SRI Guidelines

SFDR Fund Classification**

Article 9

Carmignac Portfolio Investissement

January 2022

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

CARMIGNAC
RISK MANAGERS

Carmignac Portfolio Investissement - Article 9 Fund with the French sustainability label accreditation

The fund has environmental (E) and social (S) characteristics according to **Article 9** of EU REGULATION 2019/2088 (SFDR Sustainable Finance Disclosure Regulation)

A label created and supported by the French Ministry of Finance[1]

Accredited upon a strict audit run by an independent body

Labels renders SRI[2] products more visible for investors in France and across Europe

Source: https://eur-lex.europa.eu/eli/reg/2019/2088/oj
[1] Label obtained in September 2021. For further information, please visit https://www.lelabelisr.fr/en/
[2] Socially Responsible Investment

Carmignac Portfolio Investissement ESG Guidelines

PORTFOLIO CONSTRUCTION

- The fund employs an environmental and social approach as is defined in the fund's prospectus and is classified as Article 9 under the SFDR EU regulation
- Objective: to **invest mainly (> 50%) in shares of companies that derive more than 50% of their revenue** from goods and services **related to business activities which align positively with SDGs**[1]
- The Fund aims to achieve carbon emissions 30% lower than its reference indicator[2]

INTEGRATION OF ESG CRITERIA

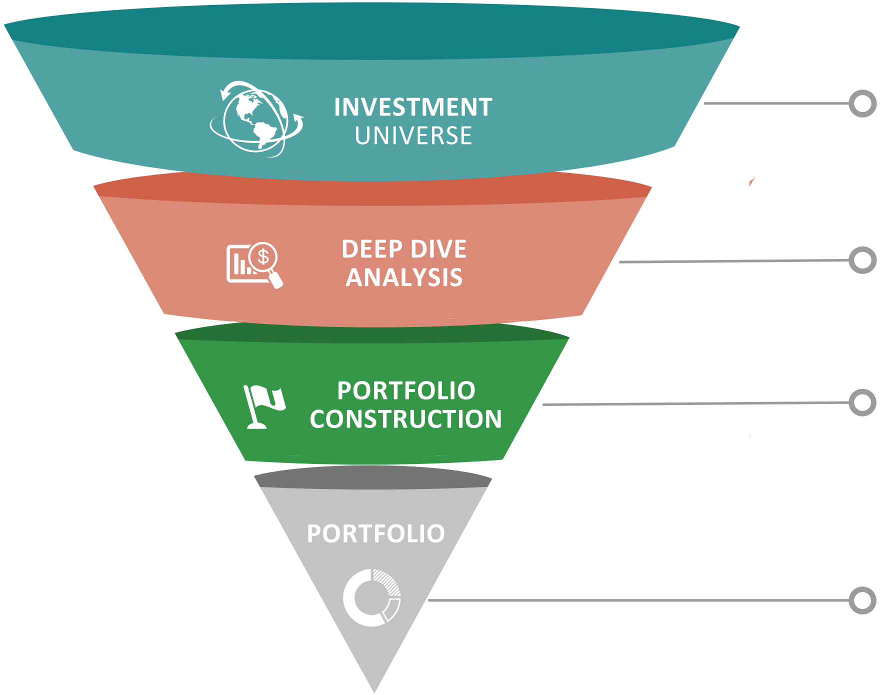
- Minimum 90% of portfolio holdings are analysed for ESG risks and opportunities
- 20% universe reduction[3] based on Environmental and Social internal and external criteria for best in-universe selection
- ESG research system START[4] used to centralise raw ESG Data, proprietary scoring and revenue impact

VOTING POLICY ENGAGEMENT

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

[1] The UN's Sustainable Development Goals (SDGS) are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". For more details: https://sdgs.un.org/goals
*[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] B and CCC MSCI-rated companies are excluded, as are companies with less than 1.4/10 MSCI Environment and Social score, unless the proprietary score START is A, B or C
[4] The proprietary ESG system 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] Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743
Source: Carmignac, January 2022

Carmignac Portfolio Investissement – Investment Process



GLOBAL (DM & EM) EQUITIES ≈ 3000 stocks

- FIRM-WIDE EXCLUSION LIST
- ESG SCREEN (Overall and focus on E & S) ≈ 2400 stocks
- ALIGNMENT WITH ONE OF OUR THEMATICS
- REVENUE-BASED OUTCOMES ANALYSIS

- FUNDAMENTAL ANALYSIS
- PROPRIETARY ESG ANALYSIS

➡ OBJECTIVE DEVELOPING A DIVERGENT VIEW VS CONSENSUS

- 50/50 RULE TO ALIGN WITH ARTICLE 9
- CARBON EMISSION TARGET
- SIZING
- RISK MANAGEMENT

TYPICAL PORTFOLIO
≈ 70 stocks

Source: Carmignac, 01/01/2022

ESG Criteria Are Embedded in Our Decision-Making Process And our Financial Analysis[1]

Step 1
Setting the investment universe

All companies eligible to our investment universe must meet both our **ESG standards guidelines and exclusion policy**

Step 2
Analysis

Our teams carry out detailed financial and ESG assessments of targeted companies in order to **assign them with our own ESG rating**, implemented through **our proprietary ESG system START[2]**

Step 3
On-the-ground visits

We complete this analysis by **regular on-site visits** of production sites and **one-to-one meetings** with the companies' management in order to understand their strategy as well as their long-term engagements

Step 4
Monitoring

The Equity team continuously reviews the investment thesis of companies held in portfolio, including **a review of ESG criteria. An active engagement program** is established with companies both within and outside the proxy voting period

[1] All the funds and underlying issuers are not concerned by this statement. For more details, please refer to: https://www.carmignac.lu/en_GB/responsible-investment/in-practice-4744

[2] 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

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 CO2/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

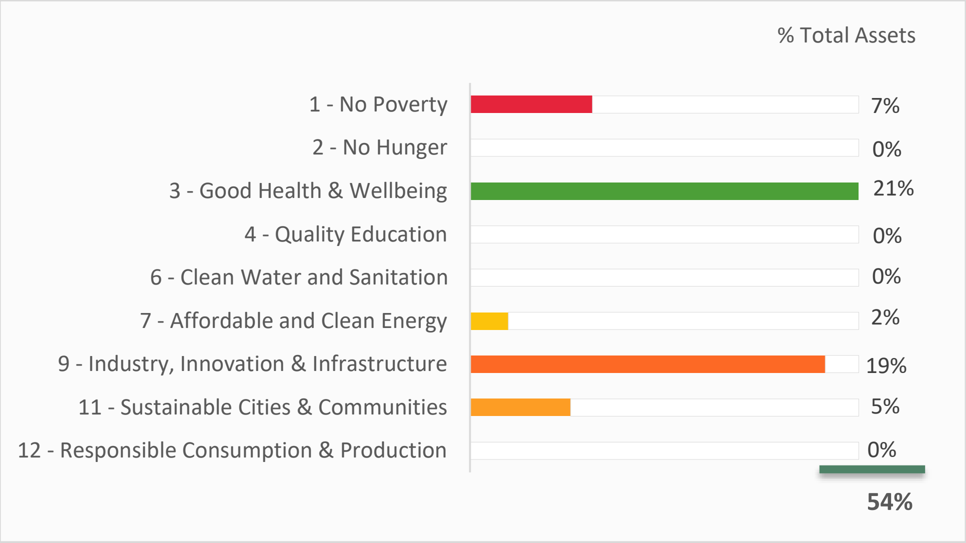
Please refer to Carmignac's exclusion policy for further detail
https://www.carmignac.lu/en_GB/responsible-investment/policy
Exclusion lists are updated on a quarterly basis

SFDR Fund Classification** Article 9

A measurable sustainable objective

Objective: to **invest mainly (> 50%) in shares of companies that derive more than 50% of their revenue from goods and services related to business activities which align positively with one of the nine SDGs that we deem as investible.**

Carmignac Portfolio Investissement's UN SDG[1] alignment as of 31/12/2021



Examples of alignment as of 31/12/2021[2]

SDG 3

novo nordisk

SDG 7

Ørsted

SDG 9

Microsoft

[1] The United Nations' Sustainable Development Goals (SDGS) are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". For more details: https://sdgs.un.org/goals

To find out more about our outcomes calculation methodology, please refer to page 9 of this presentation

[2]Names can change over time depending on portfolio holdings

CARMIGNAC RISK MANAGERS

Outcomes calculation methodology

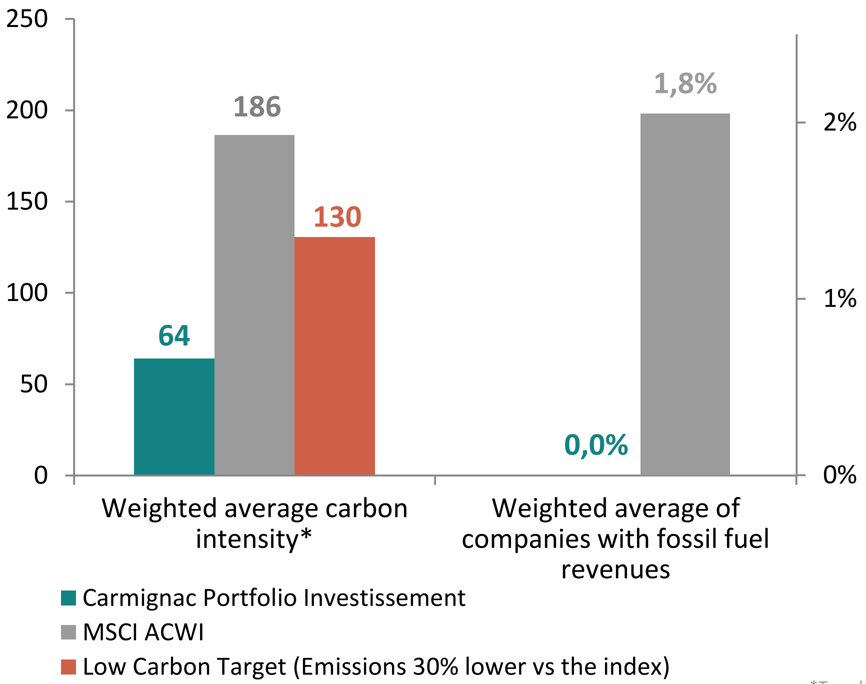
- Our proprietary Outcomes Framework maps business activities to nine of the 17 Sustainable Development Goals (SDGs). We deem these nine SDGs as ‘investable’, which means that companies our funds can invest in are able to support progress towards these goals, through their products and services. The investable SDGs identified by Carmignac are: SDG 1: No Poverty.; SDG 2: Zero Hunger; SDG 3: Good Health and Well-being; SDG 4: Quality Education; SDG 6: Clean Water and Sanitation; SDG 7: Affordable and Clean Energy; SDG 9: Industry, Innovation and Infrastructure; SDG 11: Sustainable Cities and Communities; SDG 12: Responsible Consumption and Production.

- Aligned companies are identified through company revenue data. To do this, we have created a proprietary business activity classification system that we have mapped to the SDGs. This system uses raw company revenue data from FactSet to identify which companies operate in these business activities and are therefore aligned with the SDGs.

- In order to be considered SDG-aligned according to our Framework, a company must derive at least 50% of its revenues from business activities that have a positive contribution to at least one of the nine SDGs listed above. Once a company exceeds this 50% threshold, we consider the company to be ‘aligned’ and consider a fund’s entire economic exposure to that company as such when calculating fund-level alignment. Companies owned by a fund may not have a sufficient proportion of revenues coming from business activities that are positively ‘aligned’ to the SDGs, so a fund’s aggregate alignment across the investable SDGs may not total 100%.

A low carbon strategy

Carmignac Portfolio Investissement Footprint



Our Carbon Emissions Goals

Dual environmental goals

- Alignment to environmental SDG 7, 9 and 11[1]
- Carbon emissions target (<30% of reference indicator CO2)

Energy related exclusions also add to the Fund's low carbon footprint

Full EU Taxonomy alignment** calculation will be performed and disclosed in periodic reporting***

[1]To find out more about our outcomes calculation methodology, please refer to page 9 of this presentation
**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.*
*** EU Taxonomy: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en *** please refer to the fund prospectus 1 January 2022 for further explanation*
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

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