

# EXCLUSION POLICY

MIRABAUD ASSET MANAGEMENT  
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## **1 GENERAL INFORMATION**

### **1.1 Principle**

Since its foundation in 1819, the Mirabaud Group has always pursued a philosophy of sustainability, based on long-term vision and a responsible attitude. Remaining true to the spirit of our founders, we have successfully combined growth with a concern for the long-term continuity that has ensured our enduring independence.

Today, this approach takes the form of a pro-active and determined commitment. We are a financial responsible company, promoting best practice and enacting our Corporate Social Responsibility (hereinafter referred to as « CSR ») Policy in all our business lines.

Mirabaud Group's commitment to more sustainable and transparent global finance is grounded in the convictions that guide our governance and the way we work. Environmental, Social and Governance (hereinafter referred to as « ESG ») issues and opportunities are a fundamental consideration in our investment processes. Any investor applying ESG principles must commit to socially responsible investment.

The entities of the Mirabaud Asset Management business line (hereinafter referred to as « MAM

Group ») see social and environmental factors and governance as important factors in valuing and selecting investments. This is why ESG criteria are included in the financial analysis and investment strategies of many funds and mandates.

The diverse range of investment solutions developed by MAM Group are designed to comprehensively meet the needs of its private and institutional clients, reflecting their financial objectives, investor profiles and their concerns on ESG issues.

MAM Group has undertaken to commit the resources and internal teams to rationally and progressively integrate ESG considerations into the whole of its investment product range. The funds and mandates in its socially responsible investment (hereinafter referred to as « SRI ») strategy also apply additional ESG selection and exclusion criteria.

This document aims to describe the policy for the exclusion (hereinafter referred to as the « Policy ») of certain kinds of investment considered socially harmful from the portfolio, usually either by prohibiting new investment flows and/or by removing existing investments from portfolios.

### **1.2 Scope**

The Policy applies to all long-only open-end funds as well as to alternative funds with direct investments for which MAM Group acts as asset management company as listed under item 7 below (hereinafter referred to as the « Funds »).

For discretionary mandates and client specific funds, MAM Group will only apply restrictions following applicable sanctions, rules and regulations. In addition MAM Group can apply further restrictions and/or implement any exclusion list if agreed with a client.



## 2 LINE OF CONDUCT

Excluding a company from our investment universe is always the last resort. However, some activities or products are deemed controversial in line with international conventions, accords and certain national laws, or pose a risk to health or the environment which cannot be offset through engagement.

Accordingly, MAM Group has decided to exclude direct investments from its investment portfolios relating to thermal coal mining companies, to companies involved in controversial weapons, and to companies involved in the tobacco industry.

MAM Group has adopted the Policy described hereunder to allow a systematic, consistent and transparent exclusion process across the Group.

MAM Group has an internal operational procedure that describe the processes and methods as well as the roles and responsibilities for implementation of the Policy.

## 3 EXCLUDED ACTIVITIES

### 3.1 Controversial weapons

MAM Group has decided to no longer invest in companies involved in controversial weapons.

MAM Group defines controversial weapons as weapons having indiscriminate effects and causing undue harm, injuries and suffering.

Certain controversial weapons, namely cluster munitions, antipersonnel mines, chemical and biological weapons and nuclear weapons are regulated by international conventions or legal bans, such as without limitation:

- Anti-personnel mines: the Ottawa Convention, which took effect in March 1999, prohibits the use, stockpiling, production and transfer of anti-personnel mines;
- Cluster weapons: the Convention on Cluster Munitions (Oslo Convention) adopted in 2008 prohibits the use, stockpiling, production and transfer of cluster munitions;
- Nuclear weapons: the Nuclear Non-proliferation Treaty (NPT) of 1968, which took effect in 1970 aims at inhibiting the proliferation of nuclear weapons and limits the legal detention of nuclear weapons to a short list of countries ;
- Biological weapons: the Biological and Toxin Weapons Convention (BTWC) of 1972 outlaws biological weapons;
- Chemical weapons: the Chemical Weapons Convention (CWC) of 1993 outlaws chemical weapons;
- Depleted uranium and/or white phosphorus ammunitions: no current international convention exists, but MAM Group recognises the concerns of certain stakeholders concerning those ammunitions.
- The Swiss Federal war material act (as amended from time to time) bans direct and indirect investment in controversial weapons producers.



MAM Group considers that a company is “involved in controversial weapons” when the company:

- Produces, trades, or stores controversial weapons or components that are specifically designed for these weapons (dedicated components) and which represent a critical component required for the functioning of the weapon (key component).

If one of the above-mentioned activities takes place within a subsidiary, the direct parent company is also considered to be involved in controversial weapons if it holds a majority equity interest in the subsidiary. Likewise, any majority-owned subsidiary of a company involved in controversial weapons is also deemed to be involved.

MAM Group undertakes to exclude investment in any companies directly involved in controversial weapons, as explained above, whatever the level of revenue generated from these activities.

### **3.2 Tobacco**

MAM Group has decided to no longer invest in companies involved in the tobacco industry.

With seven million people dying annually from tobacco-related causes<sup>1</sup>, the decision takes into account concerns about public health, as well as human rights abuses and the substantial economic cost associated with tobacco, believed to be more than USD 1 trillion a year globally, according to World Health Organisation (WHO) estimates. In 2003 it implemented the Framework Convention for Tobacco Control (FCTC), the first ever global public health treaty. Some 180 countries have signed the FCTC, which aims to cut consumption by 30% by 2025 through new regulations and tax increases that will make tobacco less affordable.

MAM Group considers that a company is “involved in the tobacco industry” when the company:

- Produces tobacco (such as cigarettes, cigars and/or pipe tobacco),
- Supplies significant components of tobacco products (such as filters),
- Primary activity is to trade tobacco and/or to distribute unprocessed tobacco wholesale to cigarette manufacturers or similar activities.

MAM Group undertakes to exclude investment in any companies directly involved in the tobacco industry, that earn more than 5% of their revenue from these activities.

### **3.3 Thermal coal mining**

MAM Group has decided to exclude investment in companies involved in thermal coal mining.

In the recent years, the other debate on fossil fuels and coals has been also intense, especially following the COP21 Agreement. The core purpose of this Agreement is to reduce greenhouse gas emissions and limit the rise of global average temperatures below two degrees Celsius. Therefore, a strong focus on renewable energy along with a substantial decline in the use of fossil energy is key to achieving the Agreement goals.

<sup>1</sup> <https://tobaccoatlas.org/topic/deaths/> - <http://www.who.int/news-room/fact-sheets/detail/tobacco>



One of the most carbon-intensive fossil fuels is thermal coal. In addition to a high level of CO<sub>2</sub> emissions, thermal coal mining and combustion have several negative environmental, social and human health impacts. Therefore, MAM Group believes that a coherent climate policy warming must tackle thermal coal as a priority.

MAM Group undertakes to exclude investment in any companies directly involved in the thermal coal mining industry, that earn more than 20% of their revenue from these activities.

## **4 APPROACH**

### **4.1 Research**

The responsibility for the research, definition and production of the exclusion list (hereinafter referred to as the « List ») lies with MAM Group's SRI team.

The List includes all the companies that fall under an exclusion as defined by the Policy. All company-related investment instruments (e.g. equity, equity derivatives and corporate bonds) are in scope.

MAM Group's SRI team has access to several external and independent sources to assist in the underlying research. The List will be reviewed at least twice a year, more frequently if necessary, to check if relevant changes have been made to the company's activities or behavior. A review of such changes may lead to the exclusion being lifted.

### **4.2 Validation**

Based on the research provided by MAM Group's SRI team, the local management of the relevant MAM entity is responsible for the final validation of the List.

### **4.3 Pre-trade approach**

To ensure full compliance with the Policy at any time, MAM Group has implemented an integrated compliance system that prevent any investment in issuers involved in the above-mentioned activities.

### **4.4 Post-trade approach**

Existing positions in companies that have been newly identified as being in violation of this Policy will be divested given the following guidelines:

- For equity: the positions must be sold as soon as possible ensuring the protection of investors' interest, but at latest within three months after the decision to exclude a company. During this time, no increase in position is allowed.
- For fixed income: the positions must be sold as soon as possible ensuring the protection of investors' interest, but at latest within six months after the decision to exclude a company. During this time, no increase in position is allowed.

The competent governing body of the relevant MAM Group entity may decide to grant exceptions to the above guidelines.



#### **4.5 Reinstatement**

If the grounds for a violation by a previously identified company lapse, it is removed from the List and re-classified as investable with immediate effect.

### **5 EXPENSES / COSTS**

Any expenses/costs incurred in reviewing or updating the Policy and in undertaking business as usual activities arising from the Policy will be borne by MAM Group.

### **6 REVISION AND APPROBATION**

The Policy and any amendments thereof shall be approved by the competent governing body of the relevant MAM Group entity. Regular reviews are conducted and revisions to capture evolving expectations in key areas.

### **7 PRODUCTS COVERED BY THE POLICY**

The Policy covers the following long-only open-end funds as well as to alternative funds with direct investments for which MAM Group acts as asset management company:

- Mirabaud (CH)
- Mirabaud Fund (CH)
- Mirabaud Multi Assets
- Mirabaud SICAV
- Mirabaud Swiss Alpha Plus
- Mirabaud Patrimoine Vivant
- Mirabaud Private Capital SCA SICAV-SIF: Mirabaud Lifestyle Impact & Innovation
- Mirabaud Private Assets SCA SICAV-SIF: Mirabaud Grand Paris
- Segregated mandates (where applicable)

**MIRABAUD Asset Management**

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