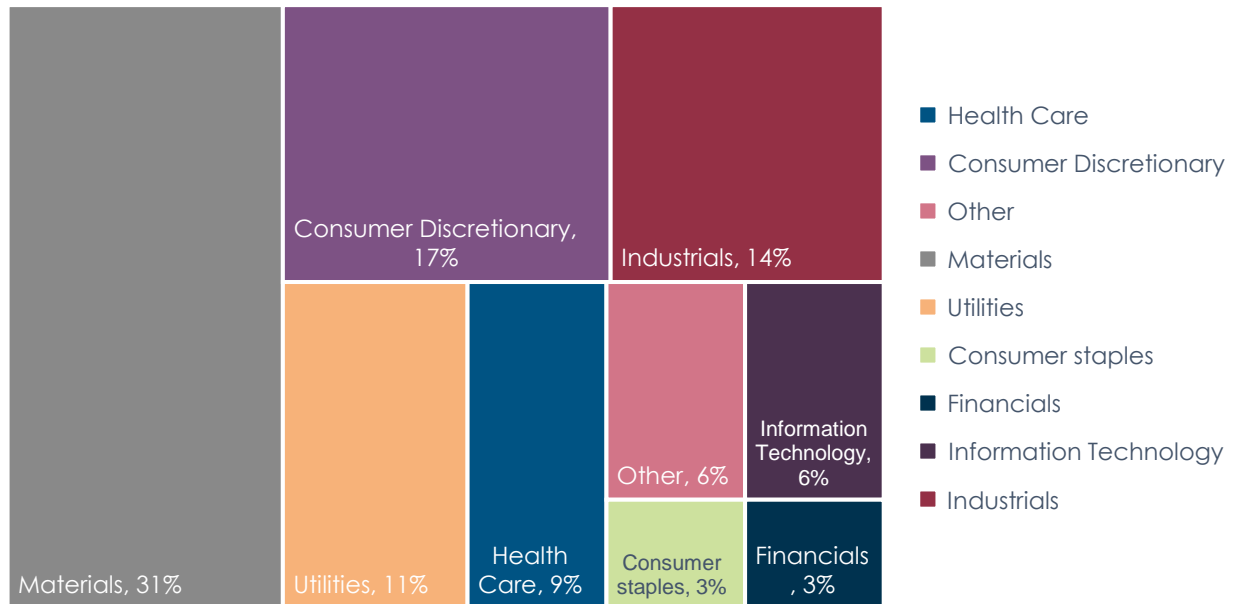


Source: Mirabaud Asset Management. 1 January – 31 December 2024

This outreach spanned across 7 sectors, with a notable emphasis on the materials sector (27%), with health care and consumer discretionary accounting for 20% each. Companies in the “other” segment are active in either the tourism, hospitality or entertainment sector.



FIGURE 3: INDIVIDUAL STEWARDSHIP ACTIVITIES BY SECTOR



Source: Mirabaud Asset Management. 1 January – 31 December 2024

Ahead of each meeting, we conduct a thorough bottom-up analysis of the companies' ESG performance, along with a double materiality assessment, ensuring a comprehensive evaluation. We then list the key areas of improvement and discuss them with the companies.

During the meetings, we assess the companies' management of material ESG issues, the quality of their processes, their remediation plans following controversies and/or their transition plan.

After each meeting, we review our assessment in light of the information the companies have shared and identify relevant and tailor-made objectives to assess progress against. These objectives are communicated to the companies. Lastly, we evaluate the companies' response to our engagement initiative and willingness to work on the objectives.

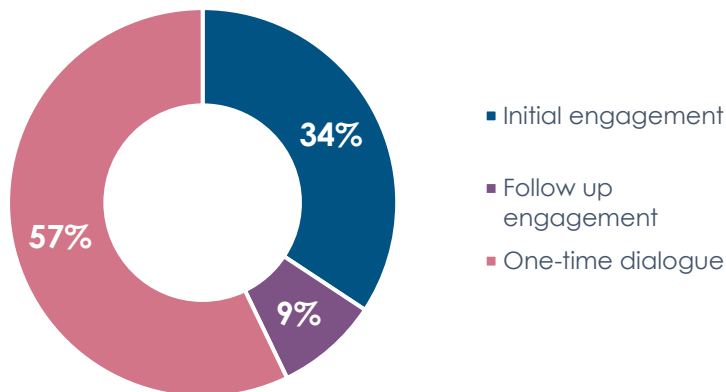
We prioritize engagement with companies for which one or more of the prioritisation factors below applies:

- Companies active in sectors particularly exposed to ESG risk.
- Companies recently involved in significant ESG controversy.
- Companies ranked in low deciles by our in-house SRI score.
- Companies that are core holding in portfolio.
- Companies that are expected to stay in the portfolio over the long term.

We choose to engage through one-time dialogues with companies that require attention, but do not meet the above criteria. These interactions are part of the investment team regular activities are fully integrated into the investment process. In 2024, they accounted for 53% of stewardship activities (figure 4).



FIGURE 4: INDIVIDUAL STEWARDSHIP ACTIVITIES BY TYPE



Source: Mirabaud Asset Management. 1 January – 31 December 2024

Targets and follow-up

Post-engagement, our commitment to meaningful progress was reinforced. Drawing from the insights gained during our exchange, we follow up with each company, sharing our feedback, what we viewed as strong point, but also areas of improvement. We also communicated achievable and tailored targets, carefully calibrated to align with the unique profiles and challenges of each company. In 2024, we have set 44 targets to 14 companies addressing a variety of topics. The split between environmental, social and governance topics is described in figure 5. Governance emerged as a prominent focus, encompassing adherence to reporting standards, double materiality assessments, and incentive alignment—particularly regarding executive remuneration. These sub-topics are frequently discussed with companies at the start of their sustainability journeys. Notably, 5 targets were set to encourage companies to complete and disclose comprehensive materiality assessments, enabling better identification and management of ESG-related risks. On environmental matters, we encouraged companies to set, disclose and/or validate environmental targets. This accounted for 7 of the targets set in 2024. Scope 3 emissions were also widely discussed with 4 targets dedicated to the measurement and disclosure of these indirect emissions. On the social side, we pushed for more safety at work with 7 targets linked to occupational health and safety.

Targets also vary in their depth. Some concern small adjustment or measures that companies can take act on from a year to another. Others concerns deeper changes or actions that require an investment of time and resources. Hence, we do not expect companies to have achieved all the targets that we have assigned them by next year. These longer-term targets highlight considerations that we will be monitoring throughout our follow-up engagement meetings and against which we will monitor progress.



FIGURE 5: INDIVIDUAL STEWARDSHIP ACTIVITIES BY TYPE

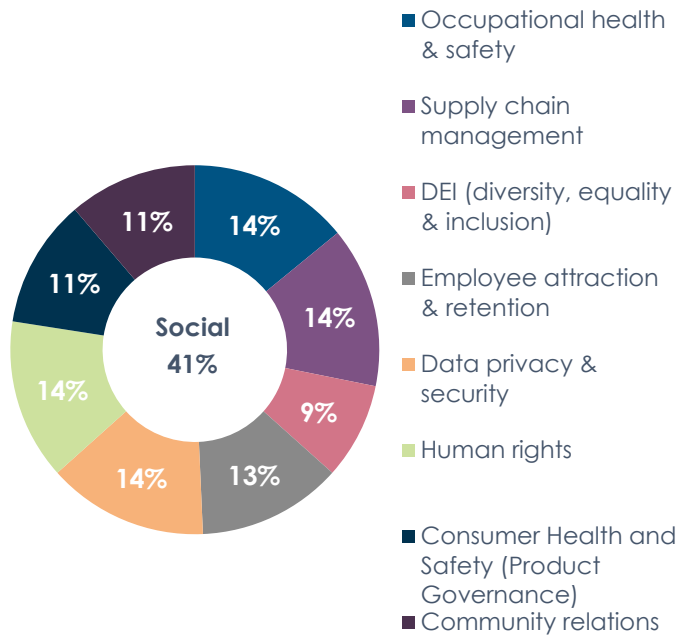


Source: Mirabaud Asset Management. 1 January – 31 December 2024

In the rare cases where a company that was identified as high priority for engagement (notably because of a serious controversies) fails to provide adequate response to the issue, we can resort to divestment. In 2024, this happened when a company was under scrutiny for breach of the UN Global Compact principles. We engaged with this company and questioned local experts but evaluated that we were not provided with enough elements to be certain that the company was respectful of human rights. Consequently, we chose to divest from it.



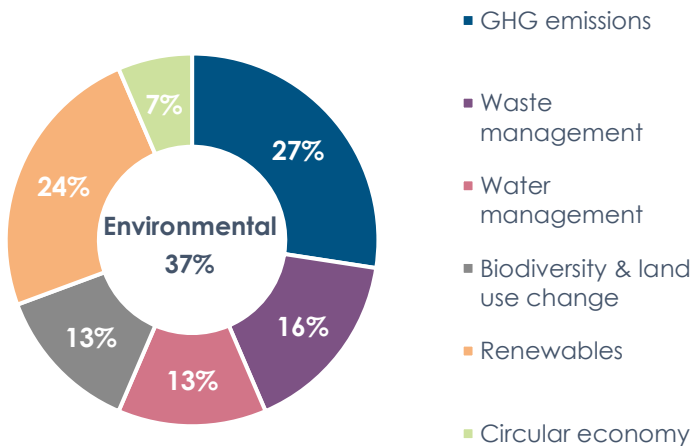
SOCIAL INDIVIDUAL STEWARDSHIP ACTIVITIES BY TOPIC



In 2024, a wide array of ESG topics was discussed during both engagement meetings and one-time dialogues to gain a 360-degree view of the companies. Social topics took centre stage, constituting 41% of our discussions, with a specific focus on occupational health and safety, responsible supply chain management, human rights and data privacy and security.

Source: Mirabaud Asset Management. 1 January – 31 December 2024

ENVIRONMENTAL INDIVIDUAL STEWARDSHIP ACTIVITIES BY TOPIC

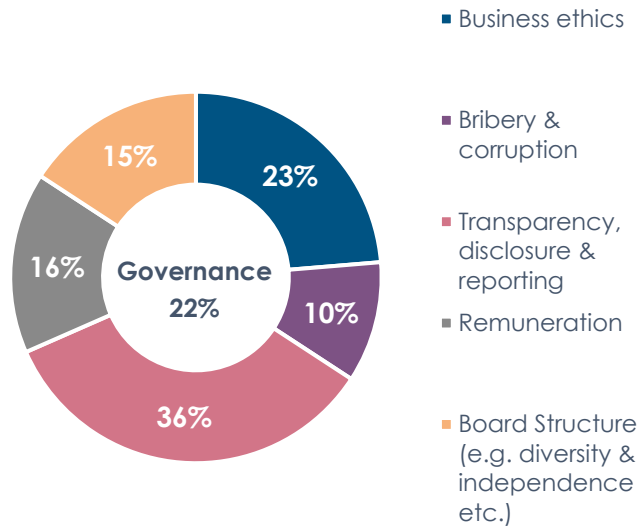


Many environmental topics were also discussed. Similarly to 2023 and in accordance with MAM's focus on climate change, we challenged our portfolio companies with their GHG emissions and use of renewables, discussed topics such as the introduction of net-zero roadmaps, encouraged them to get their environmental targets validated by SBTi and to disclose scope 3 emissions. Biodiversity is also taking an increasing portion of our engagement activities, reflecting our commitment to the UN PRI Spring Initiative

Source: Mirabaud Asset Management. 1 January – 31 December 2024



GOVERNANCE INDIVIDUAL STEWARDSHIP ACTIVITIES BY TOPIC



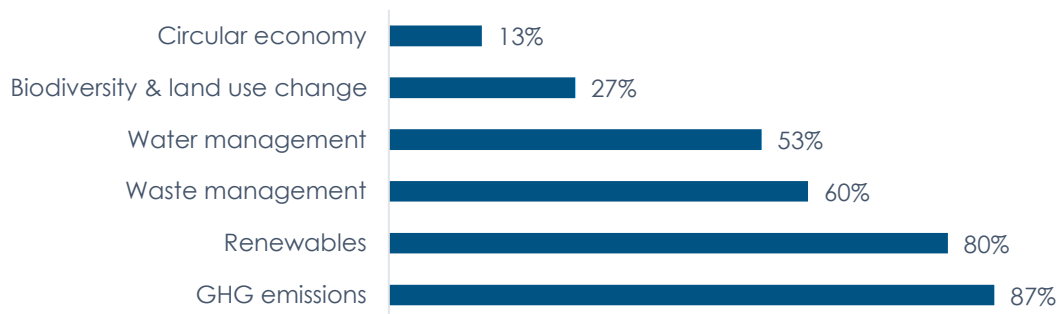
Environment topics covered a large span of topics among which GHG emissions was by far the most discussed one, followed closely by Renewables. Governance discussions, comprising 22% of total topics, delved into critical issues such as business ethics, board structure and transparency, disclosure and reporting.

Source: Mirabaud Asset Management. 1 January – 31 December 2024

2024 individual stewardship activities

Our individual stewardship activities covers our portfolio managers' discussions with companies in addition to our engagements. In 2024, our European Equities portfolios continued to engage their holdings on ESG matters in the day-to-day encounters, outside of scheduled engagement meetings, supporting our ongoing ESG strategies with these corporates. Our portfolio managers drove over 100+ ESG-interactions throughout the year, complimenting our engagements and following-up on time-sensitive and current issues in-between reporting periods.

FIGURE 6: ENVIRONMENTAL TOPICS COVERED IN 2024



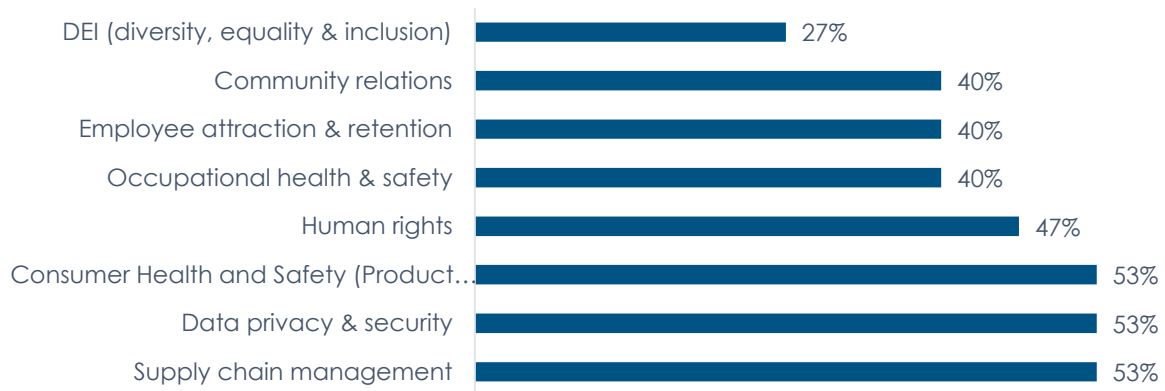
Source: Mirabaud Asset Management. 1 January – 31 December 2024

As climate change constitutes a pillar of MAM's SRI approach, GHG emissions was a topic widely discussed during our 2024 engagements activities. We have exchanged on the topic with 87% of the companies we engaged with. This is also because we prioritize engagement with high emitting sectors and companies. Renewable energies, a topic closely linked comes as close second. Finally, because we have engaged with various companies active in the material and mining sector, waste



and water management also come high in the ranking with these topics being discussed with respectively 60% and 53% of companies.

FIGURE 7: SOCIAL TOPICS COVERED IN 2024

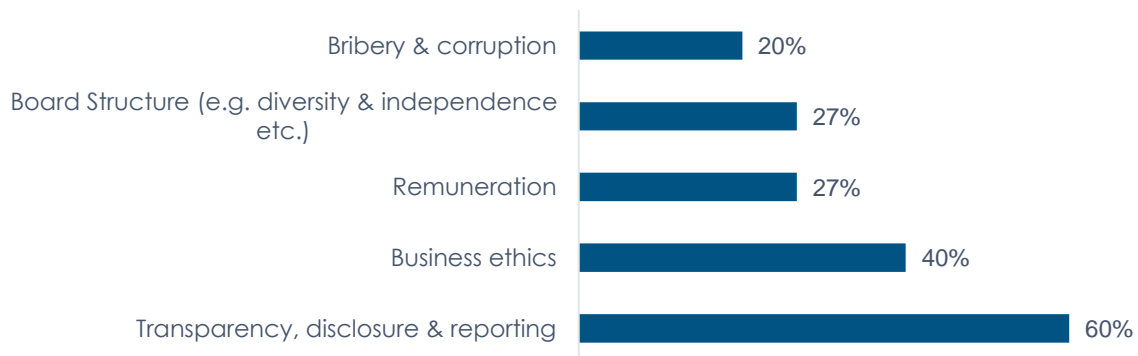


Source: Mirabaud Asset Management. 1 January – 31 December 2024

We have discussed consumer health and safety with 53% of investee as many of them were active in healthcare, consumer discretionary or in tourism. Responsible supply chain management was also widely discussed as it is material for many industries.

We also paid increasing attention to data privacy and cybersecurity issues as companies in every sector are seeing increasing exposure. Human right is the second most discussed social topic, reflecting our commitment to the UN PRI Advance initiative.

FIGURE 8: GOVERNANCE TOPICS COVERED IN 2024

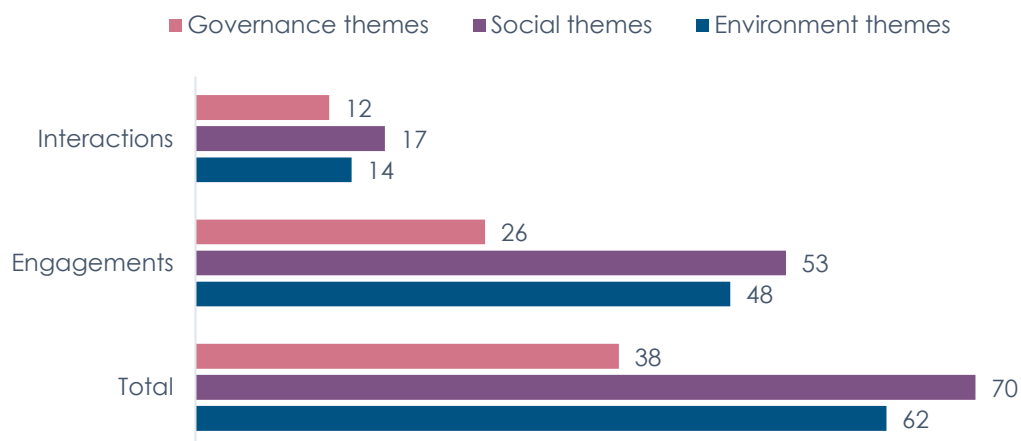


Source: Mirabaud Asset Management. 1 January – 31 December 2024

In 2024, we have continued to push for greater transparency, better reporting and encouraged investee to align to reporting standards. This was somehow discussed with 60% of companies we have engaged with.



Topics discussed by meeting type



Source: Mirabaud Asset Management, 1 January – 31 December 2024



2024 Engagement Case Studies

Our main purpose during ESG engagements is to promote good practices. Throughout the next section, we will share some of our case studies of our one-to-one engagements on material environmental, social and governance factors.

During engagements we discussed a variety of ESG topics, communicated our expectation to the company and tracked the engagement progress.

We also engaged with companies reflecting a wide range of ESG maturity levels—some with well-established practices, others just beginning their journey. Our role adapts to each company's industry and ESG maturity. In some cases, it involves true partnerships, fostering knowledge exchange and collaboration. In others, it focuses on initiating the ESG process—encouraging disclosure, measurement, risk management, and the identification of key risks and priorities.

Due to compliance reason, we will not publish company names for cases.

Environment

Climate Change

Climate change is arguably the greatest challenge of our times and discussion for action has accelerated. Studies show the considerable impact of global warming not only on the ecosystem but also on the society and the economy. We are conscious that the degree of exposure to climate risks varies across sectors and business sizes, but we believe all companies should contribute to promoting decarbonisation efforts.

Consequently, we expect them to manage climate change risk and opportunities effectively, design appropriate strategies to net zero including climate related targets and strengthen climate-related financial disclosures. We always encourage companies to submit their targets to SBTi which effectively holds companies accountable for driving emissions reductions in line with science and through their targets show how much and how fast companies need to reduce their GHG emissions.

Biodiversity

We tend to overlook that over half of global GDP depends on nature, and that biodiversity loss poses significant risks to businesses. It also plays a crucial role in combating climate change by absorbing over half of all carbon emissions. However, we are depleting it rapidly. The WWF's "2024 Living Planet Index" shows that wild species populations have declined by 73% on average since the 1970s, with Latin America losing 95% of its species, and freshwater species seeing an 85% drop. In 2024, we have endeavoured to better integrate biodiversity in our individual engagement activities. Additionally, we strengthened our engagement to the UN PRI Spring collaborative initiative by upgrading our status from endorser to participant.



Case Study 1 – October 2024



Engagement objective

Our materiality analysis identified climate transition, water and waste management, impact on local communities, and workforce health and safety as material points for this company. We engaged on these topics during the call. On the climate transition side, we aimed to understand why the company did not disclose Scope 3 emissions and wanted to discuss the implementation of renewables.

Why this case study ?

This exchange exemplified productive dialogue: we gained insights into local energy supply, including costs, risks, and the role of renewable projects in ensuring cost stability. In turn, they gained a better understanding of investors priorities, understood our focus on Scope 3 emissions and received recommendation on how to address them.

Engagement discussion

The company shared the energy mix of each site, their plans in increasing the part of renewable energies with self-build solar energy projects. It also gave us more information on the price and energy mix of the national grids of the countries it operated in and shared that these ongoing renewables projects were also supporting cost stability. It mentioned addressing scope 3 emissions was on the agenda and that it had already taken steps with third parties to measure them, but that it was unsure of the importance investors put on this. We confirmed that scope 3 was a key topic that needed to be addressed.

Targets and takeaways

- The company agreed to double down efforts of scope 3 measurements, and we should see first disclosures coming soon.
- We asked the company to officially set a target percentage of renewables in their energy mix.



Country
Canada

Sector
Materials

Company profile

Canadian gold and silver mining company with mines in Africa and Latin America.

Type
Initial engagement

Engagement points

- Renewables energies
- Scope 3 emissions

Case Study 2 – November 2024



Engagement objective

Our materiality analysis identified climate transition, waste management, data privacy and protection, working conditions, and corporate governance as material points for this company. We had previously engaged on these topics with the company. We noticed that the way it disclosed environmental data in its report did not allow comparability and that the company was lacking formal targets for the implementation of renewables in its operations and had set related targets.

Why this case study ?

We had previously engaged with this company and have seen it significantly reduce its exposure to environmental risk. This company has made significant progress in terms of processes such as reporting, target setting, target validation, and commitments to net zero, but also in terms of environmental performance. It has also joined coalitions and initiatives acting against climate change.

Engagement discussion

The company has managed to achieve the two environmental targets that we had set for it: the first one being better uniformization of environmental metrics and the disclosure of data from previous years to allow comparability and trend analysis, and the second one being the implementation of a target to increase the percentage of renewables in the energy mix. Reflecting our commitment as UN PRI SPRING participants to prioritize biodiversity in engagements, we decided to implement a new one, addressing biodiversity, as this material aspect was not sufficiently taken into account by the company. During our discussion, we also tackled key topics such as responsible data management, corporate and product governance.

Targets and takeaways

- Set biodiversity metrics to evaluate impact and progress.
- Stay on track of net zero commitment.
- We have also set social targets to this company relating to occupational safety, data privacy and product governance.



Country
China

Sector
Consumer discretionary

Company profile

Chinese multinational technology company specializing in e-commerce, retail, Internet, and technology.

Type
Follow-up engagement

Engagement points

- Renewables energies
- Transparency and disclosures
- Biodiversity



Case Study 3 – October 2024



Engagement objective

This company has the potential to generate clean energy as it can use hydrogen to produce electricity. Its technology can also be leveraged for carbon capture. For now, it mostly runs on natural gas though. We wanted to better understand the company's current use of technology to assess its environmental impact and avoid any risk of greenwashing, as its communication was centered around the provision of clean energy.

Engagement discussion

We asked for additional information about the company's current carbon intensity, plans to reduce it, and development expectations for clean use of technology and carbon capture commercialization. We also asked the company to justify its clean energy claim, which they were able to do. The company explained the challenges they were facing in terms of infrastructure and demand for greener use of its technology. In light of the above, we discussed how the company could communicate around its product in a transparent way, avoiding greenwashing. We also encouraged it to measure and disclose impact metrics.

Targets and takeaways

- Disclose environmental targets by the end of next year, when the regulatory environment will be more suitable.
- Measure and disclose scope 3 emissions.
- Improve transparency around the current use of the product.

Why this case study ?

This case study showcases how engagement can help lead a company that has the potential to support the transition towards a more sustainable path. It is also a good example of the emphasis we put on avoiding greenwashing, both at Mirabaud and at the portfolio company level.



Country
United States of America

Sector
Energy

Company profile

The company designs, manufactures, sells, and installs solid-oxide fuel cell systems.

Type
Initial engagement

Engagement points

- Transparency and disclosures to avoid greenwashing
- Scope 3 emissions



Social

Addressing challenges such as climate change and biodiversity loss should not come at high social cost nor should it overshadow issues such as labour rights, diversity and inclusion, community relations, and human rights that can significantly impact a company's reputation, operational resilience, and financial performance. In this report we highlight two material issues that were frequently discussed throughout our 2024 engagement.

Health & Safety

The health and safety of employees should be considered of paramount importance to companies and therefore treated as an integral part of a company's business strategy.

We expect companies to assess, manage occupational health and safety (OHS) risks to prevent workplace accidents and fatalities. By doing so, businesses minimise operational disruption and other negative impacts such as lawsuits, fines or being involved in controversies. In 2022, the US alone experienced 227,039 preventable death, 63 million injuries and 1,283.5 billion in costs linked to OHS¹. We understand that some sectors are exposed to higher physical risks and may face unique challenges, thus it is of utmost importance for them to assess risks are most relevant to them, learn from past incidents to prevent future ones and implement strong policies. All measures to prevent these risks should be clearly defined and communicated including safety awareness trainings and risk assessment meetings and evaluations.

Community Relations

Taking into account the voices and well-being of people living in areas where our companies operate is just as important as prioritizing the health and safety of their employees. Certain sectors, such as mining, have the potential to significantly affect their surroundings and bear a societal responsibility to protect the rights, access to resources, and livelihoods of local communities. This is a highly material issue, as local communities can influence a company's social license to operate through protests, legal actions, or advocacy efforts, which could halt operations and impact its reputation and workforce availability.

¹ Injury Facts - National Safety Council



Case Study 4 – September 2024



Engagement objective

We engaged with this company on effluent management, OHS, diversity and inclusion, and impact on communities. The company was performing particularly well in terms of OHS, however, some sources indicated tensed relations with communities and low diversity.

Why this case study ?

During this engagement, we learned some OHS best practices that we were able to later share with other companies in the same sector. This is a good example of how engagement increases our expertise and allow us to make informed recommendations to portfolio companies.

Engagement discussion

The company started by explaining how they kept OHS performance high. They shared good practices that we were able to suggest to other portfolio companies whose performance was not as good. We also explained that diversity, such as gender parity for example was hard to reach in the industry and that they focused on developing the career and well-being of women inside the company, instead of increasing their representation. Finally, they gave us more colors on the incidents involving local communities, their management of the situation and the strong ties they were able to build after that, turning a challenge into an opportunity. We set the company both environmental and social targets and will keep on monitoring the points discussed during engagement.

Targets and takeaways

- Achieve 0 fatality target for three consecutive years, in all mines.
- Achieve 0 strike, protest, blockade for three consecutive years, in all mines.
- Beside these two social targets, we asked the company to improve environmental disclosures.



Country
Canada

Sector
Materials

Company profile

Canadian gold mining company.

Type
Initial engagement

Engagement points

- Occupational health and safety
- Relations with local communities
- Diversity and inclusion

Case Study 5 – September 2024



Engagement objective

We scheduled this engagement call because we wanted to better understand the company's centralized sustainability strategy, hear its version of the controversies in which it was involved and understand how it managed and envision its relations with local communities.

Why this case study ?

This engagement illustrates the material importance of local communities and how a company's success can sometimes depend on them. It also highlights our prioritization of Human Rights in engagements, reflecting our commitment to the UN PRI Advance initiative.

Engagement discussion

The company acknowledged its reliance on local communities, both for its workforce and to deliver memorable experiences to its guests. It outlined its vision for its role in local communities and described the tools it uses to strengthen relationships with them, including education initiatives, career development opportunities, inclusion programs, and financial support schemes. When we raised concerns about certain controversies, the company explained that working with many franchisees made it more challenging to enforce the code of conduct and ensure respect for human rights. We discussed their 'Know Your Counterpart' procedures, due diligence, and audit processes, emphasized their importance, and informed the company that we would be monitoring this aspect going forward.

Targets and takeaways

- We asked the company to better disclose social KPIs and internal targets.
- We agreed to keep monitoring the company's performance in terms of Human Rights and impact on local communities.
- We set two other targets linked to environment and governance, one on the centralization of the sustainability strategy and one on board independence.



Country
France

Sector
Consumer discretionary

Company profile

French hotel Group who owns, manages and franchise hotels, resorts and holiday residences around the globe.

Type
Initial engagement

Engagement points

- Relations with local communities
- Human rights



Case Study 6 – September 2024



Engagement objective

The company had a poor track record in occupational health and safety despite having strong standards, protocols, certifications, and policies in place, as well as following industry best practices. It had also faced numerous strikes. We sought to discuss this performance and better understand the underlying causes of the conflicts between the company and its workers, who form a significant part of the local community.

Engagement discussion

The company confirmed it followed high standards, had various OHS certifications and shared more about its strong community development program. We understood that it was facing some challenges that go beyond its control, such as historical conflicts with unions and social inequalities. However, we noted some communication issues. We see the significant portion of illiterate workers and the firmer stand the company had taken in wages negotiations compared to peers as factors contributing to this problem. As such, we questioned this strategy and encouraged focusing on improvement of relationships with workers to make communication more fluid and encourage respect of OHS measures. We suggested focusing community development on lettering efforts, which could improve education (reduce poverty) but direct communication with workers and the rest of the community.

Targets and takeaways

- Improve living conditions of local communities and workers by focusing on education.
- Focus efforts on improving communication with workers.
- Curb the trend of key indicators (total recordable injury frequency rate, lost time injury frequency rate and fatal injury frequency rate).

Why this case study ?

This engagement illustrates the importance of analyzing not only the company but also its sector and environment to identify relevant improvement areas and make informed recommendations. For this engagement, we had to go a step further and interview industry experts to find the origin of the problem.



Country
South Africa

Sector
Materials

Company profile

South African mining and metals processing group with a diverse portfolio of operations and investments across five continents.

Type
Follow-up engagement

Engagement points

- Occupational health and safety
- Community development
- Communication with workers



Governance

Governance pertains to the management factors of decision-making, from policymaking to the distribution of rights and responsibilities among board of directors, managers, shareholders and stakeholders.

When engaging with companies, we encourage them to follow best governance practices, on matters such as board diversity and independence, executive remuneration, or committee composition. In addition, we follow closely the respect to business ethics, transparency towards stakeholders and any other topic that could be a material risk. A good corporate governance is the backbone to an ethical and well managed business, it helps to anticipate and better manage risks and to avoid reputational and legal penalties.

Transparency and disclosure

Transparency and the quality of companies' non-financial reporting are essential to enable investors, as well as other stakeholders, to better assess corporate sustainability performance and, consequently, to gain a better understanding of the unique characteristics and circumstances of investees and the materiality of their ESG risks, challenges and opportunities. Investors need to rely on data and information that is relevant, reliable, audited, and comparable. This forms the foundation needed for effective progress.

If the quality of extra-financial reporting has improved globally, many companies still lack comprehensive disclosures. As such, this topic was the most frequently discussed one in 2024 and accounted a third of the discussion on governance that we had with portfolio company throughout the year.

ESG-Linked Compensation

The integration of ESG metrics into executive incentive plans has been recognized as an effective way of encouraging the achievement of companies' sustainability goals and the share of publicly traded companies embedding climate metrics into their executives' compensation plans more than doubled over the past two years. Yet, recent estimates found that 77% of large cap companies in Europe and approximately 86% in the U.S. do not have concrete, quantifiable ESG targets linked to their compensation structures². This constitutes a criterion that we consistently screen for in portfolio companies. In 2024, we have discussed this topic with almost a third of them.

² ESG-Linked Compensation: Driving Action on Sustainability



Case Study 7 – November 2024



Engagement objective

During our previous engagement with this company, we recommended introducing ESG KPIs into the variable remuneration of executive management. We also noted that the company was not conducting supplier audits and suggested that it address this issue by enhancing supply chain monitoring. The company had expressed a willingness to work on these matters. In 2024, we re-engaged with the company to assess its progress on these points.

Engagement discussion

We were pleased to learn that the company had met its target by linking executive compensation to ESG KPIs. It had also addressed the other issue we raised by initiating a sustainable procurement process, revising its supplier code, and introducing six sustainability-linked criteria into supplier selection, with a particular focus on human rights. Additionally, the company now requires suppliers to be part of Sedex. It informed us that it plans to begin auditing suppliers next year. We consider the company to be well on track to achieving this second target.

Targets and takeaways

- Finalize sustainable procurement process and implement supplier audits.
- We shared some recommendations on the selection criteria of the company's new CEO, as a recruiting process is ongoing.

Why this case study ?

This is a good example of a productive engagement with tangibles outcomes, as the company has achieved an ambitious target that we had set and is working on building solid foundations to achieve a second one, with long term improvement expected.



Country
Italy

Sector
Consumer staples

Company profile
Italian manufacturer of beverages

Type
Follow-up engagement

Engagement points

- Linkage of executive remuneration to ESG KPIs.
- Supplier audits and code of conduct enforcement.

Case Study 8 – September 2024



Engagement objective

Our materiality analysis identified product safety, responsible supply chains and data privacy and protection and disclosure and transparency as material points for this company. The objective of this engagement was to understand whether the company had a centralized sustainability strategy, and to signal that we found the it's level of transparency and reporting insufficient.

Engagement discussion

We discussed the material issues identified and found that the company had some local initiatives in place and was doing more than it disclosed. We encouraged the company to conduct a materiality assessment to better identify and manage key ESG risks. We also emphasized the importance of monitoring the supply chain and measuring KPIs. Additionally, we recommended that the company communicate about its sustainability-related activities and processes, even if they are not yet fully developed, to demonstrate adequate risk management. The company was receptive to the discussion and found our recommendations valuable. It ensured that the feedback would be shared with higher management and expressed interest in understanding investor priorities.

Targets and takeaways

- Conduct a materiality assessment and disclose its results.
- Improve transparency on sustainability strategy and processes. We recommended aligning to reporting standards such as GRI or SASB.

Why this case study ?

This case illustrated how engagement is also a way of raising awareness and encouraging companies to start their sustainability journey. In this instance, the company was just beginning to integrate ESG considerations and responded very positively to our recommendations. We look forward to monitoring their progress over the long term.



Country
United Kingdom

Sector
Healthcare

Company profile
Medical-device firm primarily focused on cardiovascular, cardiopulmonary solutions as well as neuromodulation devices.

Type
Initial engagement

Engagement points

- Transparency and reporting standards.
- Materiality assessment and risk management.



Collaborative Stewardship Activities

We embrace the concept that collaboration is necessary to meet certain objectives, promote best practices and long-term interest of our clients. In 2024 we continued to participate in several collaborative engagement initiatives as they allowed us to join forces with other investors on crucial issues, encourage action and achieve shared objectives.

We believe this collaborative, well-resourced approach enables us to fully realise the potential of the engagement activity, being a supplement to direct dialogues. It allows us to play a key role in sharing our knowledge and expertise while also learning from others.





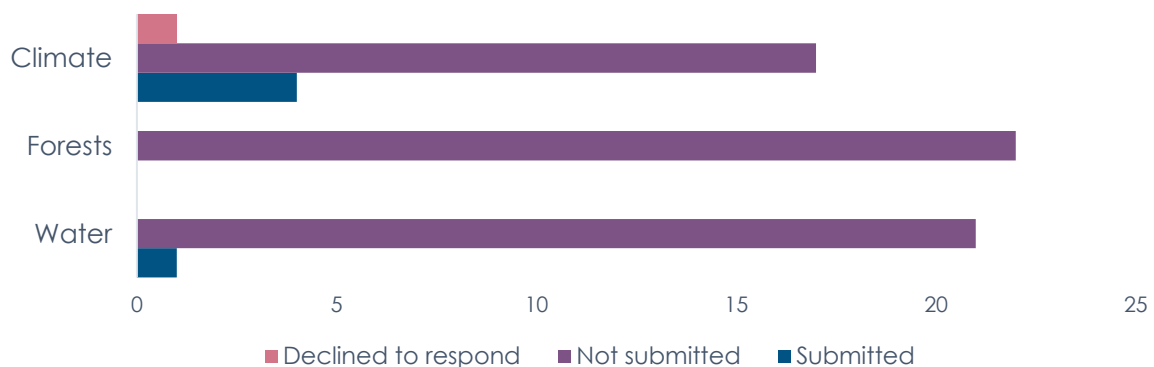
Initiative	Goal	Theme	Status
 Climate action 100+	Investors of the 100+ world's largest corporate greenhouse gas emitters engage with said companies to influence them to take appropriate action on climate change	Climate change	Collaborating investor
 spring <small>A PRI stewardship initiative for nature</small> UN PRI Spring	Convening investors to use their influence to reverse global biodiversity loss by 2030	Biodiversity	Collaborating investor
 advance <small>A stewardship initiative for human rights and social issues</small> UN PRI Advance	Convening investors to address human rights and social issues in the second one.	Human Rights	Collaborating investor
 CDP <small>DISCLOSURE INSIGHT ACTION</small> CDP Non-Disclosure	A global environmental disclosure system that supports companies to measure and manage their risks and opportunities on climate change, water security and deforestation.	Transparency	Participant

FIGURE 9: COMPANIES' RESPONSE TO THE 2024 CDP NON-DISCLOSURE CAMPAIGN



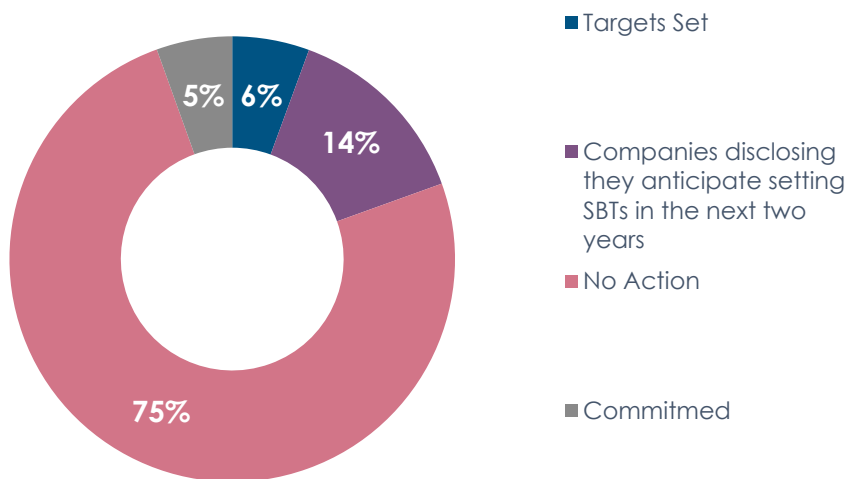
Source: CDP, Mirabaud Asset management, 1 January 2024 - 31 December 2024



CDP Science-based Targets Campaign

The CDP Science-Based Targets Campaign (SBT) aims to incentivise high-impact companies, listed on global stock markets, to set science-based targets (SBTs). According to the progress report of the CDP 2023-2024 SBT Campaign, 2,132 high-impact companies were targeted. 71 new companies with a combined market capitalization of US\$ 1.1 trillion have joined the SBTi as a result. This year, 307 financial institutions and multinational firms with US\$ 32 trillion in assets and spending power supported the initiative, representing a 12.5% increase from the previous year. Of the companies targeted by the 2023-24 CDP SBTi campaign, 36 were held in our Convertible Bonds funds. Of the 36 companies, 2 have committed to setting climate targets in line with the SBTi initiative in the next two years, 2 has set science-based targets, 5 disclose they anticipate setting targets in the next two years and the remaining issuers have not taken action.

FIGURE 10: CDP SBTi CAMPAIGN

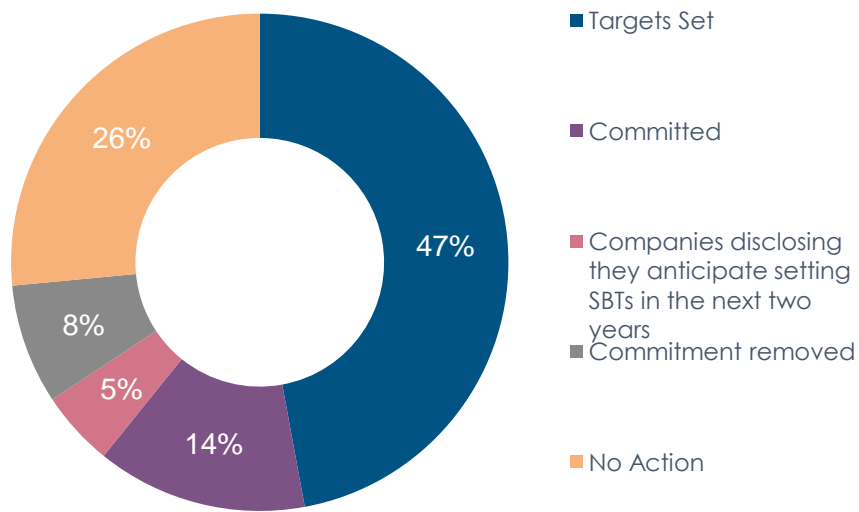


Source: Mirabaud Asset management, 1 January 2024 - 31 December 2024

Other than the SBTi campaign, we have assessed the SBTi status as at the end of December 2024, of the companies in the Convertible Bonds funds. As shown in figure 10, 14% of the companies held in the funds have formally committed to set science-based targets, 47% have validated climate targets with the SBTi, 5% disclose they anticipate setting targets in the next two years, 8% have removed their commitment, and the rest have not taken action (figure 10).



FIGURE 10: MIRABAUD CONVERTIBLE BONDS - SBTi STATUS 2024



Source: Mirabaud Asset management, 1 January 2024 - 31 December 2024



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