

Socially Responsible Investment Guidelines

FP Carmignac Emerging Patrimoine



Carmignac's Overarching Sustainable Framework¹



- Our operations are Carbon neutral 2019²
- Office Environmental practices
- UNPRI signatory 2012

- Climate Change
- Human Capital
- Entrepreneurship

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

- All portfolio managers and analysts are responsible for ESG integration

- Fulfil our fiduciary duty
- Represent our shareholders rights

- Rigorous 3rd party audit
- French ISR³
- Belgian Towards Sustainability³

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

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

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

RI Labels: Not all Carmignac funds are concerned with this statement

³ French Label ISR. For further information, please visit <https://www.llelabelisr.fr/en/>

Belgian Label Towards Sustainability. For further information, please visit: <https://www.towardsustainability.be>

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

Carmignac Portfolio Emerging Patrimoine - Article 8 Fund with the French sustainability label accreditation

A strategy replicated in FP Carmignac Emerging Patrimoine

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

A label created and supported by the French Ministry of Finance*

Accredited upon a strict audit run by an independent body

Renders SRI** products more visible for investors in France and across Europe



© Carmignac Portfolio Emerging Patrimoine



Source: <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>

**Socially Responsible Investment

*Label obtained in Jan 2019. For further information, please visit <https://www.lelabelisr.fr/en/>

Our ESG Guidelines



Portfolio construction objective

- ▶ The fund employs an environmental and social approach as is defined in the fund's prospectus and is classified as Art 8 under the SFDR EU regulation.
- ▶ 20% of Fund's equity investment universe (MSCI EM NR) is excluded based on ESG criteria
- ▶ 20% of Fund's corporate bond universe (JPM CEMBI Index) is excluded based on ESG criteria



Integration of ESG criteria and engagement with companies

- ▶ Minimum 90% of equity and corporate bond holdings are analysed for ESG risks and opportunities
- ▶ ESG research system START¹ used to centralise raw ESG Data, proprietary scoring and revenue impact
- ▶ We commit to a strengthened dialogue with companies to improve their approach to ESG issues aligned with our corporate themes²



Voting Policy engagement

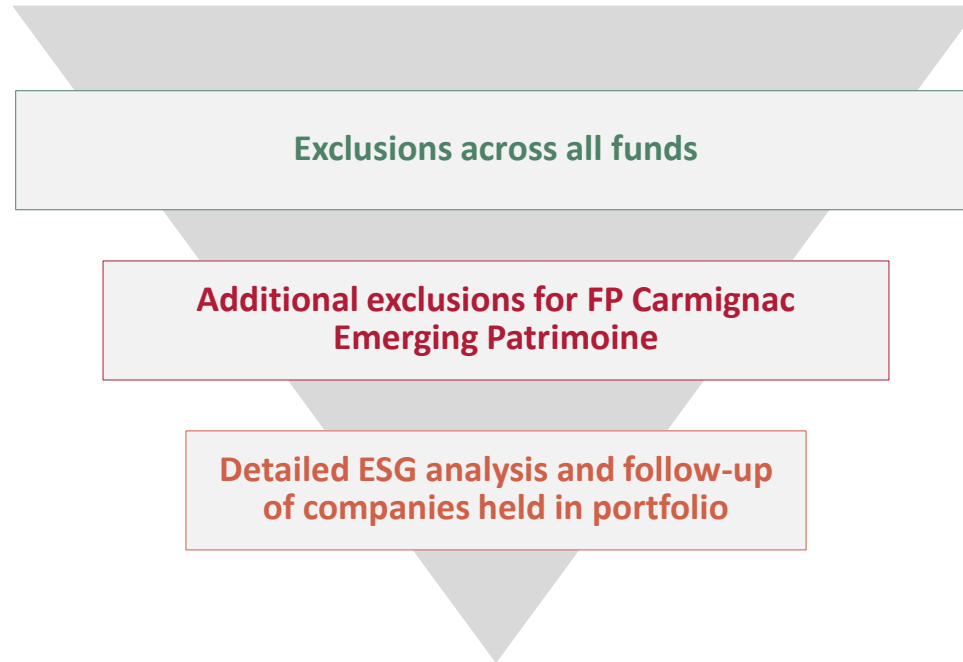
- ▶ An objective of participation rate of 100% or above

¹The 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.

²Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743.
Source: Carmignac, <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>, march 2021.

Exclusion Policy

The Emerging Market Equity team has extended the exclusion list with its own specific convictions



Exclusions Across All Funds



Exclusions

Our exclusions policy

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

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

Firm-wide hard restrictions

(transactions are prohibited and blocked on trading tools)

- ✘ **Controversial weapon manufacturers** that produce products that do not comply with treaties or legal bans*
- ✘ **Tobacco producers. Wholesale distributors and suppliers** with revenues over 5% from such products
- ✘ **Thermal coal miners** with over 10% revenues from extraction
- ✘ **Power generators** that produce more CO₂/kWh than the defined threshold**
- ✘ **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.

*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

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

Please refer to Carmignac's exclusion policy for further detail
https://www.carmignac.lu/en_GB/responsible-investment/policy

Exclusion lists are updated on a quarterly basis

FP Carmignac Emerging Patrimoine's Exclusion Policy



Exclusions

- ✘ **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**
- ✘ **Conventional Weapons including components companies (10% revenue hurdles)***
- ✘ **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 (3) ***
- ✘ **Power generation companies* must not exceed 408 gCO₂/kWh carbon intensity or if data is not available cannot exceed:**
 - o **Gas-fired – 30% production or revenue**
 - o **Coal-fired – 10% production or revenue**
 - o **Nuclear-fired – 30% production or revenue**

* For the equity part of the portfolio

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

(2) Conventional energy extraction sources: oil and gas

(3) Conventional energy production companies must have a minimum 40% revenue from Gas and/or Renewable Energy

On the Equity Side

An Investment Process Taking into Account Financial and Extra Financial Criteria¹

Macro Level

Micro Level

EMERGING UNIVERSE²

≈ 1365 stocks



Country Selection

Strong macro fundamentals



Sector Selection

Underpenetration & positive impact screening



Stock Selection

Sustainable FCF, self financed growth

INVESTABLE UNIVERSE ACCORDING TO FINANCIAL & EXTRA FINANCIAL CRITERIA

≈ 580 stocks



Detailed ESG analysis based on trajectory & best efforts approach



Add. exclusions based on sectorial & controversy considerations



Active voting & engagement

SUSTAINABLE EMERGING UNIVERSE

≈ 460 STOCKS

**FP Carmignac
Emerging Patrimoine**

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

² Universe: MSCI Emerging Markets Index (USD). Portfolio composition may vary overtime. *The investable universe is reviewed on a quarterly basis. Data as of 30/09/2020. Source: Carmignac October 2020

Sustainability is at the heart of Carmignac P. Emerging Patrimoine's investment process

OUR COMMITMENT TO INVESTORS

Generating attractive returns with a low turnover...

By selecting the right

- ▶ **Countries with healthy macro-economic fundamentals** and sound balance of payments
- ▶ **Underpenetrated sectors** that stand to benefit from long-term growth themes
- ▶ **Capital-light companies** offering attractive and sustainable cash generation capable of self-financing their growth

... while contributing to sustainable development

- ▶ **Systematically taking into account environmental, social and governance criteria (ESG)** when analyzing companies and when making our investment decisions
- ▶ **Positively impacting society** by favoring companies that bring solutions to social and environmental challenges
- ▶ **Identification and exclusion** of controversial sectors

Favoring companies that bring solutions to social and environmental challenges*

FINANCING THE FUTURE

OFFERING INNOVATIVE
TECHNOLOGIES



FINANCING SUSTAINABLE
TECHNOLOGIES

IMPROVING
LIVING STANDARDS

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

ESG criteria are embedded in our decision-making process and our portfolio construction



Step 1 Setting the investment universe



All companies eligible to our investment universe must meet both our country, sector and company criteria as well as our **ESG standards guidelines and exclusion policy**.



Step 2 Analysis



Stock selection is made through a **long-term, sustainable approach**, which includes consultation of external and independent ESG reports and ratings and is implemented through our proprietary ESG system START.* Our teams carry out detailed financial and ESG assessments of companies held in portfolio.



Step 3 On-the-ground visits



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



Step 4 Monitoring



Consideration of ESG issues does not end when the investment decision is made. The Emerging Market (EM) Equity team continuously reviews the investment thesis of companies held in portfolio, including a **review of ESG criteria and document in START**.

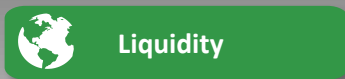
*The proprietary ESG system START combines and aggregates market leading data providers ESG indicators . Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby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

On the Fixed Income Side

Corporate Bond Approach to Socially Responsible Investment¹

EMERGING CORPORATE BOND UNIVERSE²

≈ 700 issuers



INVESTABLE UNIVERSE ACCORDING TO FINANCIAL CRITERIA

≈ 320 issuers



SUSTAINABLE EMERGING CORPORATE
BOND UNIVERSE*

≈ 250 issuers

Macro
Level

Micro
Level

FP Carmignac
Emerging Patrimoine

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

2: Universe: JPM CEMBI Index (USD).

Portfolio composition may vary overtime

*The investable universe is reviewed on a quarterly basis .
Data as of 30/09/2020. Source: Carmignac October 2020

Fixed income approach to socially responsible investment*



Sovereign bonds

- ✓ Respect norms-based country exclusions
- ✓ Global country sanction list configured in portfolio management system
- ✓ Proprietary quantitative and qualitative sustainable sovereign rating
- ✓ Seek sovereign bonds of country whose governments are raising ESG standards
- ✓ Ongoing assessment of countries' sustainability policies



Corporate bonds

- ✓ Filter and implement universe reduction for financial and extra-financial criteria
- ✓ Assess company ESG risks, documented under specific ESG section in our ESG research system START**
- ✓ Respect firm-wide and fund specific exclusions
- ✓ Engage with companies on E, S, G issues before and during investments and including during controversies

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

**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.

Disclaimer

This presentation is intended for professional clients and prepared on 08/03/2021. It may not be reproduced, disseminated or communicated, in whole or in part, without prior authorisation from the management company. The information contained in this document may be partial information, and may be modified without prior notice.

IMPORTANT LEGAL INFORMATION: This document may not be reproduced, in whole or in part, without prior authorisation from the Investment Manager. This document does not constitute a subscription offer, nor does it constitute investment advice. FP Carmignac ICVC (the “Company”) is an Investment Company with variable capital incorporated in England and Wales under registered number 839620 and is authorised by the Financial Conduct Authority (the “FCA”) with effect from 4 April 2019 and launched on 15 May 2019. FundRock Partners Limited is the Authorised Corporate Director (the “ACD”) of the Company or the fund and is authorised and regulated by the FCA. Registered Office: Second Floor, 52-54 Gracechurch Street, London EC3V 0EH, UK; Registered in England and Wales with number 4162989. Carmignac Gestion Luxembourg SA, UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013) has been appointed as the Investment Manager and distributor in respect of the Company.

Access to the Company or the fund may be subject to restrictions with regard to certain persons or countries. The Company or the fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Company or the fund has not been registered under the US Securities Act of 1933. The Company may not be offered or sold, directly or indirectly, for the benefit or on behalf of a U.S. person, according to the definition of the US Regulation S and/or FATCA. The Company presents a risk of loss of capital. The risks and fees are described in the KIID (Key Investor Information Document). The Company’s prospectus, KIIDs and annual reports are available at www.carmignac.com or upon request to the Investment Manager. The KIID must be made available to the subscriber prior to subscription. This material was prepared by Carmignac Gestion Luxembourg SA and is being distributed in the UK by the Investment Manager

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

CARMIGNAC GESTION – 24, place Vendôme - F - 75001 Paris

Tel: (+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

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 B67549