

# RETAIL SRI FUNDS TRANSPARENCY CODE

MIRABAUD – SUSTAINABLE GLOBAL EQUITIES  
(Sustainable Global Focus  
& Sustainable Global High Dividend)

October 2020

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## Transparency Code

This Transparency Code is based on the European Transparency Code written by AFG, FIR and EUROSIF.

## Statement of commitment

Socially Responsible Investment (SRI) is in our DNA and is underpinned by the following values and commitments that we have upheld over the last 200 years: Integrity, conviction, controlled risk management and a long-term vision. By signing up to the UN PRI (Principles for Responsible Investment) in 2010, we formalised our sustainable investment strategy, which we have strengthened ever since.

Our complete response to the SRI Transparency Code can be viewed below or on the Mirabaud Asset Management website <https://www.mirabaud-am.com/en/legal-disclaimer>

## Transparency Code compliance

Mirabaud Asset Management pledges to be as transparent as possible in view of the regulatory and competitive environment of the countries where we operate.

The two Mirabaud funds – Sustainable Global Focus and Sustainable Global High Dividend (together referred to as “Mirabaud Sustainable Global Equities” within this document) abide by all the Code’s recommendation.



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## 1. LIST OF FUNDS COVERED BY THIS TRANSPARENCY CODE

Mirabaud – Sustainable Global High Dividend					
Primary and secondary strategies	Principal asset class	Fund's exclusions	AUM at 31/05/2020	Label	Links to fund documents
Best in universe Exclusion Engagement	Equities	Controversial Weapons Coal Tobacco Gambling Alcohol Adult entertainment Firearm Pesticide/oil sands and Palm Oil	USD 80.1m	–	- DICI - Prospectus - Management Report - Factsheet

Mirabaud – Sustainable Global Focus					
Primary and secondary strategies	Principal asset class	Fund's exclusions	AUM at 31/05/2020	Label	Links to fund documents
Best in universe Exclusion Engagement	Equities	Controversial Weapons Coal Tobacco Gambling Alcohol Adult entertainment Firearm Pesticide/oil sands and Palm Oil	USD 364.4m	–	- DICI - Prospectus - Management Report - Factsheet

## 2. GENERAL INFORMATION ABOUT THE ASSET MANAGEMENT FIRM

### 2.1 Name of asset management firm in charge of the funds to which this Code applies

The Management Company, Mirabaud Asset Management (Europe) SA, has appointed Mirabaud Asset Management Ltd. as Investment Manager for the Sub-Funds.

**Mirabaud Asset Management (Europe) S.A.**

25, avenue de la Liberté,  
L-1931 Luxembourg

Mirabaud Asset Management Ltd., whose registered office is in London, United Kingdom, was founded on 19 March 1982. Its main activities are asset management and advisory services.

**Mirabaud Asset Management Ltd**

5 Floor, 10 Bressenden Place, London  
SW1E 5DH, United Kingdom

### 2.2 What are the asset manager's responsible investing history and principles?

Since it was founded in 1819, Mirabaud embeds the concept of sustainability in all of its activities and has never engaged in speculative trading or investing for its own account, or on behalf of the firm. Consequently, Mirabaud Group combines growth and sustainability.

Ever since its founding, Mirabaud Asset Management thrives to offer its clients quality products taking into account aspects of socially responsible investing and has been taking the necessary steps to formalize ESG investment processes across its product range.

Moreover, as a founding member of the Swiss Sustainable Finance and Sustainable Finance Geneva associations, Mirabaud contributes to making Switzerland and Geneva a world-renowned sustainable finance hub and innovator.

### 2.3 How has the asset management firm formalised its investment approach?

Socially Responsible Investment (SRI) is in our DNA and is underpinned by the following values and commitments that we have upheld over the last 200 years: Integrity, conviction, controlled risk management and long-term view. By signing up to PRI (Principles for Responsible Investment) in 2010, we formalised our sustainable investment strategy, which we have steadily strengthened ever since.

Furthermore, our ESG-related policies can be found on our website as follows:

- Responsible Investment Policy
- Voting Policy
- Engagement Policy
- Exclusion Policy

### 2.4 How does the asset manager tackle the issue of ESG risks and opportunities including climate change?

ESG criteria are an integral and pivotal part of our investment decision-making. Analysis of ESG criteria brings further insights to our financial analysis. It completes our view of a company's risks and opportunities. We have no doubt that properly factoring in ESG criteria into our investment procedures results in improving our portfolio's risk/reward profile.

Calculating our portfolios' carbon footprints, as per Article 173, is the first step in our climate analysis strategy. Being a proud signatory of the Carbon Disclosure Project (CDP), Mirabaud AM supports the Task Force for Climate-Related Financial Disclosure (TCFD) and works with the Transition Pathway Initiative, and "Climate Action 100+".

## 2.5 Which staff are involved in the asset management firm's responsible investing business?

Our in-house SRI team ensures and monitors the integration of ESG criteria within investment processes and decisions. Portfolio management teams work hand in hand with the SRI team and are empowered and held accountable in regards to ESG analysis, monitoring and engagement.

Our dedicated SRI professionals are in constant interaction with fund management teams. In fact, fund managers rely on the expertise and extra-financial research of the SRI team to fine-tune their extra-financial analysis supporting their company assessment, as a complement to traditional analysis.

Our Risk Management department performs pre and post trade monitoring on a daily basis. Stocks to be excluded are hard coded in our portfolio management system so as to prevent any breaches.

A risk committee ensures that SRI fund alerts and breaches are monitored and reported.

The Performance and Reporting team, SRI team and portfolio management teams collaborate to produce a monthly SRI reports.

In addition, the risk department carries out a quarterly review of fund management procedures and ESG analysis methodologies applied in relation to the funds.

With a view to strengthen and refine our SRI practices, dedicated training sessions are held for various staff including Marketing & PR and Sales & Business Development teams. The purpose of this training is to ensure all staff is familiar with the various aspects of responsible investment.

## 2.6 How many SRI analysts and SRI fund managers does the asset management firm employ?

Mirabaud Asset Management has a 3-person SRI/ESG dedicated research team, namely: Hamid Amoura (Head of SRI), Kenza Himmi (Analyst) and Sara Bourhime (Analyst).

In addition, all our fund managers and analysts are involved in embedding ESG criteria within the investment processes of our Long Only UCITS range. Consequently, all our fund managers integrate ESG criteria into their investment decisions, whether through top-down or bottom-up approaches.

## 2.7 In which SRI initiatives has the asset management firm taken part?

General Initiatives	Environment/climate initiatives	Social initiatives
PRI – Principles for Responsible Investment	CDP (Carbon Disclosure Project)	Interpeace
SBAI – Standards Board for Alternative Investments	CDP Climate Change	Geneva Peace Talks
SSF – Swiss Sustainable Finance	CDP Water	
SFG – Sustainable Finance Geneva	CDP Forest	
	Climate Action 100+	
	Transition Pathway Initiative	
	TCFD (Task force on Climate related Financial Disclosures)	

## 2.8 What is the total value of the asset management firm's SRI assets?

Mirabaud Asset Management is a UN PRI signatory. Consequently, all our Long Only UCITS range is eligible to integrate ESG criteria. Furthermore, exclusion, engagement as well as proxy voting policies common to all of MAM's products range have been deployed and are used across all asset classes to reflect our commitment to responsibility and sustainability. All of our fund managers take full ownership of these common approaches.

Mirabaud Asset Management is also deploying continuous efforts in order to strengthen the integration of ESG criteria from early stages of investment processes to portfolio construction, using quantitative and qualitative research across most of our assets.

We ensure the entire fund range implements SRI criteria and constantly adheres to requirements. Its formal implementation is currently underway.

## 3. GENERAL INFORMATION REGARDING SRI FUNDS MENTIONED IN THIS TRANSPARENCY CODE

### 3.1 What is/are the purpose(s) of factoring ESG criteria in for these funds?

ESG criteria are an integral and pivotal part of our investment decision-making process. The analysis of ESG criteria complements the traditional financial analyses and adds depth and insight to the investment team's understanding and knowledge of an issuer. It completes our view of a company's risks and opportunities. We are convinced that a pragmatic integrative approach of ESG factors within investment processes results in improving the long-term risk-return profile of a portfolio.

The adoption of such an approach allows us to achieve the following objectives:

- Promote industry best practice among issuers through robust engagement activities.
- Enhance the portfolio's risk/reward profile, by identifying non-financial risks, consequently reducing short-term risk and enhancing long-term value creation.

### 3.2 What internal and external resources do you use to assess ESG of the fund's issuers?

In regards to staffing, the analytics pertaining to the Mirabaud – Sustainable Global Equities funds are carried out by both the SRI team (3 dedicated professionals) and the dedicated Global Equities team (2 dedicated professionals). The SRI team is thus to be considered as an extension of the global Equities team in the context of ESG integration in the investment process as well as of the engagement policy in place.

Our staff draw on the following information for their analyses:

- External extra-financial data providers:
  - o Sustainalytics for our ESG and controversies analysis
  - o Trucost for Climate /Environment data
- Company publications (corporate reports and presentations)
- Specialised broker and sell-side publications
- Providers of financial and extra-financial data (Bloomberg; Factset)
- Meetings with company management

### 3.3 Which ESG criteria does the fund apply?

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:

- **Governance:** Board structure, independence and diversity; business ethics, bribery and corruption.
- **Social:** Human resources management and customer/supplier relations.
- **Environment:** Energy efficiency, waste management, carbon emissions reduction.

### 3.4 What climate principles and criteria does the fund apply? (Article 173-VI)

Mirabaud Asset Management uses Trucost data to measure the carbon footprint of current and potential investments, which we embed within the investment decision process of the relevant fund.

Trucost belongs to S&P Global and provides analysis and risk assessments and measurements with regard to climate change and other environmental factors.

Such data enables us to assess portfolio exposure to transition risks, namely those arising from reduction of greenhouse gas emissions.

### 3.5 How do you assess and measure your issuers' ESG practices?

Mirabaud Asset Management philosophy is guided by strong sustainable development guidelines, a long-term view and a responsible mind-set. Conscious of our responsibility as a financial services firm, we have formalized our ESG practices in relation to our Mirabaud – Sustainable Global Equities funds range.

In line with our convictions and values, the range of Mirabaud Asset Management funds and more specifically Mirabaud – Sustainable Global Equities (Sustainable Global Focus & Sustainable Global High Dividend) apply an exclusion filter at the very early stage of the investment process.

Mirabaud – Sustainable Global Focus & Sustainable Global High Dividend: Investments in controversial weapons and tobacco are excluded from the fund's investment universe. The fund also excludes companies deriving 30% or more of their revenues from thermal coal mining companies, as well as companies deriving 5% or more from adult entertainment, gambling, alcohol, firearms and oil sands.

In addition of our exclusion policy, our SRI score was designed to favour the best performing companies from an ESG perspective. The first phase of the analysis consists in the construction of a Top Down view followed by a "Best in Universe" filter. Such an approach seeks to optimise the investment universe by setting a minimum ESG score threshold. This automatically excludes companies recently involved in major controversies (level 5).

The assessment is based on Sustainalytics data, with an internal score resulting from the combination of ESG Rating (Focus on strong ESG practices) and ESG Risk Rating (materiality driven approach). The weighting produces a final score between 0 and 100 (with 100 being the best score). The issuers are then placed into the relevant decile group between 1 and 10 (where 1 is the best and 10 the worst).



### 3.6 How often are issuers' ESG reviewed? How are controversies dealt with?

We review ESG criteria of the issuers held in our portfolio on a regular basis. If a controversies alert is received, we review the issuer's ESG criteria immediately and take the necessary actions to assess the company given the new information.

## 4. INVESTMENT PROCESS

### 4.1 How are ESG research results factored into portfolio construction?

ESG research results are systematically factored into portfolio construction and we constantly ensure that at least 90% of the AuM held in each SRI fund mentioned in this transparency code are subject to ESG reviewed investments provided that non-rated (or rating pending) investments are not subject to 'controversies' considered to be serious by our SRI team.

Similarly, investments pertaining to the exclusion list cannot be included in the portfolio.

An in-depth ESG analysis is carried out on selected individual securities in order to pinpoint companies that best satisfy ESG criteria on important issues. Our analysts identify various material issues for every sub-sector so as to best reflect how companies identify and manage their various potential ESG risks and opportunities. We also conduct an in-depth review, where priority is given to companies we initially put in a "watchlist".

### 4.2 How are climate change criteria factored into portfolio construction? (Article 173-VI & HLEG)

Please refer to our response to question 3.4

### 4.3 How do we assess issuers in the portfolio that are not subject to an ESG analysis (excl. mutual funds)? (Article 173-VI & TCFD)

An analysis covers non-rated (or rating pending) issuers. This analysis is structured as follows:

- We identify the relevant material issues affecting the company's business model
- We assess the company's corporate governance structure
- We assess the company's involvement in controversies deemed material
- We analyse the company's publications

The proportion of non-rated investments presented in the portfolio may not exceed 10%.

### 4.4 Have the ESG or investment process changed within the last twelve months?

We considerably strengthened the Mirabaud Global Equities range ESG procedure during 2019.

### 4.5 Are any assets invested in charities?

No, there are no assets invested in charities.

#### 4.6 Does/do the Fund engage in stock lending or borrowing?

No, the Mirabaud Global Equities funds does not engage in such activities.

#### 4.7 Does the Fund trade in derivatives?

While the Mirabaud Global Equities funds are entitled to do so, it does not trade in derivatives except for FX hedging purposes.

#### 4.8 Does the Fund invest in mutual funds?

While the Mirabaud Global Equities funds are entitled to do so (up to 10%), it does not invest in mutual fund.

## 5. ESG MONITORING

### 5.1 What internal or external controls have been introduced to ensure that the portfolio complies with stated fund management ESG rules?

Mirabaud Asset Management has a dedicated 3-person SRI/ESG team. This team is responsible for ESG research, data review, tracking portfolio compliance and introducing ESG filters. The team also advises investment teams in establishing optimal responsible investment processes in line with the process of the product or asset class at hand.

With regard to monitoring portfolio compliance with ESG requirements, our Risk Management team carries out daily pre and post trade monitoring, as excluded investments have been hard coded within the portfolio management system in advance.

Any breach or deviation is immediately notified to fund managers for correction. Should such deviation persist and worsen, it will then be reported to executive management.

A risk committee ensures that SRI fund alerts are tracked and reported.

## 6. IMPACT MEASURES AND ESG REPORTING

### 6.1 How is the Fund's ESG quality assessed?

The Fund's ESG quality and robustness is reviewed monthly by the SRI team.

The quantitative ESG score and assessment are derived from the analysis of Sustainalytics data and are then compared to a reference universe's average score and performance. The Fund's carbon footprint is also calculated based on Trucost data and is updated on a monthly basis. This assessment is also reported on through the dedicated SRI report.

### 6.2 What ESG impact indicators does the Fund apply?

Impact indicators are identified in order to enable a measure of the Fund's extra-financial performance.

The following indicators are calculated both for the portfolio and its reference universe:

- Mirabaud in-house ESG rating
- Exposure to ESG controversies
- Carbon intensity to measure emissions (Scope 1 and 2).
- Year-on-year change in carbon footprint
- Contribution to energy transition by representing fossil fuel reserves and resources

### 6.3 How are investors informed of fund's investment process?

Investors get notified and can access dedicated information via the Mirabaud Asset Management website :

Prospectus of the Mirabaud – Sustainable Global Equities funds: Prospectus

Mirabaud Sustainable Global Focus: Specific fund page

Mirabaud Sustainable Global High Dividend: Specific fund page

### 6.4 Does the the asset management firm publish the results of its voting policy and engagement policy?

Votes are systematically reported on the Mirabaud Asset Management website and can be accessed by clicking on the link below

<https://www.mirabaud-am.com/en/general-contents/proxy-voting/>

The same goes for our engagement policy, which can be viewed at:

[https://www.mirabaud-am.com/fileadmin/user\\_upload/legal/Copyright\\_and\\_Legal/Mirabaud\\_AM\\_Engagement\\_Policy\\_EN.pdf](https://www.mirabaud-am.com/fileadmin/user_upload/legal/Copyright_and_Legal/Mirabaud_AM_Engagement_Policy_EN.pdf)

<sup>1</sup> A combination of ESG Rating and ESG Risk Rating (Source: Sustainalytics)

