SFDR Fund Classification** Article 8

SRI Guidelines

Carmignac Portfolio Family Governed

January 2022

CARMIGNAC
RISK MANAGERS

Carmignac's Overarching Sustainable Framework

Firm

- Our operations are Carbon neutral 2019[1]
- Office Environmental practices
- UNPRI signatory 2012

3 key engagement themes

- Climate Change
- Empowerment
- Leadership

Firm-wide exclusions

- Tobacco Free supporter
- Coal exclusions and total coal exit 2030
- Energy investments aligned to Paris Agreement

100% ESG integration

- All portfolio managers and analysts are responsible for ESG integration

100% voting

- Fulfil our fiduciary duty
- Represent our shareholders rights

19 RI fund labels

- Rigorous 3rd party audit
- French ISR[2]
- Belgian Towards Sustainability[3]

ESG Platform START[4]

- Multiple source ESG indicators
- Proprietary scoring and analysis
- Smart interface for all PM ESG requirements

90% Article 8 and 9 (SFDR[5])

- 17% Article 9 funds
- Over 70% Article 8 funds

[1] Scope 1, 2 and Scope 3 (business travel and IT services). For more information please consult https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742

[2] French Label ISR. For further information, please visit https://www.lelabelisr.fr/en/

[3] Belgian Label Towards Sustainability. For further information, please visit: https://www.towardssustainability.be

[4] The proprietary ESG system START combines and aggregates market leading data providers ESG indicators . Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete

[5] SFDR: Sustainable Finance Disclosure Regulation (EU) 2019/2088, assets under management as of January 2022, Source: Carmignac

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Carmignac Portfolio Family Governed – Article 8 Fund with the French and Belgian sustainability labels accreditations

The fund has environmental (E) and governance (G) characteristics according to Article 8 of EU REGULATION 2019/2088 (SFDR Sustainable Finance Disclosure Regulation)

Labels supported respectively by the French[1] government and Belgian Financial Sector Federation Febelfin[2]

Accredited upon a strict audit run by an independent body

Labels renders SRI[3] products more visible for investors in France and Belgium and across Europe

Carmignac Portfolio Family Governed

SFDR Fund Classification** Article 8

Label ISR – Investissement • Socialement • Responsable •

Towards Sustainability

Source: https://eur-lex.europa.eu/eli/reg/2019/2088/oj
[1] Label obtained in January 2020. For further information, please visit https://www.lelabelisr.fr/en/
[2] Label obtained in February 2020. For further information, please visit https://www.towardssustainability.be/ https://www.febelfin.be/fr
[3] Socially Responsible Investment

CARMIGNAC RISK MANAGERS

Our Internal ESG Guidelines

PORTFOLIO CONSTRUCTION OBJECTIVE

- The fund employs an environmental and governance approach as is defined in the fund's prospectus and is classified as Art 8 under the SFDR EU* regulation
- Universe reduced by more than 20% through extra-financial criteria and negative screening (including MSCI [1] assessment and START)
- The Fund aims to achieve carbon emissions 30% lower than its reference indicator (MSCI ACWI)[2]

INTEGRATION OF ESG CRITERIA

- Minimum 90% of portfolio holdings are analysed for ESG risks and opportunities
- ESG research system START[3] used to centralise raw ESG Data, proprietary scoring and revenue impact

VOTING & ENGAGEMENT

- An objective of participation rate of 100%
- We commit to a strengthened dialogue with companies to improve their approach to ESG issues aligned with our corporate themes[5]

**SFDR Fund Classification as of 1st January 2022: Article 8 Sustainable Finance Disclosure Regulation (SFDR) 2019/2088. For more information please refer to EUR-lex [1] MSCI ESG Ratings is a proprietary methodology from MCSI. To arrive at a final rating (from AAA the best to CCC the worst) the weighted averages of the 37 Key Issue Scores covering 10 different themes (4 for Environment, 4 for Social & 2 for Governance) are aggregated and companies' scores are normalized relative to their industries. These assessments of company performance are not absolute but are explicitly intended to be relative to the standards and performance of a company's industry peers. Carmignac is conscious that by monitoring 37 Key Issue Score the methodology cannot follow all the sustainable aspects from the development of companies but Carmignac ensures that this is the most appropriate one. Moreover, by defining a rating relative to industry peers, the rating cannot be taken as the objective/ inherent assessment of the Company approach in regards of sustainability*

[2] CO2 emissions: The Sub-Fund aims to achieve carbon emissions 30% lower than the reference indicator as measured by carbon intensity (tCO2/ mUSD revenue converted to Euros; aggregated at portfolio level (Scope 1 and 2 of GHG Protocol))

[3]The proprietary ESG system START combines and aggregates market leading data providers ESG indicators . Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete

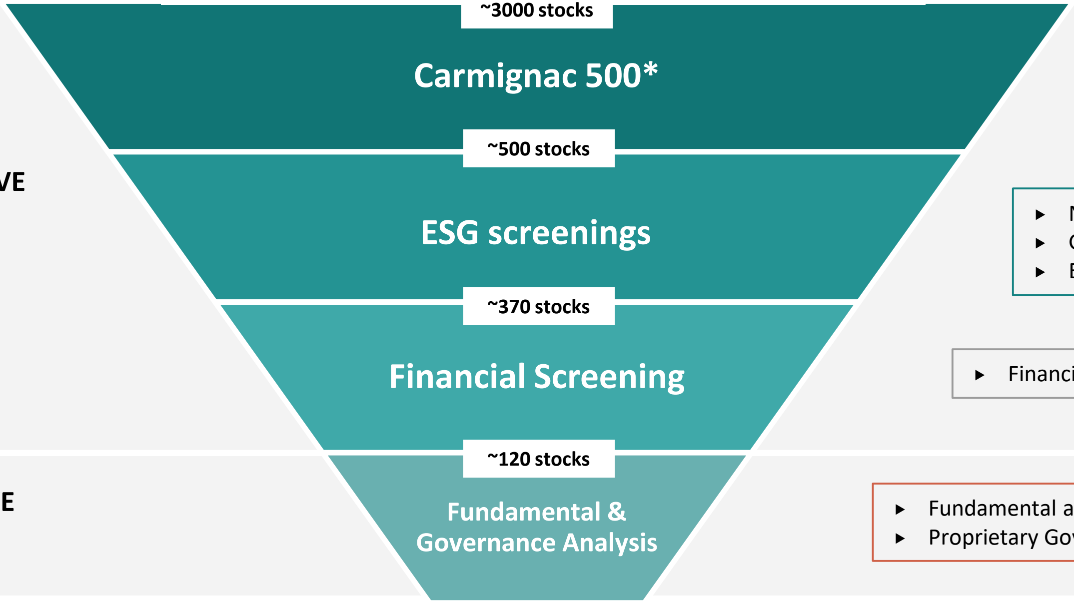
[4] Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743

Source: Carmignac, January 2022

CARMIGNAC
RISK MANAGERS

The Investment Process: A Combination of Proprietary, Fundamental, and Governance Analysis

Starting Universe: MSCI ACWI



QUANTITATIVE ANALYSIS

- Aggregate voting rights >10%
- Liquidity assessment

- Negative Ethical & Environmental exclusions
- Governance screen
- ESG screen (CCC excluded)

- Financial screening based on proprietary methodology

QUALITATIVE ANALYSIS

- Fundamental analysis of company financial statements
- Proprietary Governance analysis

Carmignac Portfolio Family Governed

~40 stocks

- Discipline in sizing positions, ongoing assessment and risk monitoring

* The investable universe is reviewed on a quarterly basis
Source: Carmignac, December 2022

Our Focus on Governance

WHAT TO LOOK FOR AND WHAT TO AVOID?
Top pics: robust governance structure, planned succession, and responsible board behaviour

OUR TRACK RECORD

- Emphasis on **long term investment** over short term gains
- **30 years of investment experience** including emerging market investing has taught us vigilance
- **Dedicated governance analyst**: monitoring of portfolio holdings, pre-investment deep-dives, and governance-related investment recommendations

OUR PROCESS

- **Quantitative approach – External**: MSCI ESG ratings used to identify best in class corporate governance but tick-boxing approach is biased against family businesses thus…
- **Qualitative approach – Internal/proprietary:** our in-house governance analysis is based on
  1. **Board structure** (board composition, shareholder rights, responsible pay, responsible accounting)
  2. **Board behavior** (management of controversies, response to shareholder activism, integration of environmental and social considerations)
- **Environmental and Social criteria**

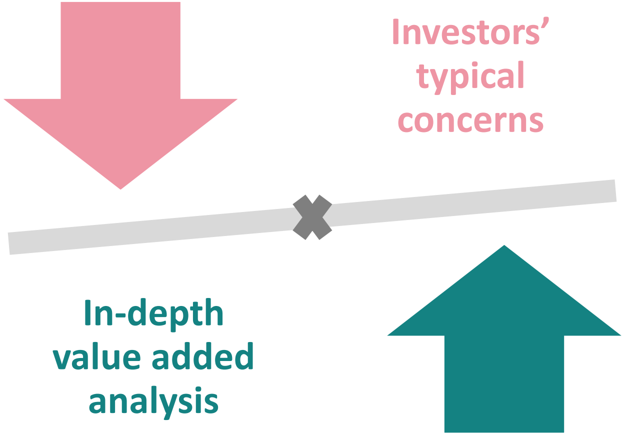
OUR TARGET OUTCOME

- A range of family companies with attractive fundamentals and **strong Governance**
- **Active ownership & Carmignac's engagement policy:** when areas of improvement are identified, the governance analyst engages directly with the company to seek to effect change

Source: Carmignac, 2021

How to Get the Best of the Asset Class

Tailored governance analysis followed by active stewardship to tackle identified risks



FAMILY BUSINESSES – common concerns

- Succession planning
- Protection of minority shareholders' interests
- Checks and balances at board level

GOVERNANCE ANALYSIS – a risk management tool

- Tailored approach vs box-ticking
- Close monitoring alongside with **active stewardship:**
  - Areas for improvement identified ➞ **engagement**
  - Escalation of engagement/express concerns ➞ **use of voting rights**

Governance Process in Details

Tailored analysis followed by actions to tackle identified risks

#3: Governance analysis +E&S criteria

INITIAL SCREENING (G FOCUS)

MSCI ESG Ratings

Third party provider

Vast database and analysts coverage

Tendency to penalise the asset class (family businesses)

Relative assessment based on sectors

PROPRIETARY ASSESSMENT

Governance Analysis

Dedicated Governance Analyst

- Proprietary framework
- Annual review of current holdings
- Pre-checks of prospects

GOVERNANCE-RELATED INVESTMENT RECOMMENDATIONS

3 Internal Ratings

INVESTABLE
No significant G concerns identified

CONCERNS
Close monitoring of the company

SIGNIFICANT GOVERNANCE RISKS
Divestment recommendation

ACTIVE STEWARDSHIP

If Room for Improvement

Engagement

- Ask for improvement of governance structure and/or behaviour

Voting

- Escalation of engagement: added pressure on the company to effect change
- Sanction corporate practice which does not align with Carmignac's vote policy

INCORPORATION OF E & S CRITERIA

- Minimum 90% of portfolio holdings are analysed for ESG risks and opportunities
- ESG research system START[1] used to centralise raw ESG Data, proprietary scoring, and revenue impact
- Engagement requests recorded and progress monitored
- Voting: an objective of participation rate of 100%

[1]The proprietary ESG system START combines and aggregates market leading data providers ESG indicators . Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete. [2]Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743 .

Source: Carmignac, January 2021

Exclusion Policy

The management team has extended the exclusion list with its own specific convictions

Exclusions across all Funds

Additional exclusions for Carmignac Portfolio Family Governed

Detailed ESG analysis and follow-up of companies held in portfolio

Exclusion lists are updated on a quarterly basis

Exclusions Across All Funds

Exclusions

Our exclusions policy

Our exclusion list contains companies and sectors that are excluded due to their **activities** or their **business norms**

This policy applies to **all funds** where Carmignac acts as an investment manager

Firm-wide hard restrictions

(transactions are prohibited and blocked on trading tools)

- **Controversial weapon manufacturers** that produce products that do not comply with treaties or legal bans[1]
- **Tobacco producers, wholesale distributors and suppliers** with revenues over 5% from such products
- **Thermal coal miners** with over 10% revenues from extraction or 20 million tonnes from extraction
- **Power generators** that produce more CO_2/kWh than the defined threshold[2]
- **Adult entertainment and pornography** producers and distributers with over 2% revenues from such product
- **International Global Norms violations** including OECD Business Principle, ILO Principles and UNGC Principles.

[1] Companies that do not comply with: 1) The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines; 2) The Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions; 3) The Belgian Loi Mahoux, the ban on uranium weapons; 4) The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons; 5) The Treaty on the Non-Proliferation of Nuclear Weapons (1968), which limits the spread of nuclear weapons to the group of so-called nuclear weapons states (USA, Russia, UK, France and China); 6) Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons

[2] In line with the 2 ◦ C scenario suggested by the IEA or new coal/nuclear build or Gas>30%, Coal >10%, Nuclear >30% revenues if CO2 data not available

Please refer to Carmignac's exclusion policy for further detail
https://www.carmignac.lu/en_GB/responsible-investment/policy
Exclusion lists are updated on a quarterly basis

Carmignac Portfolio Family Governed Exclusion Policies*

ENERGY EXCLUSION POLICY

- **Thermal coal** extraction companies and their related supply chain are excluded
- **Conventional and unconventional oil and gas** production and exploration companies and their related supply chain (1) are excluded
- **Power generation** companies must not exceed 374 gCO_2/kWh carbon intensity and cannot structurally increase nuclear- or coal-based power generation (2)

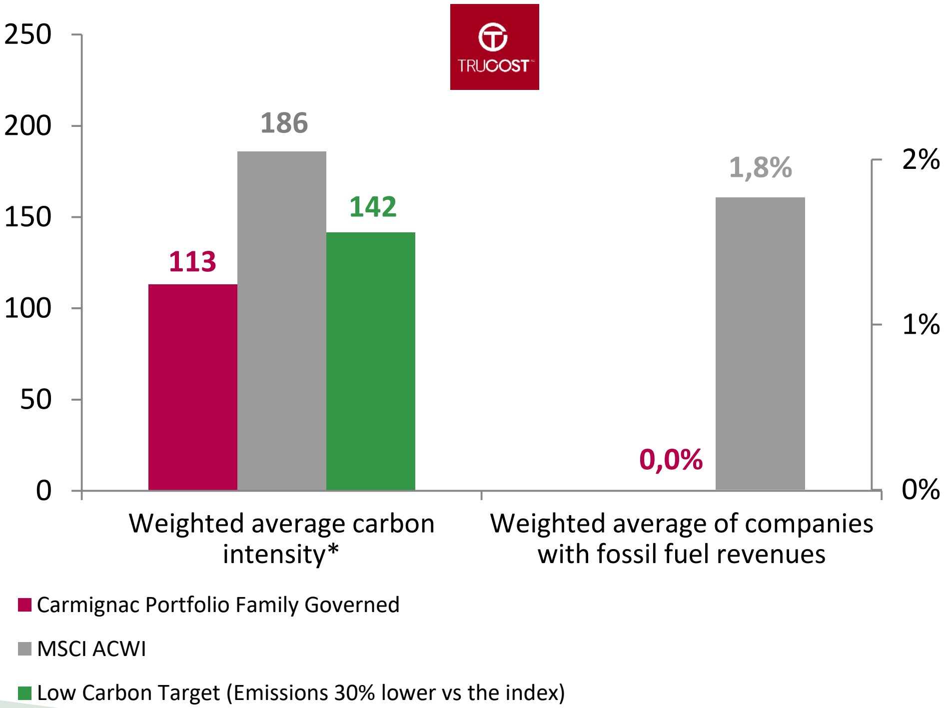
ETHICAL EXCLUSION POLICY

- **All Controversial weapons** companies[3]
- **Conventional Weapons including components** companies (5% revenue hurdle)
- **All Tobacco** producers. Wholesale distributors and suppliers (5% revenue hurdle)
- **Adult Entertainment** companies (2% revenue hurdle)
- **Gambling** companies (2% revenue hurdle)
- **Norms based** exclusion including UN Global Compact violations human rights, labour rights, environment and corruption
- **Alcohol** producers (10% revenue hurdle)

* Our Energy and Ethical policies are aligned with the Quality Standards of the Belgian SRI label (1) Conventional energy extraction sources: oil and gas. Unconventional energy extraction sources: Tar/oil sands, shale oil, shale gas and Arctic drilling. (2) Power generation companies may be deemed investable if they i) have a SBTi target set at well below 2° or 1.5° C, or ii) generate >50% of revenues from renewable energy power source, or iii) dedicate > 50% capex to renewable energy power source. (3) Companies that do not comply with: The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines; The Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions; The Belgian Loi Mahoux, the ban on uranium weapons; The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons; The Treaty on the Non-Proliferation of Nuclear Weapons (1968), which limits the spread of nuclear weapons to the group of so-called nuclear weapons states (USA, Russia, UK, France and China); Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons. 1980 Convention on certain conventional weapons concerning non detectable fragments, mines , incendiary weapons, blinding laser weapons.
Exclusion lists are updated on a quarterly basis
Source : Carmignac, January 2022

A Low Carbon Strategy

Carmignac Portfolio Family Governed Footprint as of 31/12/2021



Carbon emission investment strategy

- We aim to achieve carbon **emissions 30% lower** than our **reference indicator**
- Limiting investments in companies owning **fossil fuel reserves**
- Selecting companies that follow a more ambitious **carbon risk management** policy than their industry peers
- Investing in companies that offer **clean technology solutions**

**To calculate the portfolio carbon emissions, the companies' carbon intensities (tonnes of CO2e /USD mn revenues converted to Euros, (Scope 1 and 2 GHG Protocol), S&P Trucost) are weighted according to their portfolio weightings (adjusted for holdings for which carbon emissions are not available), and then summed.*

To know more about S&P Trucost methodology, see following page..

Source: S&P Trucost, Carmignac, 31/12/2021

Carbon calculations methodology

- Carbon emission figures are based on S&P Trucost data. The analysis is conducted using estimated or declared data measuring Scope 1 and Scope 2 carbon emissions, excluding cash and holdings for which carbon emissions are not available
- To determine carbon intensity, the amount of carbon emissions in tonnes of CO2 is calculated and expressed per million dollar of revenues (converted to Euro). This is a normalized measure of a portfolio's contribution to climate change that enables comparisons with a reference indicator, between multiple portfolios and over time, regardless of portfolio size
- Fossil fuel % revenue is derived weighted average of % revenues excluding cash of each holding within the portfolio
- S&P Trucost methodology: Trucost uses company disclosed emissions where available. In the instance it is not available, they use their proprietary EEIO model. The model uses the revenue breakdown of the company by industry sector to estimate the carbon emissions[1]. Although S&P Trucost does report Scope 3 emissions where available, such emissions are commonly considered to be poorly defined and inconsistently calculated by companies. As a result, we have chosen not to include them in our portfolio emission calculations

Definitions:

- Scope 1: Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company
- Scope 2: Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company
- Scope 3: Other indirect Greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc

[1] *For further information, please visit: Source www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf*

This is a marketing communication. This document is intended for professional clients.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication. The portfolios of Carmignac funds may change without previous notice.

The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

The recommended investment horizon is a minimum and not a recommendation to sell at the end of that period.

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The Funds' prospectus, KIIDs, NAV and annual reports are available at www.carmignac.com, or upon request to the Management. Investors have access to a summary of their rights in French, English, German, Dutch, Spanish, Italian at section 6 of "regulatory information page" on the following link :https://www.carmignac.com/en_US

Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive.The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law. The Management Company can cease promotion in your country anytime.

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In Switzerland: the prospectus, KIIDs and annual report are available at www.carmignac.ch, or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon.

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