



# **CARMIGNAC** OUTCOMES POLICY **2023**

# DEFINITION

'All actions of investors - investment decisions and use of tools of influence – shape positive and negative outcomes in the world'<sup>1</sup>.

The UN PRI proposes that investors are connected to outcomes in three ways. These are outcomes that an investor:

1. **has caused** – through its own business activities, including effects on employees
2. **has contributed to** – through a business relationship or investment activity (actions or omissions) that induces or facilitates an outcome from an investee company or project;
3. **is directly linked to** – through the activities, products or services of an investee company or project.

Outcomes can be identified at asset, economic activity, company, sector, country or region level.

# OUR APPROACH

Our approach can be broken down into the UN PRI's three outcomes categories:

## 1. OUTCOMES THAT WE HAVE CAUSED:

Carmignac measures its own annual carbon emissions, at a corporate operational level, through a granular study of its footprint as defined in the GHG protocol of Scope 1 and 2 and its business travel and IT services within Scope 3. It is aided by a climate consultant and the use of their carbon calculator tool. Measuring carbon emissions is a starting point to understand where these emissions can be reduced, which is one of the benefits of this exercise. A carbon offsetting project ensues, for the emissions created, on an annual basis. The link between carbon emissions and climate change, which has harmful outcomes for society and the environment, is considered to be indisputable. Thus, as a result of these activities, we are reducing our environmental impacts.

Carmignac has shaped its human capital policies to reflect its duty towards its employees and its mission as a responsible employer. Empowerment is key to job satisfaction and productivity. Team skills are developed, training pursued, and the means necessary are provided for an efficient workplace.

Aside from bi-annual evaluations and setting of objectives, Carmignac engages formally with its employees every 2 years to understand what their views are in regards to the organization, and their relationship with the organization, judging criteria of values, services to clients, goals and objectives and communication, to name key areas of the survey. Specific action plans are derived from the survey

---

<sup>1</sup> UN PRI, 2020

seeking to improve its policies towards its employees. In 2022, the Carmignac bi-annual employee engagement reached 86%.

Carmignac's main focus when hiring talent is to seek maximum efficiency, which we believe is optimised by a diverse workforce, with 30 nationalities forming our company of more than 300 people<sup>2</sup>. By having such diversity within our teams, Carmignac contributes to positive societal outcomes.

## 2. OUTCOMES THAT WE HAVE CONTRIBUTED TO:

Our active approach to stock picking includes exclusions through which we avoid companies that we believe have negative outcomes on society and the environment. These include norms-based violations, such as companies that have been deemed to violate the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises as examples.

We also monitor carbon emissions on a monthly and annual basis for our Article 8 and Article 9 portfolios<sup>3</sup>. We employ carbon reduction targets for most of our Equity Funds<sup>4</sup>, and also use a digressive carbon emission threshold to guide us in our power generators investments. This prohibits investments in power generators that violate necessary CO<sub>2</sub> intensity thresholds to keep the global temperature rise to below 2 degrees above pre-industrial levels, in line with the Paris Climate Agreement, unless they have ambitious targets to realign towards this objective. Lastly, Carmignac has implemented a coal exit strategy for all coal-related companies: thermal coal miners and power generators alike.

7 of our SRI Funds<sup>5</sup> are also accredited with the Belgian Towards Sustainability label, which stipulates that these funds shall not finance companies that are associated with UN Global Compact violations, all weapons, tobacco, coal, power generation, unconventional oil & gas, and conventional oil and gas extractors as these are activities that can be linked to harmful outcomes on society and the environment.

Our engagement with corporates is structured in order to induce positive outcomes. We have an annual engagement programme, which relates to 5 key themes: ESG risk related; Thematic; Impact; Controversial Behaviours, and Proxy Voting Decisions. Please refer to our Shareholder Engagement Policy for more information, our Stewardship Report and our ESG Expectations guide available in the Sustainable Investment Policies and Report section of our website:

[https://www.carmignac.co.uk/en\\_GB/sustainable-investment/policies-and-reports](https://www.carmignac.co.uk/en_GB/sustainable-investment/policies-and-reports).

---

<sup>2</sup>For more information please see: [https://www.carmignac.co.uk/en\\_GB/about-us/efficiency-diversity-3477](https://www.carmignac.co.uk/en_GB/about-us/efficiency-diversity-3477)

<sup>3</sup>As of September 30<sup>th</sup> 2023: Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Grandchildren, Carmignac Portfolio Grande Europe, Carmignac Portfolio Human Xperience, Carmignac China New Economy, Carmignac Court Terme, Carmignac Crédit 2027, Carmignac Investissement, Carmignac Investissement Latitude, Carmignac Absolute Return Europe, Carmignac Patrimoine, Carmignac Sécurité, Carmignac Portfolio Climate Transition, Carmignac Portfolio China New Economy, Carmignac Portfolio Emerging Markets Debt, Carmignac Portfolio Emerging Patrimoine, Carmignac Portfolio Family Governed, Carmignac Portfolio Flexible Bonds, Carmignac Portfolio Global Bond, Carmignac Portfolio Investissement, Carmignac Portfolio Long Short European Equities, Carmignac Portfolio Patrimoine, Carmignac Portfolio Patrimoine Europe, Carmignac Portfolio Sécurité, Carmignac Portfolio Merger Arbitrage, Carmignac Portfolio Merger Arbitrage Plus, Carmignac Emerging discovery.

<sup>4</sup>Funds including: Carmignac Portfolio Grande Europe, Carbon Portfolio Patrimoine Europe, Carmignac Euro Entrepreneurs, Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac China New Economy, Carmignac Portfolio Grandchildren, Carmignac Portfolio Family Governed as of September 30<sup>th</sup> 2023.

<sup>5</sup>Carmignac Portfolio Grande Europe, Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Grandchildren, Carmignac Portfolio Family Governed, Carmignac Portfolio Patrimoine Europe, Carmignac Portfolio Human Xperience

## 1. OUTCOMES THAT WE ARE DIRECTLY LINKED TO:

We measure the outcomes associated with our investments by using each company's % of revenues associated with environmental good & harm, and social good & harm, for a subset of our fund range. For our measurement methodology, please see below. The percentage revenues figures are integrated into our SRI guidelines, as well via START<sup>6</sup>, our proprietary rating system, for use by our Analysts and Portfolio Managers.

# DIRECTLY-LINKED OUTCOMES MEASUREMENT METHODOLOGY

## OUR "OUTCOMES FRAMEWORK"

We believe there is significant potential for investors to shape outcomes in line with the United Nations Sustainable Development Goals (SDGs).

Companies can impact society and the environment through the products they sell and services they offer. To ensure that "no one is left behind" (the central promise of the 2030 Agenda for Sustainable Development<sup>1</sup>), the SDGs can act as a guide to help investors understand how their investments may contribute towards shaping positive and meaningful outcomes. For more information regarding the SDGs please visit: <https://sdgs.un.org/goals>.

At Carmignac, our proprietary Outcomes Framework applies to most of our Equity and Balanced Funds. A company is considered "aligned" if it meets at least one of the following three thresholds:

**a) Products and services:** the company derives at least 50% of its revenue from goods and services that are related to one of the following nine SDGs: (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or

**b) Capital expenditure:** the company invests at least 30% of its capital expenditure in business activities that are related to one of the above mentioned SDGs; or

**c) Operations:**

i. the company achieves an aligned status for operational alignment for at least three (3) out of all seventeen (17) of the SDGs, based on the evidence provided by the investee company of available policies, practices and targets addressing such SDGs.

---

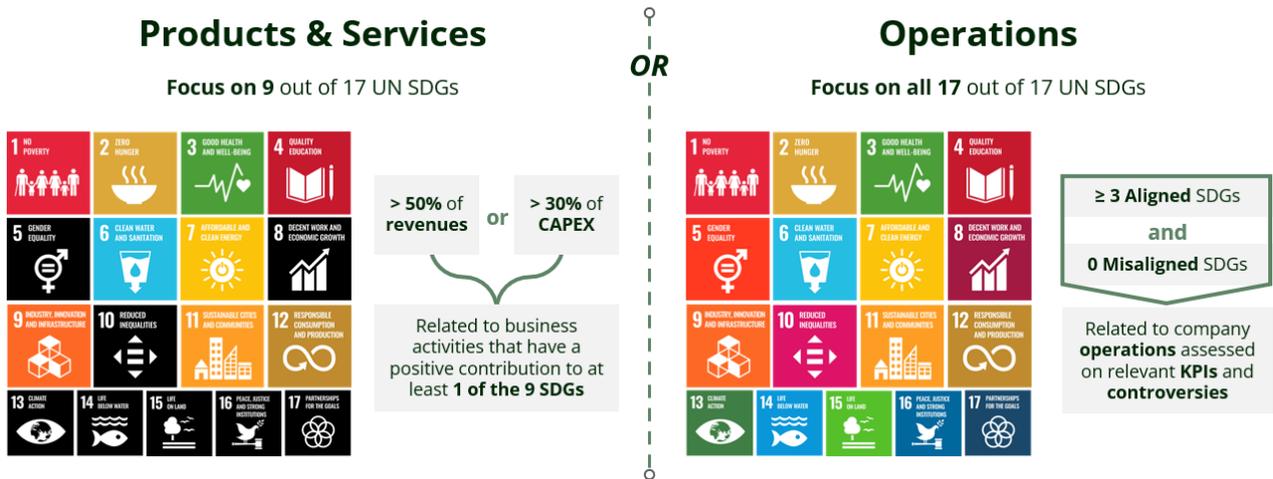
<sup>6</sup> The proprietary ESG system START combines and aggregates market leading data providers ESG indicators. Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete.

For more information, please refer to our website: [https://www.carmignac.co.uk/en\\_GB/responsible-investment/in-practice-4744](https://www.carmignac.co.uk/en_GB/responsible-investment/in-practice-4744)

An aligned status represents an operational alignment score of  $\geq 2$  (on a scale of -10 to +10) as determined by the external scoring provider; and  
 ii. the company does not achieve a misaligned status for operational alignment for any SDG. A company is considered “misaligned” when its score is  $\leq -2$  (on a scale of -10 to +10), as determined by the external scoring provider.

These thresholds represent a significant intentionality of the investee company in regards to the contributing activity to the SDGs.

In summary:



For further information on the United Nations Sustainable Development Goals<sup>7</sup>, please refer to <https://sdgs.un.org/goals>.

Limitations to the methodology: the SDG approach is just one framework that might be used to illustrate positive outcomes; there are others that may yield different results. The approach uses objective revenues data and is based upon the UN SDGs’ goals and targets framework and literature. However, as the mapping of the specific business activities that are to be considered ‘aligned’ is determined by a conservative revenue threshold put in place by Carmignac, the asset management company, there may be variations between our approach and others.

<sup>7</sup> 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> As part of our sustainable investment journey, Carmignac Gestion uses the United Nations Sustainable Development Goals as illustrations of the company Outcomes Framework. The SDG logos, icons, colour wheel and design rights are and remain the property of the United Nations. Carmignac Gestion is a UN PRI signatory but is in no way affiliated with the United Nations. The United Nations did not endorse the content or data behind the SDG logos, icons and colour wheel. All content and data related to each UN SDG are compiled by Carmignac.

## GOVERNANCE AND REPORTING

The governance of the Outcomes Framework is under the scope of the ESG Governance Group and Strategic Product Committee.

The **ESG Governance group**, which is composed of some of our internal Strategic Development Committee members such as the General Manager, Heads of the Investment teams, the CEO of Carmignac UK Ltd, as well as the Head of Sustainable Investment and the Global Head of Compliance, who has the ultimate responsibility and decision-making capacity for all stewardship activities at firm-level.

The **Strategic Product Committee** is equally as key in regard to ESG related policies at the fund level. Led by the Chief Executive Officer of Carmignac UK Ltd, Maxime Carmignac, it is also composed of key stakeholders including the Head of Sustainable Investments, the Global Head of Sales and the General Manager.

Operationally, the Sustainable Investment team is in charge of setting out the framework through which we control the outcomes we contribute to, as well as presenting outcomes related data through our rating system, START. The ESG Data Governance group consisting of the COO, Data Office, the Head of Sustainable Investment and the Technology department head act as the governance body over data ownership and stewardship.

Outcomes framework alignment data is monitored weekly by the Sustainable Investment team and monthly by the Data Office which are then made public through our website disclosures. Finally, the Portfolio Managers and Analysts are responsible for integrating investment outcomes that we are directly linked to into their analysis, with the support of the ESG analysts.

## DISCLAIMER

**This document was updated 01<sup>st</sup> October 2023.** This document may not be reproduced, in whole or in part, without prior authorisation from the management company. This document does not constitute a subscription offer, nor does it constitute investment advice. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Fund has not been registered under the US Securities Act of 1933. The Fund may not be offered or sold, directly or indirectly, for the benefit or on behalf of a "U.S. person", according to the definition of the US Regulation S and/or FATCA. The Fund presents a risk of loss of capital. The risks and fees are described in the KID (Key Information Document). The Fund's prospectus, KIDs and annual reports are available at [www.carmignac.com](http://www.carmignac.com), or upon request to the Management Company. The KID must be made available to the subscriber prior to subscription. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in English on the following link at section 6: [https://www.carmignac.com/en\\_US/article-page/regulatory-information-1788](https://www.carmignac.com/en_US/article-page/regulatory-information-1788)

- **In Switzerland**, the Fund's respective prospectuses, KIDs and annual reports are available at [www.carmignac.ch](http://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, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon.

- **In the United Kingdom**, the Funds' respective prospectuses, KIDs and annual reports are available at [www.carmignac.co.uk](http://www.carmignac.co.uk), or upon request to the Management Company, or for the French Funds, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R. This material was prepared by Carmignac Gestion, Carmignac Gestion Luxembourg or Carmignac UK Ltd and is being distributed in the UK by Carmignac Gestion Luxembourg.

**CARMIGNAC GESTION** 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35. Investment management company approved by the AMF Public limited company with share capital of € 13,500,000 - RCS Paris B 349 501 676.

**CARMIGNAC GESTION Luxembourg** - City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tel : (+352) 46 70 60 1 Subsidiary of Carmignac Gestion - Investment fund management company approved by the CSSF Public limited company with share capital of € 23,000,000 - RCS Luxembourg B 67 549