



# **COAL EXIT STRATEGY**

## **JANUARY 2023**

# CARMIGNAC ADOPTS A COAL EXIT STRATEGY

Carmignac, as a Group, has made climate awareness a formal component of its investment process, joining the efforts undertaken for the 2015 Paris Agreement on Climate Change. It has applied environmental policies and safeguards both at the firm operational level and at the fund investment level<sup>1</sup>.

In line with increasing concerns for the environment and stranded asset risk, we have implemented a Coal mining exclusion policy since 2018. Carmignac has also extended its coal-fired power generating company exclusion threshold present in its SRI fund range, to all Carmignac funds in October 2020. Lastly and foremost, Carmignac has committed to a total phase-out of any coal-related <sup>2</sup>investment as from 2030.

## COAL EXIT STRATEGY BY 2030

Carmignac has committed to a long-term total phase-out of coal-related investments across OECD countries and the rest of world. Should there be any future coal-related investments permitted within the confines of Carmignac's Exclusion Policy<sup>3</sup>, a total exit from coal mining and coal-fired power generating companies will be implemented by 2030. This policy will be implemented with an effective zero % tolerance threshold.

## COAL MINING - VERY LIMITED SCOPE FOR INVESTMENT, NO FINANCING OF NEW MINES

Since 2018, Carmignac has excluded coal mining companies which derive more than 10% of their revenue from thermal coal mining or produce more than 20 million tons of thermal coal. We pledge through our equity and corporate debt investments that we will not directly finance companies planning new coal mining projects. Should an investee company through acquisitions be involved in new coal plants projects, Carmignac will disinvest from these companies within a defined timeframe.

Facing the climate emergency, Carmignac encourages companies to make credible commitments to reduce their dependence on coal mining within a 2-year rolling timeframe in order to align their activities with the Paris Agreement.

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<sup>1</sup> For more information please visit our website: [https://www.carmignac.com/en\\_US](https://www.carmignac.com/en_US)

<sup>2</sup> All thermal coal mining companies and coal-fired power generating companies

<sup>3</sup> For more information please visit our website: [https://www.carmignac.co.uk/en\\_GB/responsible-investment/snapshot-4742](https://www.carmignac.co.uk/en_GB/responsible-investment/snapshot-4742)

## COAL-FIRED POWER GENERATORS – ENGAGEMENT WITH COMPANIES FOR THE LOWEST POSSIBLE CO2 EMISSIONS

Carmignac recognises the importance of encouraging companies to reduce their dependence on coal power generation in order to align their activities with the Paris Agreement. For this purpose, we have adopted the criteria using gCO<sub>2</sub>/ kWh, following the threshold recommended by the International Energy Agency (IEA) to keep global temperature rise below 2 degrees, as set out by the Paris Agreement:

	2019	2020	2021	2022	2023	2024	2025
<b>Max. gCO<sub>2</sub>/kWh</b>	429	408	393	374	354	335	315

When gCO<sub>2</sub>/kWh data is not available, we will exclude power generating companies based on production or revenue levels of >10% originating from coal. We will also exclude those companies planning new coal-fired electricity plant capacity.

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