

# TRANSPARENCY CODE

## EMERGING MARKET EQUITIES:

Carmignac Emergents, Carmignac Portfolio Emergents,  
Carmignac Portfolio Emerging Patrimoine, Carmignac China  
New Economy, Carmignac Portfolio China New Economy

February 2022

## Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of **Carmignac**. We have been involved in SRI since 2012 and welcome the Transparency Code.

This is our fifth statement of commitment and covers the period 01/01/2021- 31/12/2021. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

## Compliance with the Transparency Code

Xavier Hovasse, Haiyan Li Labbé and Joseph Mouawad, portfolio managers of the funds under the scope of this Transparency Code, are committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. **Carmignac** meets the full recommendations of the European SRI Transparency Code.

**31/12/2021**

**Name of the fund(s): Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Emerging Patrimoine, Carmignac China New Economy, Carmignac Portfolio New Economy**

	Asset class	Exclusions and Norms	standards	Fund capital as at 28/01/2022	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-Class Investment section <input checked="" type="checkbox"/> Engagement & Voting <input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input checked="" type="checkbox"/> Norms-Based Screening <input checked="" type="checkbox"/> Leading to exclusions <input checked="" type="checkbox"/> Leading to risk management analysis / engagement <input type="checkbox"/> Sustainability-Themed	<b>Passively managed</b> <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing – ESG/SRI benchmark: specify the index tracking  <b>Actively managed</b> <input type="checkbox"/> Shares in a euro area country <input type="checkbox"/> Shares in an EU country <input checked="" type="checkbox"/> International shares <input type="checkbox"/> Bonds and other debt securities denominated in euro <input checked="" type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input checked="" type="checkbox"/> CO2 intensive (including coal) <input type="checkbox"/> Genetic engineering <input checked="" type="checkbox"/> Other (please specify) Non-conventional and conventional energy Meat processing <input checked="" type="checkbox"/> Global Compact <input checked="" type="checkbox"/> OECD Guidelines for MNCs <input checked="" type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)		Carmignac Emergents: €935.6 M  Carmignac Portfolio Emergents: €331.8 M  Carmignac Portfolio Emerging Patrimoine: €492.8 M  Carmignac China New Economy: €123.2 M  Carmignac Portfolio China New Economy: €34 M	<input checked="" type="checkbox"/> French SRI label (Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Emerging Patrimoine, Carmignac China New Economy, Carmignac Portfolio China New Economy) <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> Belgian Towards Sustainability label (Carmignac Emergents and Carmignac Portfolio Emergents)	<ul style="list-style-type: none"> <li>• KIID, Prospectus</li> <li>• Weekly, quarterly and annual reports</li> <li>• Monthly factsheet (Including ESG factsheet)</li> </ul> Can be found for: <b>Carmignac Emergents</b> <a href="https://www.carmignac.lu/en_GB/funds/carmignac-emergents/a-eur-acc/documents-and-reports">https://www.carmignac.lu/en_GB/funds/carmignac-emergents/a-eur-acc/documents-and-reports</a> <b>Carmignac Portfolio Emergents</b> <a href="https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-emergents/a-eur-acc/documents-and-reports">https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-emergents/a-eur-acc/documents-and-reports</a> <b>Carmignac Portfolio Emerging Patrimoine</b> <a href="https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-emerging-patrimoine/a-eur-acc/documents-and-reports">https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-emerging-patrimoine/a-eur-acc/documents-and-reports</a> <b>Carmignac China New Economy</b> <a href="https://www.carmignac.fr/en_GB/funds/carmignac-china-new-economy/f-eur-acc/fund-overview-and-characteristics">https://www.carmignac.fr/en_GB/funds/carmignac-china-new-economy/f-eur-acc/fund-overview-and-characteristics</a> <b>Carmignac Portfolio China New Economy</b> <a href="https://www.carmignac.co.uk/en_GB/funds/carmignac-portfolio-china-new-economy/f-eur-acc/fund-overview-and-characteristics">https://www.carmignac.co.uk/en_GB/funds/carmignac-portfolio-china-new-economy/f-eur-acc/fund-overview-and-characteristics</a>

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## 1. General information about the fund management company

### 1.1. Name of the fund management company that manages the applicant fund(s)

**For the French Mutual Funds (i.e. Fonds Commun de Placement), Carmignac Emergents and Carmignac China New Economy, the management company is:**

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 € 15,000,000 - RCS Paris B 349 501 676

**For the sub-funds of the Luxembourg SICAV Carmignac Portfolio, Carmignac Portfolio Emergents, Carmignac Portfolio Emerging Patrimoine and Carmignac Portfolio China New Economy, the management company is:**

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 - RC Luxembourg B 67 549

Carmignac Gestion Luxembourg has delegated the investment management of the above listed funds to Carmignac Gestion.

### 1.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Carmignac, empowered through its independence and transparency since 1989, has maintained a long-held practice of investing responsibly, aware of its corporate duty to its investors and stewardship as a leader in the European fund management industry. Amongst its ethical values in respect to society and to the environment, Carmignac has for decades excluded tobacco producers and coal miners from the investment universe of the most part of its fund range.

As Risk Managers, Carmignac seeks to mitigate as many risk factors as it can identify. This very resolutely includes risks associated with poor governance and shareholder underrepresentation, social issues such as health and safety, and environmental challenges particularly in respect of fossil fuel reserves.

Since 2012, Carmignac, as a UNPRI signatory (United Nations Principles of Responsible Investment) and a French investment firm (under the French government's directive Grenelle II Law, art 224-238, 2010), has raised the level of its transparency regarding the application of Environment, Social and Governance (ESG) criteria in its investment process. Each UNPRI principle has been implemented across all of its Fund range.

[https://www.carmignac.lu/en\\_GB/about-us/socially-responsible-investment-sri-3450](https://www.carmignac.lu/en_GB/about-us/socially-responsible-investment-sri-3450)

### 1.3. How does the company formalise its sustainable investment process?

Carmignac formalises its Sustainable investment process through several policies.

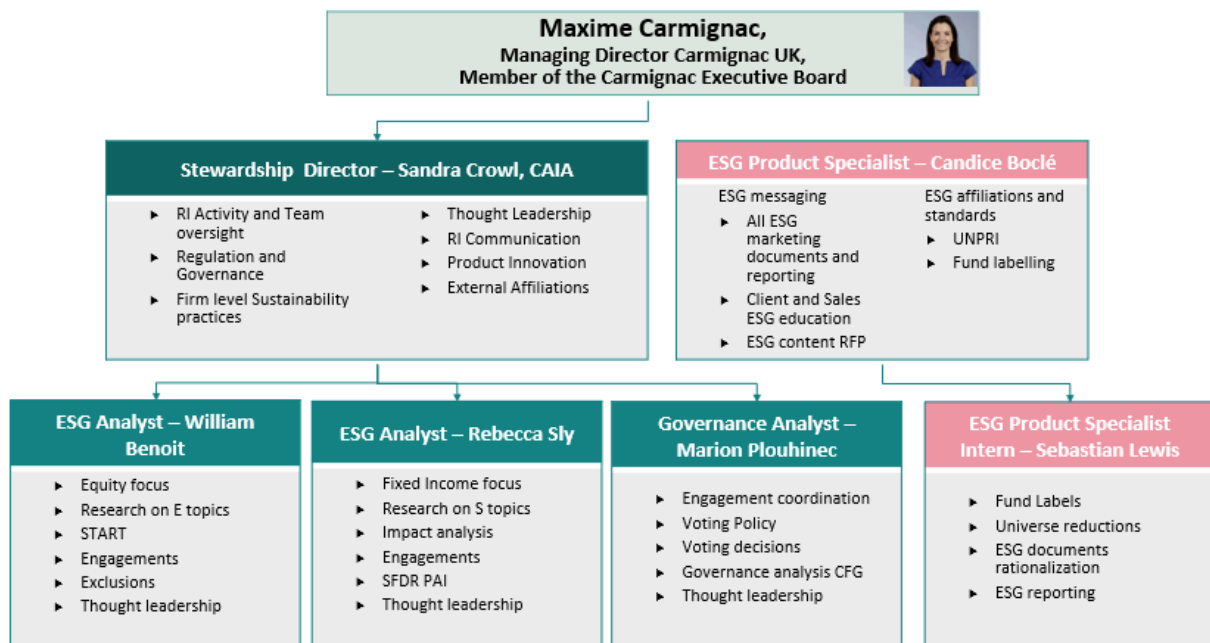
- 100% ESG integration policy
- Exclusion Policy
- Active Voting and Engagement Policies
- Climate and Carbon Policies

Which can be found at [https://www.carmignac.lu/en\\_GB/responsible-investment/snapshot-4742](https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742)

These policies are implemented across the whole fund range.

#### *Our Responsible Investment resources*

Carmignac has a dedicated Responsible Investment team headed by Sandra Crowl as Stewardship Director. She reports to Maxime Carmignac, Managing Director of Carmignac UK, member of the Executive Board of Carmignac, who leads the responsible investment strategy at the corporate level and fund level innovation and ESG solutions. The role of the Stewardship Director is to oversee the implementation of the responsible investment process and practices, investor communication, fund labelling process, affiliations, industry thought leadership and new product innovation. The Responsible Investment Team is responsible for the ESG framework, fund specific research, ESG thematic and targeted research, active investee company engagements, voting practices and leads industry thought leadership. The Responsible Investment team is also supported by an experienced, dedicated ESG Product Specialist employed within our Product team. Our team organisation can be found below:



#### **1.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?<sup>1</sup>**

***Mainstream ESG approach. All non SRI and ESG thematic funds are classified as Article 6 funds in accordance with the SFDR 2019/2088***

As of 31/12/2021 close to 100 % of our assets under management take into account ESG criteria.

In July 2020, Carmignac launched a firm-wide proprietary ESG research system called START\* that enables us to systematically integrate ESG research into the investment process.

This system aggregates key ESG information: carbon emissions data, raw company ESG data, external ratings, impact statistics and a controversies data sources. The portfolio managers and analysts' proprietary research offer human insight and a forward-looking approach to the automated ESG scoring system START. ESG scores are calculated according to a proprietary algorithm of reported raw company ESG indicators that are sorted for our predefined peer group (capitalization, region and 90 sub-industry groups). START sits inside our MackeyRMS front-office portal. These quantitative assessments are augmented by a written investment rationale composed by the investment team or the ESG Analysts in the START system, as well as any granular commentary of ongoing ESG risks. Our ESG research system is built on a framework based on past academic research and the work of various industry bodies such as the Sustainable Accounting Standards Board (SASB), Global Reporting Initiative (GRI), in order to conduct comprehensive ESG analysis. We believe that this integration reduces the potential negative financial impact on companies' valuations, and we hope to capture rising momentum when companies are improving ESG-related risks.

Carbon emissions are monitored and measured for each equity fund annually as well as on an ongoing basis on the Portfolio Management tool CMGR, which enables scenario analysis at portfolio level when adding and reducing positions. Since October 2020, our funds carbon emissions are also measured through the START platform and reported monthly for our SRI and ESG thematic funds. Individual carbon reports can be found in the annual reports of each fund as well as on our specific SRI website. Through our energy-related exclusions, seen below, the firm limits exposure to potential stranded assets and transition risks due to climate change.

A negative screening is applied, according to the following parameters. These exclusions are updated quarterly and are hard-wired into our portfolio management system. In this manner we exclude sectors, activities or countries that we believe embed significant ESG risks.

- Controversial weapon manufacturers whose products do not comply with treaties or legal bans
- Tobacco producers: wholesale distributors and suppliers with revenues over 5% from such products
- Thermal coal miners with over 10% revenues or 20 million tonnes from extraction
- Power generators that produce more CO<sub>2</sub>/kWh than the defined thresholds aligned with the Paris Agreement and that can be found in our exclusion policy

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<sup>1</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

*\*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.*

- Adult entertainment and pornography producers and distributors with over 2% revenues from such product
- International Global Norms violations including OECD Business Principle, ILO Principles and UNGC Principles.

Treatment of controversies - A controversy does not necessarily trigger a sell of the given position. Environmental accidents are never easy to predict but lessons can be learned, and companies can improve. That is why we believe that an ESG approach solely based on favouring ESG best-in-class, green sectors, etc., shows a good sign to corporates to behave better, but is not necessarily the only way. We, as investors, should not systematically leave the bad student behind. As shareholders, we can influence and interact with companies, starting simply with participating in all shareholder votes, with a sustainability objective and maintaining a strong focus on looking beyond short-term performance or dividend payment.

Carmignac has committed to an active voting and engagement policy that has been integrated into the Investment Management Team's internal guidelines. Engagements may occur with the Management of the companies in which we invest and often include engagement on environmental issues and carbon emission transparency:

Carmignac has committed to a quarterly engagement program targeting specific actions within the possibility of 5 different types of engagements:

1. ESG risk related engagement
2. Thematic engagement
3. Impact engagement
4. Controversial behaviour engagement
5. Proxy voting decision engagement

These engagements are registered internally. Important engagements are documented in the funds' annual report. In addition, a summary Engagement Report is published on our website denoting type, region, and sector of Engagement.

[https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-policies-reports-4528](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-policies-reports-4528)

### ***Funds with a Socially Responsible approach***

Carmignac also offers a range of funds that adopt a Socially Responsible approach noted in the funds' prospectuses. Negative screening, through Norms based, ethical and climate related exclusions, and positive social and environmental screening, active voting policy and low carbon emissions policies have been adopted within the strategies. There are also an increased range of ESG thematic funds.

The fund information can be found in the following links or through our dedicated Responsible Investment (RI) web page: [https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-sri-thematic-funds-4526](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-sri-thematic-funds-4526)

SRI Funds Article 8 Funds in accordance with SFDR 2019/2088 as of 1<sup>st</sup> of January 2022

- **Carmignac Portfolio Family Governed (ESG Thematic Fund - Global Markets – Equities)**  
[https://www.carmignac.fr/en\\_GB/funds/carmignac-portfolio-family-governed/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.fr/en_GB/funds/carmignac-portfolio-family-governed/a-eur-acc/fund-overview-and-characteristics)



- **Carmignac Euro-Entrepreneurs (European Markets – Mid caps Equities)**  
[https://www.carmignac.fr/en\\_GB/funds/carmignac-euro-entrepreneurs/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.fr/en_GB/funds/carmignac-euro-entrepreneurs/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Emerging Patrimoine (Emerging Markets – Mixed)**  
<https://www.carmignac.fr/en/carmignac-portfolio-emerging-patrimoine-a-eur-acc>
- **Carmignac Portfolio Patrimoine Europe**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-patrimoine-europe/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-patrimoine-europe/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac China New Economy**  
[https://www.carmignac.fr/en\\_GB/funds/carmignac-china-new-economy/f-eur-acc/fund-overview-and-characteristics](https://www.carmignac.fr/en_GB/funds/carmignac-china-new-economy/f-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio China New Economy**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-china-new-economy/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-china-new-economy/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Patrimoine (Global Markets – Mixed)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-patrimoine/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-patrimoine/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Patrimoine (Global Markets – Mixed)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-patrimoine/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-patrimoine/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Securite (European Markets – Fixed Income)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-securite/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-securite/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Securite (European Markets – Fixed Income)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-securite/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-securite/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Flexible Bond (Global Markets – Fixed Income)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-flexible-bond/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-flexible-bond/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Global Bond (Global Markets – Fixed Income)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-global-bond/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-global-bond/a-eur-acc/fund-overview-and-characteristics)

- **Carmignac Long- Short European Equities (European Markets – Mixed Management)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-long-short-european-equities/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-long-short-european-equities/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Long- Short European Equities (European Markets – Mixed Management)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-long-short-european-equities/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-long-short-european-equities/a-eur-acc/fund-overview-and-characteristics)

Article 9 Funds in accordance with SFDR 2019/2088 as of 1<sup>st</sup> of January 2022

- **Carmignac Investissement – (Global Markets – Equities)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-em-debt/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-em-debt/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Investissement (Global Markets – Equities)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-investissement/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-investissement/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Investissement Latitude (Global Markets – Mixed)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-investissement-latitude/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-investissement-latitude/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Grande Europe (European Markets – Equities)**  
<https://www.carmignac.fr/en/carmignac-portfolio-grande-europe-a-eur-acc>
- **Carmignac Emergents (Emerging Markets – Equities)**  
<https://www.carmignac.fr/en/carmignac-emergents-a-eur-acc>
- **Carmignac Portfolio Emergents (Emerging Markets – Equities)**  
<https://www.carmignac.fr/en/carmignac-portfolio-emergents-f-eur-acc>
- **Carmignac Portfolio Family Grandchildren**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-grandchildren/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-grandchildren/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio Green Gold (ESG Thematic Fund – Global Markets – Equities)**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-green-gold/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-green-gold/a-eur-acc/fund-overview-and-characteristics)
- **Carmignac Portfolio EM Debt**  
[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-em-debt/a-eur-acc/fund-overview-and-characteristics](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-em-debt/a-eur-acc/fund-overview-and-characteristics)

Emerging market funds: Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Emerging Patrimoine, Carmignac China New Economy, Carmignac Portfolio China New Economy are under the scope of this Transparency Code.

Within challenging regions and sectors in terms of ESG risks, such as emerging markets, we see an ESG approach even more indispensable to mitigate short, as well as, long-term risks. Consequently, for our emerging market funds Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Emerging Patrimoine, Carmignac China New Economy and Carmignac Portfolio China New Economy, the whole investment process emphasizes sustainability - not only in terms of ESG but also financially, looking at countries, sectors' growth prospects, companies' debt levels, countries' balance of payments, etc.

The ESG analysis follows the same principles as for the mainstream funds. ESG analysis allows the investment team to mitigate ESG-related risks and to engage with companies should risks be identified. For the SRI funds, a further commitment is made to apply ESG ratings minimum requirements of portfolio construction and a broader range of negative screening and exclusions. Each company is analysed for ESG risks, comments of practices are made on outset of investments and are updated usually annually or when controversies occur. A dialogue with the company directly enables any questions regarding ESG-related risks to be answered.

In addition to the carbon monitoring described for the mainstream funds, these socially responsible funds have an objective to offer a low carbon portfolio monitored through our ESG system START and our carbon data source portal. The equity funds seek to achieve a carbon emissions target of 30% below their reference indicator measured in carbon intensity (tCO<sub>2</sub>/ M USD, converted in Euros, Scope 1 and 2, GHG Protocol).

### 1.5. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input checked="" type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input checked="" type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> PRI - Principles For Responsible Investment <input type="checkbox"/> SIFs - Sustainable Investment Fora <input checked="" type="checkbox"/> Other <ul style="list-style-type: none"> <li>▪ AFG, France SRI working group</li> <li>▪ IA, UK SRI working group</li> <li>▪ ALFI, Luxembourg SRI Working group</li> </ul>	<input type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Green Bond Principles <input checked="" type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change <input type="checkbox"/> Montreal Carbon pledge <input type="checkbox"/> Paris Pledge for Action <input type="checkbox"/> Portfolio Decarbonization Coalition <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> Climate Action 100 + <input checked="" type="checkbox"/> TCFD <input checked="" type="checkbox"/> ShareAction Decarbonisation Initiative	<input type="checkbox"/> Access to Medicine Foundation <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input type="checkbox"/> Other (please specify)  UN Women's Empowerment Initiative <input checked="" type="checkbox"/> Tobacco Finance Free pledge	<input type="checkbox"/> ICGN – International Corporate Governance Network <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> Share Action <input checked="" type="checkbox"/> Workforce Disclosure Initiative (WDI)

### 1.6. What is the total number of SRI assets under the company's management?

As a group, the assets under management implementing ESG criteria: 40.26 billion Euro \*

The assets under management offering a Socially Responsible approach: 35.23 billion Euro \*

\*Source: Carmignac, as of 31<sup>st</sup> of January 2022

## 2. General information about the SRI fund(s) that come under the scope of the Code

### 2.1. What are the funds aiming to achieve by integrating ESG factors?

At Carmignac, we believe that ESG incorporation is not only a "green tag", or a "nice to have". Indeed, we believe that an asset manager's number one fiduciary duty to its investors is to mitigate as much risks as it can identify. This very resolutely includes risks associated with poor governance, shareholder underrepresentation, social issues such as health and safety, and environmental challenges. ESG implementation can be, and often has been, a driver of long-term performance as it goes hand-in-hand with sustainability.

Asset managers, like us at Carmignac, managing the savings of investors, often their future pension, have to think long-term and not short-term. As such, companies that decide to favour short-term success at the cost of higher ESG risks (or any other higher risk) may encounter difficulties in making profitable investments over the long term.

### 2.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

The Portfolio Managers and Analysts are responsible for ESG analysis. In addition, the ESG analysts take an active role in ESG assessment, as well as in the engagements necessary following on from ESG risks identification, controversies or affiliation-related collective engagements. During the due diligence directly with Corporations as part of the investment rationale, ESG risks and opportunities are identified and discussed. External ESG data sources are aggregated as discussed on our START platform from the following data providers: Trucost, Refinitiv, MSCI and ISS.

Corporate Bonds analysts as well as the Equity Portfolio Managers and ESG analysts also respect the requirements of ESG assessment for each issuer. Relevant ESG risks and opportunities are evaluated and documented within the investment rationale and on our ESG system START, during issuer roadshows, should it be relevant after reporting season.

MSCI ESG research can be used as an addition to proprietary research if necessary. Corporate bond selection respects the firm-wide exclusions across the mainstream funds and wider exclusions within the Socially Responsible funds where applicable. When a controversy occurs during the investment, mainstream analysts, Portfolio Managers and the ESG analysts engage directly with the management of the issuer to determine, either, a resolution to the controversy or an exit from the investment. At least 90% of companies in our Fund have an ESG analysis.

### 2.3. What ESG criteria are taken into account by the fund(s)?

Depending on the geographic region and sector, ESG criteria may vary. The START System incorporates 31 ESG indicators that compose the companies scoring sorted in percentiles within the same peer groups. However, here are the most common elements the Portfolio Managers and Analysts assess in the investment rationale:

- **Environment:** The scope of Carmignac's interest includes the impact of companies on the environment and their ability to offer services and products which respond to environmental

challenges and particularly to climate change. Environmental issues which the investment team considers and renders transparent could include companies' treatment of carbon emissions, pollution, waste, and water usage.

- **Social:** Carmignac focuses on monitoring the impact of companies with all of their stakeholders (suppliers, employees, consumers) across the value chain and the increasing public expectations of social responsibility. Social issues the firm considers could include all types of employment abuses, staff turnover metrics, diversity, workplace health and safety, income distribution, and product safety.
- **Governance:** Carmignac focuses on the enhanced value created by companies that encourage governance ethics. Governance issues the firm considers could include any tendency towards uses of bribery and corruption, government's involvement and impact on management, board independence, executive compensation, and anticompetitive practices.

In addition to 30+ ESG indicators of company data that can be monitored on the Carmignac proprietary ESG system START, the Funds under the scope of this Transparency Code track the progress of 5 specific E, S, G and Human Rights indicators, a set of quantifiable data points established as performance measures. They seek to compare and manage the evolution of these indicators against the reference index and across companies. They also serve to drive further research and corporate engagement.

Environmental	Social	Governance
Carbon Emissions –Direct & First Tier Indirect (tonnes CO2e)	% Employee Satisfaction	% Audit Committee Independence
Carbon Intensity- Direct & First Tier Indirect (tonnes CO2e/USD mn)	Employee Turnover	Compensation Committee Independence
Flaring of Natural Gas	Female Managers	Nomination Committee Involvement
Total Energy Use/Revenues	Average Employee Training Hours	Long Term Objective-Linked Executive Compensation
Renewable Energy Use Ratio	Lost Time Due to Injury Rate	Independent Board Members
Energy Use Total	Employee Fatalities	Average Board Tenure
Total Waste / Revenues	Chief Executive Salary Gap	% Board Gender Diversity
Waste Recycled /Total Waste	% Gender Pay Gap	Highest Remuneration Package
Accidental Spills	% Customer Satisfaction	Board Size
Water Use / Revenues		Sustainability Compensation Incentives
Water Recycled		
Fresh Water Withdrawal Total		

#### 2.4. What principles and criteria linked to climate change are taken into account in the fund(s)?<sup>2</sup>

Carmignac has made climate awareness a formal component of its investment process, joining the efforts undertaken as part of the Cop21 initiatives and adhering to Energy Transition Rule No 173 of the Monetary

<sup>2</sup>Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code);

and Financial Code of the French government (L533-22-1 du Code Monétaire et Financier), replaced by the new Article 29 Law. We report carbon emissions on a monthly basis in our monthly factsheets.

Through a diversified investment policy that is not constrained by its benchmarks, our Funds underweight sectors with high carbon emissions, particularly coal industry and Utilities. Besides, investing in sustainable technologies is a key priority for our Funds.

Carmignac Emergents and Carmignac Portfolio Emergents have committed to a target of 30% minimum lower carbon intensity than their reference indicators as measured by tCO<sub>2</sub>/ M USD (Scope 1 and 2, GHG Protocol). Carmignac China New Economy and Carmignac Portfolio China New Economy aim to contribute to China's carbon neutrality goal for 2060 and are committing to reducing carbon intensity by 5% per year (base rate 530.2 tCo<sub>2</sub>e/€mm revenues as of 31.12.2021). From 2025, the funds' annual carbon intensity reduction threshold will be revised every 5 years. Carbon intensity is measured in tCO<sub>2</sub>tons/M Eur of revenues aggregated at portfolio level (Scope 1 and 2 of GHG protocol).

### Carbon intensity of Carmignac Portfolio Emergents and Carmignac Emergents

	Weighted Average Carbon Intensity <sup>1</sup>	Total Carbon Emissions <sup>2</sup>	Availability of Carbon Data <sup>3</sup>	Exposure to fossil fuels <sup>4</sup>
<b>Carmignac P. Emergents</b>	116	50,800.9	92.2%	0.0%
Benchmark: MSCI EM (EUR) net dividends reinvested	420.8	104,907.6	96.1%	2.3%
Difference in % between Funds and benchmark indicator	-72.4%	-51.6%	N/A	-100%

<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXTE000006072026&idArticle=LEGIARTI000031793697>

	Weighted Average Carbon Intensity <sup>1</sup>	Total Carbon Emissions <sup>2</sup>	Availability of Carbon Data <sup>3</sup>	Exposure to fossil fuels <sup>4</sup>
<b>Carmignac Emergents</b>	116.3	150,329.6	92.1%	0.0%
Benchmark: MSCI EM (EUR) net dividends reinvested	420.8	308,257.1	96.1%	2.3%
Difference in % between Funds and benchmark indicator	-72.4%	-51.2%	N/A	-100%

1. Tonnes of CO2 equivalent per million euros of revenues (rebased to 100%)

2. Total tonnes of CO2 equivalent (calculated as % assets, and not rebased to 100%)

3. As a percentage, excluding cash and assets that are outside the scope: sovereign bonds and derivatives

4. Weighted average % fossil fuel revenues for each company in the portfolio

Source: S&P Trucost data as of 31/12/2021

### Carbon intensity of Carmignac China New Economy and Carmignac Portfolio China New Economy

	Weighted Average Carbon Intensity <sup>1</sup>	Total Carbon Emissions <sup>2</sup>	Availability of Carbon Data <sup>3</sup>	Exposure to fossil fuels <sup>4</sup>
<b>Carmignac China New Economy</b>	530.9	26,445.7	62.3%	1.62%
Reference indicator: MSCI China (USD), net dividends reinvested*	316.6	40,197.6	91.6%	1.14%
Difference in % between Funds and benchmark indicator	+67.7%	-34.2%	N/A	+42.1%

	Weighted Average Carbon Intensity <sup>1</sup>	Total Carbon Emissions <sup>2</sup>	Availability of Carbon Data <sup>3</sup>	Exposure to fossil fuels <sup>4</sup>
<b>Carmignac P. China New Economy</b>	530.2	6,184.2	62.1%	1.50%
Reference indicator: MSCI China (USD), net dividends reinvested*	316.6	10,136.3	91.6%	1.14%
Difference in % between Funds and benchmark indicator	+67.5%	-39%	N/A	+32%

1. Tonnes of CO2 equivalent per million euros of revenues (rebased to 100%)

2. Total tonnes of CO2 equivalent (calculated as % assets, and not rebased to 100%)

3. As a percentage, excluding cash and assets that are outside the scope: sovereign bonds and derivatives

4. Weighted average % fossil fuel revenues for each company in the portfolio

Source: S&P Trucost data as of 31/12/2021

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.

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. For further information, please visit: [www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf](http://www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf). 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.

## 2.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

Sustainability & low carbon focus are at the core of these emerging market strategies' investment philosophy. This SRI approach can be summarized in these 3 key steps:

- 1) Negative screening & exclusion policy for Energy- and Ethical-related exclusions (reduction of 20% of universe based on 1/exclusions lists; 2/ overall ESG rating and 3/Environmental and Social pillar scores) complemented by,
- 2) An ESG integration and positive screening approach. This ESG integration is composed of:
  - A positive screening applied to filter the investment universe to identify companies that provide sustainable activities with positive effects on society and environment within the following themes: financing for the future, healthcare, education, consumption, clean energy, sustainable or innovative technologies.



- A low carbon approach: We favor companies that have a low carbon footprint or those that show strong commitment to reduce their negative environmental impact.
  - A portfolio construction and a best in universe stock selection based on a combination of financial and extra financial criteria (with an ESG scoring system) favoring companies with low carbon emissions and adopting a best efforts approach (making efforts to improve their ESG standards and taking into account the negative effects of their activities). At least 90% of companies in our Funds have an ESG analysis.
- 3) An active voting and engagement policy: we engage with companies before investing as well as during the whole investment period (including controversies) and participate in Annual Shareholder Meetings to vote in favor of sustainability principles. We target a 100% voting participation.

### Negative Screening

The funds' universe is refined by the application of Negative Screening within the front office portfolio management system which prevents investments in companies that are involved in the following sectors and activities:

**1) Carmignac firm-wide exclusion list:**

- Controversial weapon manufacturers which make products that do not comply with treaties or legal bans\*
- Tobacco producers. Wholesale distributors and suppliers with revenues over 5% from such products
- Thermal coal miners with over 10% revenues or 20 million tonnes from extraction
- Power generators that produce more CO<sub>2</sub>/kWh than the defined threshold\*\* or do not publish their CO<sub>2</sub> emissions despite having coal power plants
- Adult entertainment and pornography producers and distributors with over 2% revenues from such product
- International Global Norms violations including OECD Business Principle, ILO Principles and UNGC Principles.

**2) Carmignac Emergents, Portfolio Emergents, Carmignac China New Economy, Portfolio China New Economy and Portfolio Emerging Patrimoine exclusion list:**

### Energy Exclusions

- Thermal coal producing companies with more than 10% sales directly derived from coal extraction
- Unconventional energy (1) companies deriving more than 1% of total production from unconventional energy sources\*
- Conventional oil energy production (2) companies are limited to 3% of the portfolio assets\*
- Power generation companies must not exceed 408 gCO<sub>2</sub>/kWh carbon intensity or if data is not available cannot exceed:
  - Gas-fired – 30% production or revenue
  - Coal-fired – 10% production or revenue
  - Nuclear-fired – 30% production or revenue

\*Only for the equity portfolios and equity part of Carmignac Portfolio Emerging Patrimoine

### Ethical exclusions

- Conventional Weapons including components companies (10% revenue hurdles)\*
- All Tobacco producers. Wholesale distributors and suppliers 5% revenue threshold
- Adult Entertainment companies (2% revenue hurdle)
- Gambling companies (2% revenue hurdle)

- Norms based (3) exclusion including UN Global Compact violations human rights, labour rights, environment, and corruption
- Meat-processing companies whose revenues derive partially or completely from the processing of cattle, pork, lamb or poultry
- Companies in the PETA (People for Ethical Treatment of Animals) exclusion list

\*Only for the equity portfolios and equity part of Carmignac Portfolio Emerging Patrimoine

Our Energy and Ethical policies are aligned with the Quality Standards of the Belgian SRI label Towards Sustainability

(1) Unconventional energy extraction sources: Tar/oil sands, shale oil, shale gas and Arctic drilling.

(2) Conventional energy extraction sources: oil and gas

(3) 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.

Exclusion lists are updated on a quarterly basis

Source Carmignac, October 2020

In addition, companies with high ESG risks which are reflected through their respective ESG ratings are also excluded in Carmignac Emergents and Carmignac Portfolio Emergents. Both the START ESG rating and MSCI ESG rating scores are used in this screening : companies having a MSCI rating below 1.4 on environmental or social pillars or, until 1.7.2022, having an overall MSCI rating of “B” or “CCC” or, as from 1.7.2022, having an overall MSCI rating of “CCC” are a priori excluded of the Sub-Fund’s investment universe. Companies rated above “C” on the START (rating from “A” to “E”) can reintegrate into the Sub-Fund’s investment universe after ad hoc analysis and engagement with the company.

### **ESG Integration for the equity investments**

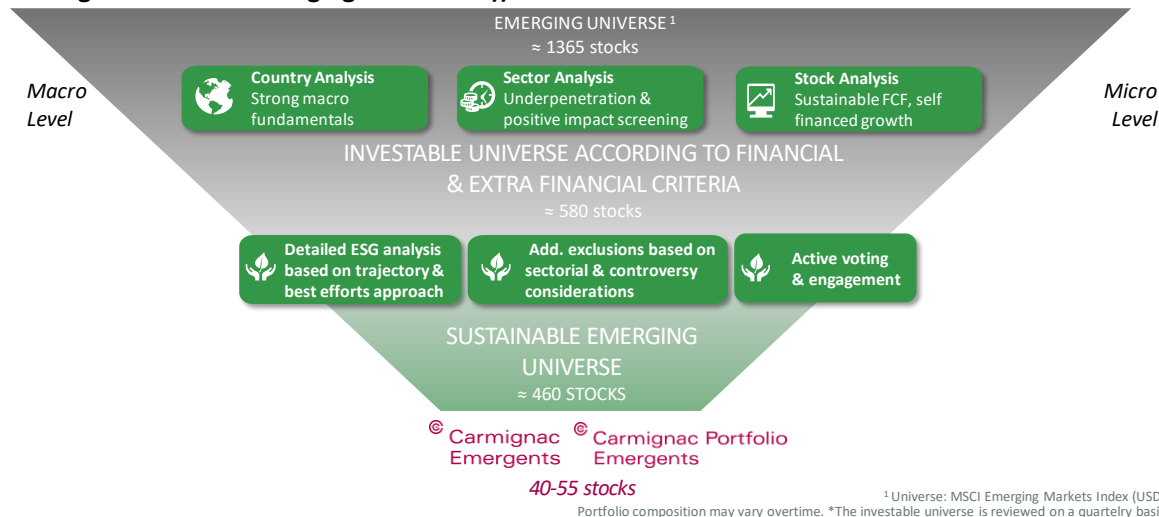
For Carmignac Emergents, Carmignac Portfolio Emergents and Carmignac Portfolio Emerging Patrimoine, the investable universe is first built by a top-down country selection with healthy macro-economic fundamentals, high domestic growth and sound current account balances and balances of payments.

Within the emerging markets universe, once a country has been selected for its positive fundamentals, sectors are picked based on under-penetration, which ensures investments are viable over the long-term in terms of growth. This naturally favours sustainable themes, such as improving living standards, innovation, clean technologies, financing the future, etc. At a company level, the financial criteria of low net debt and sustainable free cash flow generation, tends to mechanically weight the portfolio away from highly polluting or controversial industries. In addition to tobacco, coal, unconventional energy and conventional oil-based energy company exclusions, all arms companies, pure play adult entertainment companies, meat processing companies are also excluded from the equity investment universe.

The ESG analysis follows the same principles as for the mainstream funds. ESG analysis allows the investment team to mitigate ESG-related risks and to engage with companies, should risks be identified. Each company is analysed for ESG risks, which is permitted through the platform START. This platform aggregates raw ESG indicators that are then sorted into percentiles within common peer groups. The proprietary score is monitored alongside the MSCI ESG ratings. Written assessments are noted in our front office system Mackey RMS, which also contains the START system. It is updated usually annually or when controversies or ESG-related events occur. A direct dialogue with the company enables any questions regarding ESG-related risks to be answered.

ESG opportunities are also identified. Companies, as they improve governance practices, either through the pressure from shareholders or the increasing Western-like stringent rules of emerging market stock exchanges provide good investment opportunities. Whilst traditional ESG ratings may still not reflect the improvement in companies’ practices, we do take the opportunity to invest in companies that are making ‘best efforts’ to mitigate such risks. Other improvements in environmental or social practices may also lead to investments in what have been considered controversial companies in the past.

**Our SRI investment process (Carmignac Emergents, Carmignac Portfolio Emergents, Equity section of Carmignac Portfolio Emerging Patrimoine)**



The extra-financial analysis is implemented in the investment strategy by undertaking activities described below whereby the Sub-Fund's investment universe is actively reduced by at least 20%. The investment universe is assessed for ESG risks and opportunities recorded in Carmignac proprietary ESG platform “START” (System for Tracking and Analysis of a Responsible Trajectory).

Furthermore, Carmignac Emergents and Carmignac Portfolio Emergents were upgraded from Article 8 to Article 9 (SFDR)<sup>3</sup> in January 2022. As part of its commitment to Responsible Investment, the Strategy seeks to invest more than 50% of assets in companies that derive more than 50% of revenue from activities which align positively with one of the following 9 (out of 17) UN 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. It also seeks to archive a Carbon intensity 30% lower than benchmark.

For further information on the SDGs please refer to <https://sdgs.un.org/goals>.

For further information on responsible investment, please refer to Carmignac Responsible Investment website.

As for Carmignac China New Economy and Carmignac Portfolio China New Economy, the funds are managed on a discretionary basis with an investment strategy implemented mainly through the portfolio of securities invested in Chinese equities. The investment strategy is made without restriction of allocation by market place, market cap, type and size of securities.

<sup>3</sup> Sustainable Finance Disclosure Regulation : <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>

The investment process favors capital-light companies offering attractive and sustainable cash generation capable of self-financing their growth. The sustainability of cash generation is assessed based on financial and non-financial criteria. We strongly believe that companies with poor governance, shareholder underrepresentation, irreverence to social issues such as health and safety, and environmental challenges do not manage their businesses in a viable way and will not be able to remain competitive and profitable over the long term.

At a company level, the financial criteria of low net debt and sustainable free cash flow generation, tends to mechanically weight the portfolio away from highly polluting or controversial industries.

The ESG analysis follows the same principles as for the mainstream funds. ESG analysis allows the investment team to mitigate ESG related risks and to engage with companies should risks be identified. Each company is analysed for ESG risks, through the START that aggregates raw ESG indicators that are then sorted into percentiles within common peer groups. The proprietary score is monitored alongside the MSCI ESG ratings.

Written assessments are noted in our front office system Mackey RMS which is integrated with START and updated annually or as needed for example when controversies or ESG related events occur.

ESG opportunities are also identified. Companies, as they improve governance practices, either through the pressure from shareholders or the increasing Western-like stringent rules of emerging market stock exchanges provide good investment opportunities. Whilst traditional ESG ratings may still not reflect the improvement in companies' practices, we do take the opportunity to invest in companies that are making 'best efforts' to mitigate such risks. Other improvements in environmental or social practices may also lead to investments in what have been controversial companies in the past.

### Our SRI investment process (Carmignac Portfolio China New Economy and Carmignac China New Economy)



**ESG integration of the corporate bond part of Carmignac Portfolio Emerging Patrimoine**

The fund manager may invest, according to existing opportunities, in both investment grade and high yield bonds, provided that the average minimum rating is BBB-/Baa3. The Emerging issuer universe (around 650 single issuers) is filtered for liquidity, credit rating and spread which reduces the universe to around 320 issuers. Secondly, the number of issuers is filtered on ESG criteria: by excluding issuers involved in E, S or G controversies and by applying the firm-wide exclusion list as detailed in the mainstream approach 1.4). An extended specific fund exclusion list is also applied at the corporate bond level: tobacco, coal (10% revenues), adult entertainment, meat processing companies as noted above. The investable universe contains around 250 issuers.

Sector allocation of corporate bonds depends on Carmignac's core macro-economic scenario as well as on the underpenetrated sector screening. Once allocation choices have been made, the portfolio manager will select the issuers that are the most relevant. The issuer selection process is focused on benefiting from spread reduction while minimizing the default risk. During this phase, the portfolio manager uses Carmignac's in-house expertise on both equities and fixed income instruments in order to build a dynamic view of credit markets.

The credit team incorporates ESG factors in issuer analysis which is facilitated through the use of the START system which aggregates raw ESG indicators. ESG risks and opportunities are evaluated and documented within the investment rationale should it be relevant after reporting season.

The ESG analysts or the Equity portfolio managers can be solicited for detailed ESG analysis and MSCI ESG research can be used as an addition to proprietary research if necessary and if the company is covered by MSCI. For corporate debt, MSCI ratings as well as the proprietary START scores are allocated and monitored. Our proprietary analysis completes the ESG integration. Corporate bond selection respects the firm-wide and also fund specific exclusions as stated above (except the energy sector and conventional weapons restrictions). Should there be any ESG-related controversies, the credit team, equity portfolio manager or the ESG Analysts engage with companies to seek resolution.

**ESG integration of the sovereign bond part of Carmignac Portfolio Emerging Patrimoine**

The team selects countries with healthy macro-economic fundamentals, high domestic growth and sound current account balances and balance of payments. In order to have a holistic view of the macro-economic environment, the emerging markets team works closely with the Cross-Asset team and country experts and uses proprietary tools to analyse and monitor economic cycles and risks specific to each geographical area. Country selection is made respecting country restrictions/exclusion list and based on positive economic and governance screening.

A proprietary sovereign Emerging country ESG scoring system ("ESG Impact Model") established some time ago has recently been extended to incorporate both Emerging and Developed sovereign debt issuing countries. The number of ESG indicators has been increased from 10 to 18 through the use of globally recognised impact monitors such as the IMF's fiscal monitor the World Justice's Project Rule of law, Reporters Without Borders and the World Press Freedom index.

Our Impact model focuses on impact investment in Emerging Markets. It covers some 70 developing countries for all sovereign and quasi-sovereign instruments (for 100% state-owned companies).

The model, maintained by our Fixed Income Investment Team, can incorporate qualitative adjustments if the analyst thinks that the data does not capture accurately the latest evolution or situation of a country. This is particularly important in emerging markets where the data quality and timeliness can be an issue. To find out if a qualitative adjustment is necessary, there is an ongoing monitoring resulting from recent events or controversies.

Because the purpose of the model is to guide impact investments, there is a **strong focus on the trajectory** that the country is taking. Therefore, the model puts a lot of emphasis on the dynamic aspects. Also, to make sure that all countries' positive trajectory can be reflected in their score's absolute values, as long as they are progressing on ESG, they are ranked based on thresholds for each criterion rather than by the relative ranking approach used in the Global Model.

#### Methodology:

- Countries are ranked **between 1 (bad) & 5 (good)**.
- For most criteria, we use Static and Dynamic data, with some criteria using only one (for example: Life Expectancy only being assessed on the Dynamic score)
- For any E, S & G pillar, criteria rankings are then averaged to get a pillar scoring.
- This score is then adjusted either positively or negatively, where appropriate, from the qualitative analysis
- The overall ESG score composed of the equally weighted average of the three components E, S, and G
- The fund's score is then aggregated as the weighted average of the country score and the exposure of the positions with a sub-portfolio consisting of EM Sovereign and Quasi-Sovereign Bonds
- Scores are updated on a semi-annual basis.

## ESG CRITERIA AND SOURCES

Our E, S and G factors at a glance, with sources and weights:

#	Criteria	Sources	“Global model” weights	“EM Impact model” weights
<b>Environmental</b>				
1	CO <sub>2</sub> emissions per capita	Our World In Data – Oxford University	20%	33%
2	Share of Renewables in total installed capacity	BNEF (Bloomberg New Energy Finance)	20%	33% (with a malus for high or increasing coal usage)
3	Share of Coal in total installed capacity	BNEF (Bloomberg New Energy Finance)	20%	-
4	Ambient PM2.5 (fine particules)	Institute for Health Metrics and Evaluation	20%	33%
5	Ratification of Paris Accords	United Nations Framework Convention on Climate Change	Malus of 0.2 if not ratified	-
6	Environmentally controlled solid waste treatment	World bank report “What a waste 2.0”. Data from United Nations Statistics, OECD, and regional and national reports	20%/3	-
7	Health years lost due to unsafe sanitation	Institute for Health Metrics and Evaluation	20%/3	-
8	Health years lost due to unsafe water	Institute for Health Metrics and Evaluation	20%/3	-
<b>Social</b>				
9	Life expectancy at birth of both sexes	World Bank	20%	25%
10	GINI – income coefficient	World Bank	20%	25%
11	Education (PISA & Litteracy rate)	PISA (Reading, Maths, Science) – OECD Litteracy Rate – World Bank	20%	25%
12	GDP Per Capita PPP	IMF	20%	-
13	HDI	United Nations - Development Programme	20%	25%
<b>Governance</b>				
14	Ease of Doing Business	World Bank	20%	25%
15	Fiscal Position (deficit as % GDP)	IMF	20%	25%
16	Debt as Years of Revenue	Gross Debt to GDP and Revenue to GDP – IMF	20%	25%
17	Current Account Position	Current Account to GDP – IMF	20%	25%
18	Economic freedom	The Heritage Foundation	20%	-

[Included in both models]

Source: Carmignac, December 2021

### 2.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

The investment team allocates a rating through the proprietary START system at outset of investment and are updated on an annual basis or when necessary as new data or information needs to be complemented. MSCI ESG Ratings are our public and portfolio guidelines reference for the portfolio. Ratings by MSCI are updated annually or as these ratings updates occur. The overall ESG rating both proprietary and MSCI are monitored through the GPM front office portfolio interface real time as well as in the START system.

#### Controversies

Controversies are managed through or formal engagement framework. From January 2021, by adopting a new and comprehensive engagement policy, Carmignac has committed to a quarterly engagement program targeting specific actions within the possibility of 5 different types of engagements including controversy management:

1. ESG risk related engagement
2. Thematic engagement
3. Impact engagement

4. Controversial behaviour engagement
5. Proxy voting decision engagement

**1. ESG Risk-related engagement**

- a. The proprietary rating and research framework START combines aggregated raw ESG data from companies which allows the analyst to systematically identify poor E, S or G related scores and risks. A good starting point for engagement would be if the score of E, S or G is below average i.e. D or E rating.
- b. A company dialogue would be initiated concerning the issues which have contributed to the low score(s) and the objective of the engagement would be to understand the specific ESG risk and engage to drive material improvement in the companies' ESG profile.

**2. Thematic Engagement**

- a. This is a proactive approach centred on material sustainability themes that have the most potential to create value for shareholders, taking into consideration the views and concerns of our clients. We breakdown a selection of themes within the three pillars of 'ESG', depending on what is most material within the company's business sector. The materiality or relevance of the E, S or G issue is determined by our investment team members given their specialist knowledge of the sector and company. Thematic Engagement can take place over up to three years.

**3. Impact Engagement**

- a. We seek to understand and work with companies on their business model progression to identify their intentionality, how they intend to create additionality and lastly measure their outcome to create overall societal and environmental value.
- b. When relevant, we align our impact engagement themes to the United Nations 17 Sustainable Development Goals (SDGs). Impact Engagement can extend to a five-year period.

**4. Controversial Behaviours Engagement**

- a. Enhanced engagement which focuses on companies that severely and structurally breach principles of the United National Global Compact (UNGC) and/or OECD Guidelines for Multinational Enterprises. Controversial Behaviours engagement is aimed at eliminating a company's breach of the UNGC and/ or OECD Guidelines for Multinational Enterprises and installing proper management systems to prevent such a breach from recurring.
- b. If engagement is unsuccessful, the company is considered for exclusion. Enhanced engagement cases are selected quarterly. Engagement focus can differ between various investment exposures. For example, engagements for credit portfolios are likely to focus on downside ESG risks, whereas engagements for equity portfolios are more likely to focus on both ESG risks and opportunities, as well as minority shareholders' rights. We allow for a maximum of three years of engagement with a company in this program.

**5. Proxy Voting Decisions Engagement**

- a. This refers to conference calls or in-person meetings conducted before and/or after an AGM. The purpose of such engagement is to inform and discuss proxy voting decisions with the company.



While many voting decisions are taken based on internal and external research without the need for dialogue with management, in some circumstances it is important to interact with the Board to gain a more detailed understanding of the rationale behind the items included for votes.

These conversations can help shed light on Board member candidates, remuneration policies, Board effectiveness and the company's reaction to specific ESG resolutions. Cases for proxy voting engagements are usually identified based on financial exposure, seriousness of the concern and complexity of the item up for vote.

### **Escalation**

For each company identified for engagement, we define a challenging but realistic threshold of objectives that we expect to be met at the end of the engagement timeframe. If the expected outcome set has been met, we close the engagement case successfully. We record our engagement outcome on 3 levels of progress: Positive, Neutral & Negative.

We escalate the intensity of an engagement activity over time depending on the nature of the challenges each company faces and the attitude of the board towards our dialogue. Generally, our engagement activity becomes more active where we believe engagement will lead to an increase in or prevent/limit a decrease in the value of a company over the long term.

### **Reporting**

Transparency to our clients and society is a key priority of Carmignac. We share our engagement outcomes and progress publicly including our voting records and rationale.

The outcomes of our thematic engagements are updated annually on our website and in our annual reports as well as being reflected in the UNPRI reporting. Lastly particular case studies will be communicated throughout the year on an adhoc basis. This helps our clients understand the activities that Carmignac has taken on their behalf as part of our fiduciary duty.

For further information please refer to Carmignac's Shareholder Engagement policy on the Responsible Investment website.

## **3. Investment process**

### **3.1. How are the results of the ESG research integrated into portfolio construction?**

For the Socially Responsible funds, ESG scores are an indication of risk and opportunity. ESG research has a direct impact in portfolio construction. The investment universe is also filtered based on financial criteria such as free cash flow yields, return on investment and leverage ratios. Then a negative screening is applied, excluding controversial sectors, such as controversial arms, global norms-based restrictions, UN or EU company or country sanction lists, tobacco, coal producers and meat processing companies.

In addition, for Carmignac Emergents and Carmignac Portfolio Emergents, companies with high ESG risks which are reflected through their respective ESG ratings are also excluded. Both the START ESG rating and MSCI ESG rating scores are used in this screening: companies having a MSCI rating below 1.4 on environmental or social pillars or, until 1.7.2022, having an overall MSCI rating of "B" or "CCC" or, as from 1.7.2022, having an overall MSCI rating of "CCC" are a priori excluded of the Sub-Fund's investment universe. Companies rated above "C" on the START (rating from "A" to "E") can reintegrate into the Sub-Fund's investment universe after ad hoc analysis and engagement with the company.

Companies identified as offering sustainable activities may be found within a specific universe (best-in-universe) in quite a non-benchmarked manner and there is no present allocation of companies that are contributing to either social or environmental good. Also, investments may be made in companies that are improving their ESG practices and addressing their previous ESG-related controversies, and for which we believe the companies' valuations will benefit (best-efforts). Companies that manifest financial attributes, but may embody some potential ESG risks, will be sized lower according to these risks.

The monitoring of both MSCI ESG ratings<sup>4</sup> and our active use of the proprietary ESG system START allows the best possible coverage and analysis for ESG risks in our Emerging market investment universe for both equities and bonds. This ensures that a satisfactory level of ESG ratings are monitored regularly and are maintained in the fund as is reported on a monthly basis (published ESG Monthly summary factsheets and quarterly Sustainable Reporting).

Positive screening is also performed in search for sectors that are improving governance, societal and environmental conditions. Financing for the future, sustainable technologies, innovative technologies and improving living standards, and technological advancements are some of the key themes identified as Socially Responsible opportunities in our sustainable portfolios.

As of 1st of January 2022, Carmignac Emergents and Carmignac Emergents, as part of the positive screening, seek to invest in companies making a deemed positive contribution to the 9 Sustainable Development Goals. A mapping is constructed by sorting raw company revenue data. An investment is deemed aligned if over 50% of investee company's revenues from goods and services are generated from business activities which contribute to one of the 9 (out of 17) specific UN Sustainable Development Goals ("SDGs") that have been determined as pertinent to the Sub-Fund's sustainable objectives : (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, SDG Clean and Affordable Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production. For further information on the SDGs please refer to <https://sdgs.un.org/goals> For further information on responsible investment, please refer to Carmignac Responsible Investment website.

### **3.2. How are criteria specific to climate change integrated into portfolio construction?**

Carmignac Emergents and Carmignac Portfolio Emergents seek very low level of fossil fuel involvement and target a carbon intensity of 30% below their reference indicator as measured by tCO<sub>2</sub>/ M USD (Scope 1 and 2, GHG Protocol) .

The funds do not replicate any low carbon index members or sectors given the funds very non benchmarked nature.

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<sup>4</sup> 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 relatively 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 relatively to industry peers, the rating cannot be taken as the objective / inherent assessment of the Company approach in regards of sustainability. <sup>2</sup>The limit defined is rebased in % of the portfolio that has a MSCI ESG rating. For issuers, for which MSCI ESG does not issue any rating, the MSCI ESG Rating from the group the issuer belongs to is used.

In the portfolio, energy and material companies usually don't pass our first financial criteria assessment which focuses on companies' capacity to self-finance their future growth. Secondly, the portfolio management team also applies additional screening in order to minimise exposure to fossil fuels. Coal producers' companies with more than 10% sales directly derived from coal extraction are excluded from the investment universe.

Non-conventional oil companies deriving more than 1% of total production are also excluded. All oil based conventional energy companies are also excluded (except for Carmignac Portfolio Emerging Patrimoine where conventional and unconventional oil producers can in theory be invested into through corporate bond issues). Power generators that produce more CO<sub>2</sub>/kWh than the defined Paris Alignment threshold as mentioned in 1.4, or do not publish their CO<sub>2</sub> emissions despite having coal power plants are excluded.

Carmignac China New Economy and Carmignac Portfolio China New Economy also have a low carbon approach. We favor companies that have a low carbon footprint or those that show strong commitment to reduce their negative environmental impact. By favoring such companies, the funds aim to contribute to China's carbon neutrality goal for 2060. Moreover, the funds are committed to reducing their carbon intensity by 5% per year. From 2025, the funds' annual carbon intensity reduction threshold will be revised every 5 years. Carbon intensity is measured in tCO<sub>2</sub>tons/M Eur of revenues aggregated at portfolio level (Scope 1 and 2 of GHG protocol).

### **3.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?<sup>5</sup>**

All equity holdings or corporate issuers are subject to analysis using the START platform. As for portfolio guidelines, MSCI ratings are used. The START platform has the capacity to aggregate raw company scores for over 8000 issuers. Should there be no coverage which can happen on rare occasions in newly listed companies or non-listed corporate issuers, a START proprietary rating is given.

All sovereign issuers are rated through the proprietary sovereign rating system which assesses countries across DM and EM covering all our sovereign investments using 11 E, S & G criteria selected according to UNPRI guidelines, market relevancy, firm's values and industry standards. Please see the section on ESG methodology.

### **3.4. Has the ESG evaluation or investment process changed in the last 12 months?**

Carmignac Emergents and Carmignac Portfolio Emergents were upgraded from Article 8 to Article 9 (SFDR)<sup>6</sup> in January 2022. As part of its commitment to Responsible Investment, the Strategy seeks to invest more than 50% of assets in companies that derive more than 50% of revenue from activities which align positively with one of the following 9 (out of 17) UN 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. It also seeks to archive a Carbon intensity 30% lower than benchmark.

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<sup>6</sup> Sustainable Finance Disclosure Regulation : <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>

### **3.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?**

In the EM Socially Responsible funds, investments are sought in view of the companies' capacity to positively impacting society. Financing for the future through banks offering access to transaction services and loans (55% of Latin America's population do not have access to bank accounts). A second example could be investing in companies offering sustainable technologies, such as surveillance cameras vastly reducing crime rates. A third example could be raising living standards by investing in transmission companies providing electricity to poor and remote areas as is the case in Brazil (mainly through alternative energy sources). While investment opportunities vary and the component of companies having an impact on society is not subject to a specific quantitative target, this criterion will remain an important investment goal.

As mentioned above, Carmignac Emergents and Carmignac Emergents, as part of the positive screening, seek to invest in companies making a deemed positive contribution to the 9 Sustainable Development Goals. A mapping is constructed by sorting raw company revenue data. An investment is deemed aligned if over 50% of investee company's revenues from goods and services are generated from business activities which contribute to one of the 9 (out of 17) specific UN Sustainable Development Goals ("SDGs") that have been determined as pertinent to the Sub-Fund's sustainable objectives : (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, SDG Clean and Affordable Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production. For further information on the SDGs please refer to <https://sdgs.un.org/goals>. For further information on responsible investment, please refer to Carmignac Responsible Investment website.

### **3.6. Does (do) the fund(s) engage in securities lending activities?**

Our Socially Responsible funds rarely offer securities lending. The holdings are recalled so as to exercise voting rights.

### **3.7. Does (do) the fund(s) use derivative instruments?**

The funds can use equity derivatives for efficient portfolio management. The derivatives are subject to UCITS leverage limits and internal risk controls. Short selling of single stocks is not practiced in the funds.

The balanced fund Carmignac Portfolio Emerging Patrimoine is a flexible fund with a minimum of 50% fixed income instruments. Equity investments can be hedged through sector or general market index futures hedging. Fixed income general indices can also be used. These index futures are not assessed for ESG risk.

### **3.8. Does (do) the fund(s) invest in mutual funds?**

The Socially Responsible funds do not normally invest in other mutual funds other than the Carmignac Court Term money market fund for liquidity purposes. This fund's management is delegated to the money market fund, BNP ISR Mois, which is an SRI labelled fund and categorised Article 8 in accordance with the SFDR EU Regulation 2019/2088.

## 4. ESG controls

### **What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?<sup>7</sup>**

An operational framework is in place to manage and monitor sustainability risks. This framework allows us to monitor the overall compliance with ESG limits laid down in our prospectuses and controlling that the investment strategy is consistent with the SFDR regulation SFDR and SRI labels' specifications.

Through the above-mentioned ESG methodologies communicated and handled by the Responsible Investment team, sector exclusions, universe reductions and coverage thresholds for ESG analysis are achieved. ESG rules and guidelines are monitored by the Investment Management and the Responsible Investment team as a first level of control through the START (within Mackey RMS) and the Global Portfolio Monitor (GPM) day to day research and portfolio management tools.

The Risk Management team acts as a second level of control and ensures that the applied strategy complies with the various constraints (regulatory, statutory and internal), using the software Bloomberg Compliance Manager tool (CMGR). This tool configuration defined by Risk Management, allows a close monitoring of sustainability risks in the investment process by setting appropriate limits that reflect consistency between fund's commitment and the implemented strategy.

Most of controls are done post-trade on a weekly or monthly basis, the target being pre-trade control on a daily basis. The overall framework is periodically reviewed by the Compliance and Internal Control department in the conduct of the Compliance Monitoring Program.

## 5. Impact measures and ESG reporting

### **5.1. How is the ESG quality of the fund(s) assessed?**

Carmignac assess the ESG ratings of its SRI funds on a monthly basis. The ratings of the portfolio drawn from MSCI ESG ratings are compared against the Fund's benchmark. The distribution of weightings, the top holdings ratings and the holdings active weights are also given. This report is automated and published inside the financial factsheet, in all languages.

Frequent reviews are made by the ESG analyst of the portfolio ratings compared to the proprietary START and MSCI ESG ratings. This enables discussion about potential discrepancies.

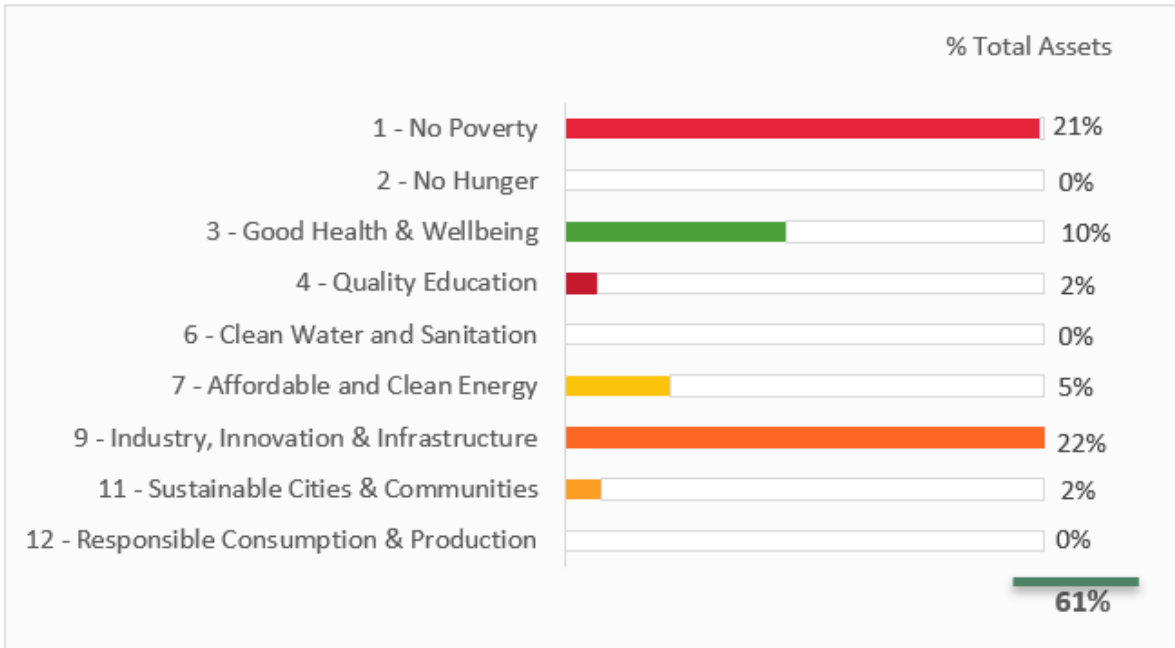
From October 2020 on, the yearly carbon reports have become monthly, showing tCO<sub>2</sub>/M USD revenue against the benchmark. Fossil fuel % revenues are weighted for each holding - alongside the tCO<sub>2</sub>/ M USD reviews vs the benchmark and the 70% benchmark level to highlight that the 30% target has been met.

In terms of positive outcomes reporting, in the SRI Guidelines of our Article 9 Equity funds, including Carmignac Emergents and its SICAV equivalent Carmignac Portfolio Emergents, we provide with the UN SDG alignment.

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<sup>7</sup> Reference to Article 173 of the French TECV Act

## Carmignac Emergent’s UN SDG<sup>1</sup> alignment as of 31/12/2021



### **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%.

## 5.2. What ESG indicators are used by the fund(s)?<sup>8</sup>

In addition to 30+ ESG indicators of company data that can be monitored on the Carmignac proprietary ESG system START (see table below), the funds track the progress of 5 specific E, S, G and Human Rights indicators for the fund, a set of quantifiable data points established as performance measures. They seek to compare and manage the evolution of these indicators against the reference index and across companies. They also serve to drive further research and corporate engagement.

The ESG and HR indicators are also published on a yearly basis. This enables a monitoring of specific ESG, and Human rights indicators compared to the fund benchmark. This report is established by the Responsible investment team, who sources the ESG data from MSCI and S&P Trucost.

The reports can be found here:

For Carmignac Emergents: [https://www.carmignac.fr/en\\_GB/funds/carmignac-emergents/a-eur-acc/documents-and-reports](https://www.carmignac.fr/en_GB/funds/carmignac-emergents/a-eur-acc/documents-and-reports)

For Carmignac Portfolio Emergents: [https://www.carmignac.fr/en\\_GB/funds/carmignac-portfolio-emergents/f-eur-acc/fund-overview-and-characteristics](https://www.carmignac.fr/en_GB/funds/carmignac-portfolio-emergents/f-eur-acc/fund-overview-and-characteristics)

For Carmignac Portfolio Emerging Patrimoine: [https://www.carmignac.co.uk/en\\_GB/funds/carmignac-portfolio-emerging-patrimoine/f-gbp-acc/documents-and-reports](https://www.carmignac.co.uk/en_GB/funds/carmignac-portfolio-emerging-patrimoine/f-gbp-acc/documents-and-reports)

For Carmignac China New Economy: [https://www.carmignac.fr/en\\_GB/funds/carmignac-china-new-economy/f-eur-acc/documents-and-reports](https://www.carmignac.fr/en_GB/funds/carmignac-china-new-economy/f-eur-acc/documents-and-reports)

For Carmignac Portfolio China New Economy: [https://www.carmignac.co.uk/en\\_GB/funds/carmignac-portfolio-china-new-economy/f-eur-acc/documents-and-reports](https://www.carmignac.co.uk/en_GB/funds/carmignac-portfolio-china-new-economy/f-eur-acc/documents-and-reports)

In compliance with the French SRI Label, Carmignac Emergents, Carmignac Portfolio Emergents and Carmignac Portfolio Emerging Patrimoine are committed to maintain a level of carbon emissions 30% lower than the reference indicator, with a data coverage above 90% and Human Rights controversies lower than the benchmark, with a data coverage above 70%. This is illustrated in the table below:

		E – Carbon Emissions	S – Number of Product Safety Controversies	G – Board Independence	Human Rights – Number of Supply Chain Controversies	Human Rights – Number of Controversies (UN GC)
<i>Fund Coverage</i>		92.2%	98.5%	98.5%	98.5%	99.1%
<i>Reference Indicator Coverage</i>		96.1%	99.9%	99.9%	99.9%	96.3%
Carmignac Portfolio Emergents	Dec-2021	116 tCO2e/M€ revenue	1	57.4%	0	0
	Feb-2021	95.78 tCO2e/M€ revenue	2	57.5%	0	0
MSCI EM	Dec-2021	420.8 tCO2e/M€ revenue	9	58.1%	2	9
	Feb-2021	595.65 tCO2e/M€ revenue	9	56.6%	3	8

\*ESG-related issues are not static and no single ESG indicator is enough to judge all ESG-related risks, as their relative materiality varies between companies and across all regions, this measurement is a manner to monitor key indicators across our funds and investee companies.

### 5.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Carmignac's mainstream ESG approach and the SRI Funds plus ESG thematic funds are identified on Carmignac's Responsible Investment web page:

[https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-sri-thematic-funds-4526](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-sri-thematic-funds-4526)

Moreover, on each of these Funds' web page, you will find the following documents related to RI:

- The Sustainability Disclosure document (RTS recommended 2 pager)
- SRI Guidelines
- The Monthly ESG summary factsheet
- The Annual ESG and HR indicator report

These documents are oriented for professional investors.

The annual reports of the Fund contain a full commentary on ESG issues and its ESG assessment.

- The results of the Funds (see 5.1.) studied for emissions are also thoroughly discussed in the respective Funds' annual reports and in our SRI webpage: [https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-policies-reports-4528](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-policies-reports-4528)
- Carbon emissions per Million USD invested, total carbon emissions and carbon intensity are detailed. In the annual report of 2020, the Fund carbon emission reference will be Carbon intensity to allow comparison across asset classes together with fossil fuel revenues .

### 5.4 Please list all public media and documents used to inform investors about the SRI approach to the fund and include URLs. This should include a link to the detailed, no more than 6 months old, list of holdings of the fund(s).

- Prospectus available on the Fund's web page
- Semi-annual and annual reports available on the Fund's web page
- KIID available on the Fund's web page
- Detailed positions composing the Fund available in the quarterly reports

Funds web page for all other reports please see the Documents and Reports section

#### **Carmignac Emergents**

[https://www.carmignac.lu/en\\_GB/funds/carmignac-emergents/a-eur-acc/documents-and-reports](https://www.carmignac.lu/en_GB/funds/carmignac-emergents/a-eur-acc/documents-and-reports)

#### **Carmignac Portfolio Emergents**

[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-emergents/a-eur-acc/documents-and-reports](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-emergents/a-eur-acc/documents-and-reports)

#### **Carmignac Portfolio Emerging Patrimoine**

[https://www.carmignac.lu/en\\_GB/funds/carmignac-portfolio-emerging-patrimoine/a-eur-acc/documents-and-reports](https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-emerging-patrimoine/a-eur-acc/documents-and-reports)

#### **Carmignac China New Economy**

[https://www.carmignac.fr/en\\_GB/funds/carmignac-china-new-economy/f-eur-acc/documents-and-reports](https://www.carmignac.fr/en_GB/funds/carmignac-china-new-economy/f-eur-acc/documents-and-reports)

#### **Carmignac Portfolio China New Economy**

[https://www.carmignac.fr/en\\_GB/funds/carmignac-portfolio-china-new-economy/a-eur-acc/documents-and-reports](https://www.carmignac.fr/en_GB/funds/carmignac-portfolio-china-new-economy/a-eur-acc/documents-and-reports)



## Funds pages

Share class

A EUR Acc

Change Fund

Fund overview and characteristics

Performance

Global Fund Allocation

Bond component

Equity component

**Quarterly Holdings**

Documents and reports



## Latest documents and reports

Please use the menu below to select which reports you want to view / download

**Weekly Report PRO**

PDF - Carmignac Portfolio Grande Europe


**Monthly Factsheet (including ESG data)**

PDF - Carmignac Portfolio Grande Europe


**Product Sheet**

PDF - Carmignac Portfolio Grande Europe


**KIID**

PDF - Carmignac Portfolio Grande Europe


**Prospectus**

PDF - Carmignac Portfolio Grande Europe


**Semi-annual report**

PDF - Carmignac Portfolio Grande Europe


**Annual Report**

PDF - Carmignac Portfolio Grande Europe


**SICAV articles**

PDF - Carmignac Portfolio Grande Europe


**Notice to shareholders**

PDF - Carmignac Portfolio Grande Europe


**SRI Flyer**

PDF - Carmignac Portfolio Grande Europe


**ESG and HR indicators**

PDF - Carmignac Portfolio Grande Europe


**Sustainability Quarterly Report**

PDF - Carmignac Portfolio Grande Europe


**SRI Guidelines**

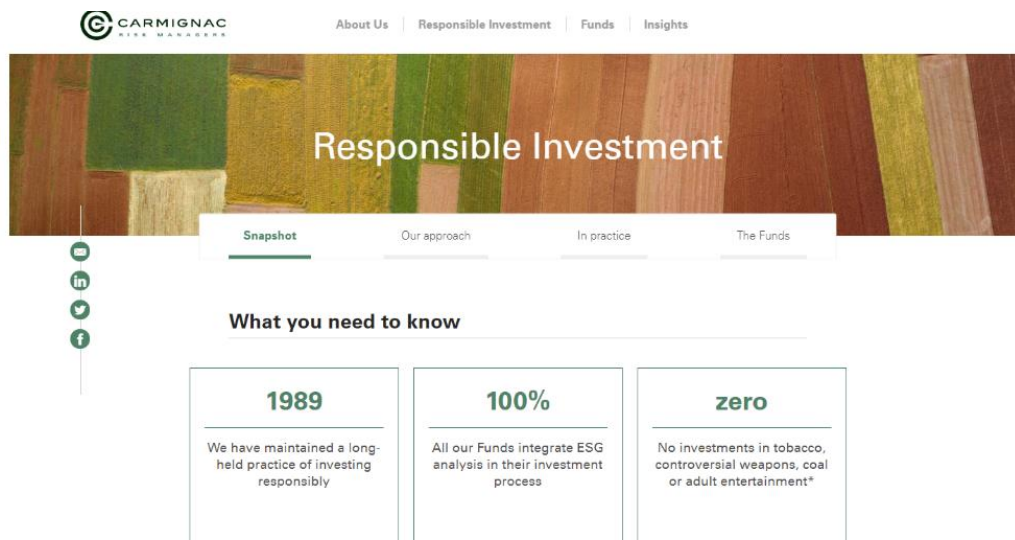
PDF - Carmignac Portfolio Grande Europe


**Fund Sustainability-related disclosure**

PDF - Carmignac Portfolio Grande Europe



## Responsible Investment Website

[https://www.carmignac.lu/en\\_GB/responsible-investment/snapshot-4742](https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742)


About Us | Responsible Investment | Funds | Insights

# Responsible Investment

Snapshot | Our approach | In practice | The Funds

### What you need to know

- 1989**  
 We have maintained a long-held practice of investing responsibly
- 100%**  
 All our Funds integrate ESG analysis in their investment process
- zero**  
 No investments in tobacco, controversial weapons, coal or adult entertainment\*

**GLOSSARY**


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ESG integration	Assess E, S and G risks and document them as part of investment rationale, engage with companies on ESG topics
Norms based screening	Respect globally recognised exclusions from EU or UN sanction lists
Exclusions	Key hard exclusions are controversial weapons, tobacco, coal (10% revenue limit) mining companies, and adult entertainment
Active voting policy	High level of voting participation (target 100%)
Carbon emissions analytics	Full report on carbon footprint, carbon intensity, % fossil fuel revenues, vs benchmark
ESG analytics	Full assessment on E, S and G factors, scoring vs benchmark
Targeted voting policy 100%	Funds voting participation is close to 100%,
Full SFDR disclosure in prospectus	Fund category in accordance with the Sustainable Finance Disclosure Regulation 2019/2088, Article 8 or 9.
SRI label	Recognised SRI label certification and yearly audit by a government approved auditor
Low carbon approach	Carbon Intensity (CO2/ % M€ revenues at minimum 30% below reference indicator), S&P Trucost data, GHG Protocol , Scope 1&2
Extended exclusions	Additional exclusion lists such as for example, conventional weapons, high carbon emitting sectors
Best in universe	Best ESG practice irrespective of sector
Best efforts	Companies with improving ESG policies
Best in class	Best ESG practice within each sector
Green bond	Participate in sovereign or corporate Green bond issues
Positive impact	intention to generate a measurable social and environmental impact alongside a financial return
Thematic approach	Funds with environment or social sustainability themes often i.e. environmental n Positive Impact funds

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