

2023

# WEBSITE PRODUCT DISCLOSURE

**Mirabaud – Sustainable Global Dividend**

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## Table of content

- 1. Summary**
- 2. No sustainable investment objective**
- 3. Environmental or social characteristics of the financial product**
- 4. Investment strategy**
- 5. Proportion of investments**
- 6. Monitoring of environmental or social characteristics**
- 7. Methodologies**
- 8. Data sources and processing**
- 9. Limitations to methodologies and data**
- 10. Due diligence**
- 11. Engagement policies**
- 12. Designated reference benchmark**

This document includes information relating to environmental and social characteristics of financial products and information in compliance with Article 10 of the Sustainable Finance Disclosure Regulation (SFDR)<sup>1</sup>.

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<sup>1</sup> 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

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## 1. Summary

The fund invests in companies worldwide judged to offer above average dividend yields with prospects of dividend growth and the potential for long term capital growth that have been identified through a comprehensive equity investment process. This process takes into consideration the sustainability of the business in its broadest sense and the company's environmental, social and governance (ESG) performance. Extra-financial considerations are fully integrated throughout the investment process of the fund through exclusions, ESG integration, and active ownership strategies involving proxy voting and engagement activities.

The financial product promotes environmental/social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments. Specific sustainability indicators used to measure the attainment of the environmental and/or social characteristics of the fund in line with the methodologies are outlined in the following sections.

Sustainability-related information is monitored via various systems and dedicated teams. Data and research from external providers and sources, subjected to thorough due diligence, are complemented by internal research and analysis to ensure that the fund is invested in accordance with the environmental/social characteristics promoted. Additionally, interactions and engagements meetings with companies' management are conducted to gather further insights into how companies are addressing their ESG risks and opportunities, promote best practices and better inform the investment decision-making process.

## 2. No sustainable investment objective

This financial product promotes environmental/social characteristics but does not have as its objective sustainable investment. Whilst the fund has no sustainable investment objective, it will have a minimum proportion of 10% of sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

Please refer to Section 4 (*Investment strategy*) of this document for additional information on the sustainable investment methodology.

## 3. Environmental or social characteristics of the financial product

Extra financial considerations (Environmental, Social and Governance ("ESG")) are fully integrated in the investment process of the Sub-Fund. Therefore, the Sub-Fund will focus on companies whose social and environmental factors and methods of governance have a sustainable impact on financial performance. The fund uses a benchmark which is used only for comparison purposes and is not aligned with the sustainable objective of the fund.

Please refer to Sections 4 (*Investment strategy*) and 7 (*Methodology*) of this document for additional information.

## 4. Investment strategy

The Mirabaud – Sustainable Global Dividend is an actively managed fund that invests primarily in global dividend-yielding equity securities.

ESG factors are integrated into the fund through exclusions, ESG integration, and active ownership strategies.

## ■ Exclusions

At the very early stage of the investment process we start off with an **exclusion** filter grounded in [Mirabaud Asset Management Exclusion Policy](#)<sup>2</sup> (negative screening) and fund-specific exclusions.

Product involvement	Exclusion criteria	Threshold of Revenues
Defense & Military	Controversial weapons <b>production</b> , Firearms	0% <sup>3</sup> , 5% <sup>4</sup>
Health	Tobacco production & related products/ <b>services</b> , Alcohol	5%
Energy	Thermal coal mining, Oil sands	5%
Values-based	Adult entertainment <b>production</b> , Gambling	5%
Environment	Palm Oil, Pesticides	5%

This filter also excludes companies involved in recent major controversies (i.e., our data provider's category 5 controversy). Controversies assess companies' involvement in incidents with negative ESG implications. The Controversy Rating reflects a company's level of involvement in and management of these issues. The ratings are on a scale of five levels, from Low (Level 1) to Severe (Level 5).

## ■ ESG Integration

Following the exclusion filter, we **integrate** ESG criteria through the combination of top-down (positive screening) and bottom-up approaches.

### Top down: Positive screening

We use positive selection with best-in-universe screening on the fund's investment universe excluding the companies ranked in the last two deciles (last 20% of the universe) using a proprietary in-house SRI score.

The SRI score is calculated combining an ESG Risk Rating component and an ESG score component, both from our external data provider Morningstar - Sustainalytics. The ESG Score measures a company's responsibility efforts and levels of disclosure while the ESG risk rating measures the degree to which a company's bottom line is at risk driven by material ESG factors. The internal SRI score is calculated as follows:

$$\text{Mirabaud Internal Score} = 60\% \text{ ESG Risk Rating} + 40\% (100 - \text{ESG Score})$$

The output is a final score between 0 and 100 (with 0 being the best score, which is designed to favour the best performing companies from an overall ESG perspective).

<sup>2</sup> [Mirabaud Asset Management Exclusion Policy](#)

<sup>3</sup> Exclusion of all companies involved in these activities regardless of the level of revenue generated therefrom. See MAM Exclusion Policy for more details.

<sup>4</sup> Exclusion of companies that generated 5% or more of their revenues from these activities.



Source: Mirabaud Asset Management, October 2023

## Bottom-up approach

We conduct in-depth bottom-up ESG analyses, where relevant. These assessments aim to evaluate the issuers' performance in terms of responsibility, materiality, and sustainability. SRI analysts, alongside the investment team consider various sustainability indicators, specific and material to each sub-sector to best reflect how companies manage ESG risks and opportunities they are exposed to.

### ▪ Active ownership

We complement our analysis through our constructive and effective active ownership program consisting of **engagement and proxy voting activities**. Our aim is to influence companies to generate a positive change, improve disclosure, targets as well as discuss ESG risks and opportunities. Please refer to Section 11 (*Engagement policies*) of this document for additional information.

### ▪ Sustainable Investments

The fund invests at least 10% of its assets in sustainable investments, which are calculated by the fund's sustainable investments proprietary methodology. This methodology is based on three drivers: the positive contribution to an environmental/social objective, the do no significant harm criteria and the minimum safeguards & good governance. The investment should pass all three tests to qualify as a sustainable investment.

- **Screening for positive contribution to an environmental/social objective:** our initial screening aims to identify activities that contribute substantially to any of the six objectives set by EU taxonomy. This evaluation is based on data from the Trucost dataset.
- **Screening for the Do No Significant Harm (DNSH) principle:** the subsequent phase involves a screening process based on Principle Adverse Impacts (PAI) indicators to identify whether an activity meets the DNSH requirements. We screen out companies involved in controversial activities (as per MAM Exclusion Policy),

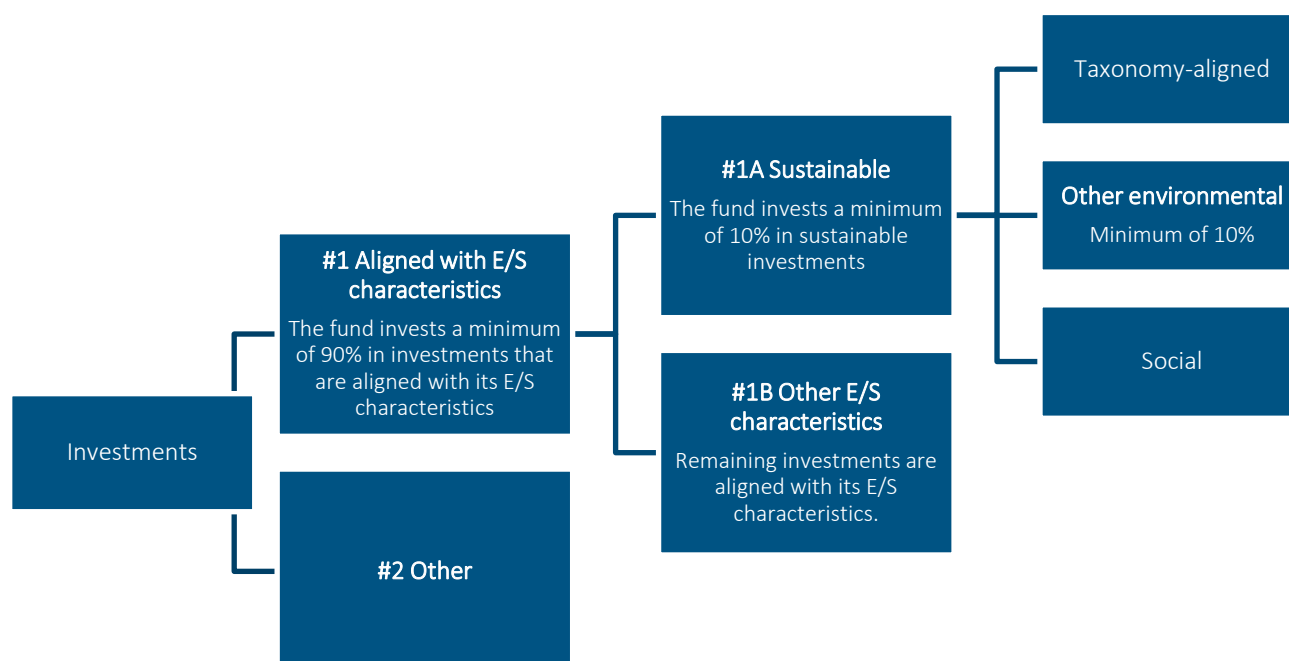
issuers associated with severe controversies, ESG laggards (companies ranked in the bottom 20% within the investment universe), and companies in breach of PAI 4, 7 and 14.

- **Screening for good governance:** the last phase of our framework consists of applying a filter known as minimum social safeguards & 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). Additionally, we establish a minimum threshold for companies by assessing a set of governance-related indicators.

At least 90% of the AUM (excluding cash and ancillary) are covered by ESG analysis (either through external or internal research). We review and update the SRI scores and list of non-eligible values on a regular basis.

## 5. Proportion of investments

Illustrated below is the planned asset allocation for the investments of the fund:



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

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

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

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

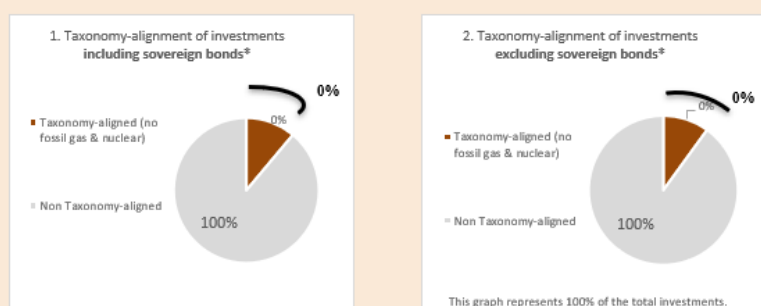
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**  
Not applicable.



- To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?  
Not applicable.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>5</sup>?  
No.

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



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

- What is the minimum share of investments in transitional and enabling activities?  
There is no commitment to a minimum proportion of investments in transitional and enabling activities.
- What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The sub fund will make a minimum of 10% of sustainable investments that are not necessarily aligned with the EU taxonomy. The sub fund uses the EU taxonomy revenue eligibility and contribution to the global sustainability agenda as a criteria to assess the sustainable investments. In addition, the sub fund applies minimum safeguards and therefore excludes issuers deriving revenues from manufacturing of controversial weapons, thermal coal mining, tobacco and adult entertainment. Additional exclusions are applied for firearms, alcohol, oil sands, gambling, palm oil and pesticides. Additional exclusion is applied for any company with a controversy category 5 of Sustainalytics.

- What is the minimum share of socially sustainable investments?  
There is no commitment to a minimum proportion of investments with social objective.
- What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Ancillary Liquid Assets, Deposits with Credit Institutions, money market instruments / funds (for ancillary liquidity) are not included in the % of assets included in the asset allocation diagram above, including under “Other”. These holdings fluctuate depending on investment flows and are ancillary to the investment policy with

<sup>5</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

minimal or no impact on investment operations. Where relevant, investments, including “other” investments are subject to ESG Minimum Safeguards/principles.

## 6. Monitoring of environmental or social characteristics

Mirabaud Asset Management’s organisation supports and promotes effective and prudent decision making around integration of sustainability risk and appropriate due diligence on underlying assets of the fund.

- The **Sustainable and Responsible Investment (SRI) team** drives extra-financial research across investment teams, which feed into the underlying processes of our investment strategies. Additionally, the responsibility for the research, definition and update of the exclusion list lies with the SRI team. The SRI team plays a critical role in integrating ESG considerations into the investment process as well as in implementing policies such as the engagement policy.
- The **Global Equities Investment team** is involved in embedding ESG criteria within the investment processes of the fund, and they rely on the expertise and extra-financial research of the SRI team to fine-tune their non-financial analysis supporting their buy/sell decisions, as a complement to traditional analysis. Additionally, the investment team is responsible for engagement with companies, while the SRI team leads some of these engagements to help pinpoint and highlight, to portfolio managers, which ESG issues or questions to prioritise. The SRI team and the Global Equities investment team carry out analytics for the fund.
- The **Risk Management team** performs pre and post trades monitoring and ensures minimum coverage required for the fund. Exclusions are hard-coded in our portfolio management system to prevent breaches.
- The **Investment Management and Risk Committee** ensures that SRI fund alerts and breaches are monitored and reported.

## 7. Methodologies

The methodologies that apply to measure how environmental/social characteristics promoted by the fund are met, are outlined below.

- **Exclusions:** the fund applies upstream of its investment process an exclusion filter (negative screening) on the following controversial sectors: controversial weapons, thermal coal mining, tobacco production and related products/services, adult entertainment, alcohol, firearms, oil sands, gambling, palm oil, or pesticides. Investments will be excluded if a certain percentage of their revenues derive directly from such controversial sectors. Furthermore, companies involved in severe/level 5 controversies are excluded.
- **ESG Integration:** the fund applies a top-down positive selection with a best-in-universe filter to exclude the last two deciles (ESG laggards) of the investment universe. This is computed using an in-house SRI score. Additionally, in-depth bottom-up ESG analyses are conducted on companies, where relevant.
- **Active ownership:** proxy voting, and engagement activities are carried out to clarify and address the management of ESG issues.
- **Climate change:** by integrating climate change into our analysis, we aim to not only adapt but also enhance our role as active asset managers, effectively managing our clients' climate-related risks. To achieve this, we use a blend of historical snapshot and forward-looking indicators to monitor emission trends, companies' commitment to aligning their emissions with net-zero compatible pathways, and their ability to mitigate physical risks like extreme weather conditions and floods.



- **Principal Adverse Impact (PAI) indicators:** the negative impact of investments on sustainability factors is taken into consideration as an integrated part of the investment process. We identify, prioritize, 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 specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data availability and quality. Information on PAI on sustainability factors available in the annual report to be disclosed pursuant to SFDR Article 11(2) and within our [PAI Statement](#).
- **Sustainable Investments:** the fund invests at least 10% of its assets in sustainable investments, which are calculated by the fund's sustainable investments proprietary methodology available on our [website](#) and detailed under Section 4 (*Investment strategy*) of this document. This methodology is based on three drivers: the positive contribution to an environmental/social objective, the do no significant harm criteria and the minimum safeguards & good governance. The investment should pass all three tests to qualify as a sustainable investment.

Impact indicators are identified to enable a measure of the fund's extra-financial performance. The following list of indicators is calculated for the portfolio and its reference universe (as shown in the fund's periodic SRI report):

- Mirabaud Asset Management's in-house ESG score
- Product Involvement
- Exposure to ESG controversies
- Carbon intensity to measure emissions (Scope 1 and 2) and highest/lowest contributors
- Evolution of portfolio's carbon intensity compared to the benchmark
- Contribution to energy transition (2°C Alignment)
- Embedded emissions
- Policies related to freedom of association within companies
- Corporate diversity programmes within companies
- Human rights company practices by identifying UN Global compact signatories
- Senior level oversight of ESG issues within companies
- Board Diversity
- Board independence

## 8. Data sources and processing

The SRI team and the Global Equities investment team carry out analytics for the fund. The holistic and comprehensive analyses draw from a wide range of information sources. These include but are not limited to:

- External extra-financial data providers:
  - Morningstar - Sustainability for our ESG and controversies analysis
  - S&P Global - Trucost for Climate/Environment data
- Companies' publications (corporate reports and presentations)
- Specialised broker and sell-side publications
- Providers of financial and extra-financial data (e.g., Bloomberg)
- Meetings with company management

We collaborate with a number of service providers to ensure we fully cover the different asset classes and geographies where we operate. Prior to working with a provider, we conduct appropriate due diligence on their services and coverage, to ensure their services and offering outputs match our expectations and needs. We formally monitor the quality of our investment and ESG research service providers periodically through minuted calls or physical meetings. Moreover, we also maintain regular communication with our providers through in-person meetings, phone calls and email. We maintain

agreements with our providers to access the specific data points, available upon request, required by our SRI team to continuously develop strong ESG policies. These ongoing communications have allowed us to develop tailored ESG processes and will continue going forward.

The ESG data available through our service providers is regularly integrated into the ESG frameworks implemented by our investment teams. Quantitative data from providers helps us hone our initial screens and exclusion lists. Portfolio managers actively review the available figures, to ensure that data points reflect the latest available information.

## 9. Limitations to methodologies and data

Identifying sustainability indicators and implementing sustainable investment methodologies depends on the availability and quality of ESG & Climate data. The SRI team seeks to monitor data quality and is constantly working internally and in collaboration with our data providers and industry initiatives to expand our data coverage and acquire a better understanding of the full impact of our investments.

The primary limitation to the methodology or data source is absence or insufficient corporate disclosure. To address this challenge, we have adopted a strategy of leveraging multiple data providers and combining ESG data with internal research to inform our decisions or adjusting ratings on an ad hoc basis. We maintain a regular dialogue with our data providers to discuss and overcome any data issues we might encounter, either related to quality, reliability or coverage. Nevertheless, despite these caveats, we believe that ESG data and research collected from external data providers provide useful information to our investment team, informing their investment decisions and enabling them to meet the environmental and social aspects promoted by the product.

## 10. Due diligence

Our analysis draws from proprietary internal research we supplement with research from third party data providers. We collaborate with a number of service providers to ensure optimal coverage of the different asset classes and geographies where we operate. Prior to working with a provider, we conduct appropriate due diligence on their services and coverage, to ensure their services and offering outputs match our expectations and needs. This means that working relationships with our providers are based on trust from an early stage. We formally monitor the quality of our investment and ESG research providers periodically through minuted calls or physical meetings. Moreover, we maintain regular communication with our providers through in-person meetings, phone calls and email.

The fund has the SRI Label supported by the French Ministry of Economy and Finance. The SRI Label includes a detailed audit protocol and an annual review of both the compliance with the Label's expectations and the ESG management and process of the fund. The audits are conducted by an independent accredited body in audit and quality assurance.

## 11. Engagement policies

We believe active ownership is a highly effective approach to contribute to good corporate governance to enhance the long-term economic and societal value of companies. Our active ownership programme consists of proxy voting and engagement activities. Our aim is to discuss ESG risks and opportunities, influence companies to generate positive change and encourage them improve transparency and disclosures.

- **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, we collaborate with specialist stewardship service provider, Institutional Shareholder Services (ISS). Additional information is available within our [Proxy Voting Policy](#).

- **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 investments. Engagement activities enable us to enhance our understanding of companies' sustainability practices, identify their exposure to ESG risks and opportunities, influence them to adopt industry best practices, which can be fed back into investment processes. At Mirabaud Asset Management, we have different ways of establishing a dialogue with companies' management through a multi-level approach that comprises individual and collaborative stewardship activities.

- **ESG Interactions:** discussions with companies on a variety of topics, including ESG matters, that may present a potential material risk to a company's financial performance. The findings of these interactions are considered within the ongoing ESG assessment of a given company.
- **Direct Engagements:** dialogues with companies with defined objectives and achievable and actionable ESG targets to encourage best practices on material ESG issues. They are supported by dedicated ESG bottom-up assessments in line with our three pillars of Responsibility, Materiality and Sustainability. We aim to monitor progress against the engagement targets set and agreed with the companies.
- **Collaborative Engagements:** we join collaborative engagement initiatives which enable us to create coordinated pressure and address material ESG risks with the support of other global investors.

Additional information is available within our [Engagement Policy](#).

## 12. Designated reference benchmark

The Fund has a financial benchmark that is used for comparison purposes but does not incorporate any sustainable criteria and is not selected for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**ACCOUNTABLE** FOR GENERATIONS /