Socially Responsible Investment Guidelines

Carmignac Investissement Latitude

CARMIGNAC
RISK MANAGERS

Carmignac's Overarching Sustainable Framework[1]

Firm

- Our operations are Carbon neutral 2019[2]
- Office Environmental practices
- UNPRI signatory 2012

3 key engagement themes

- Climate Change
- Human Capital
- Entrepreneurship

Do No Harm

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

100% ESG integration

- All portfolio managers and analysts are responsible for ESG integration

100% voting

- Fulfil our fiduciary duty
- Represent our shareholders rights

RI fund labels

- Rigorous 3rd party audit
- French ISR[3]
- Belgian Towards Sustainability[3]

ESG Platform START[4]

- 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 tavel 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 concerend with this statement

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

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

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

Our Internal 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
- Minimum 20% universe reduction through
  - Firm-wide exclusions
  - Excluding poorly ESG-rated companies (using MSCI [1] and START[2] scores) [3]
- The Fund aims to achieve carbon emissions 30% lower than its reference indicator (MSCI World)[4]

INTEGRATION OF ESG CRITERIA AND ENGAGEMENT WITH COMPANIES

- Minimum 90% of portfolio holdings are analysed for ESG risks and opportunities
- ESG research system START[2] 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 themes[5]

VOTING POLICY ENGAGEMENT

- An objective of participation rate of 100%

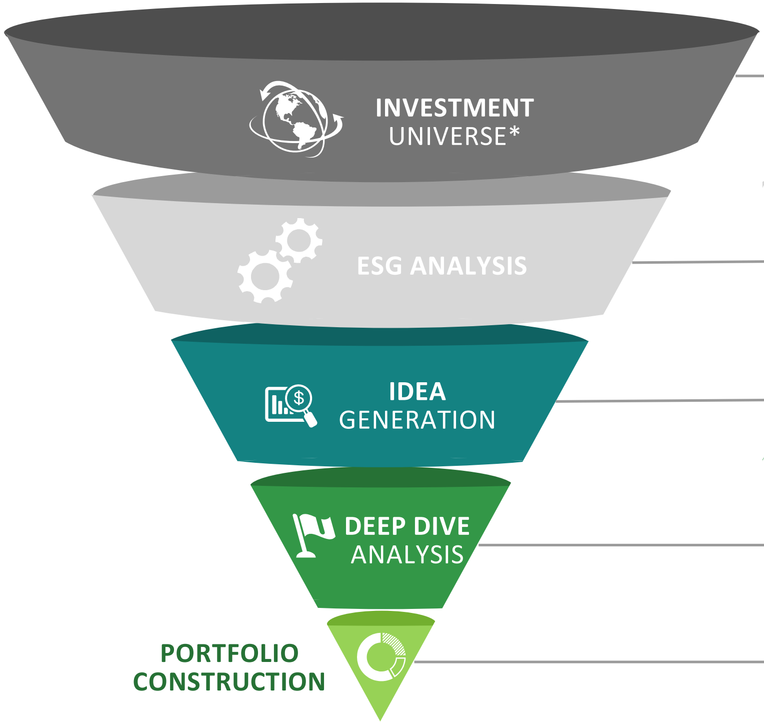
[1]*MSCI ESG Ratings is a proprietary methodology from MCSI. To arrive at a final rating (from AAA the best to CCC the worst) the weighted averages of the 37 Key Issue Scores covering 10 different themes (4 for Environment / 4 for Social / 2 for Governance) are aggregated and companies' scores are normalized 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.* [2]*The proprietary ESG system START combines and aggregates market leading data providers ESG indicators . Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete.* [3]*B or CCC MSCI -rated companies are excluded, as are companies with less than 1.4/10 MSCI Environment and Social pillar score, unless the proprietary score START is A, B or C.* [4]**CO2 emissions:** The Sub-Fund aims to achieve carbon emissions 30% lower than the reference indicator as measured by carbon intensity (tCO_2/ mUSD revenue converted to Euros; aggregated at portfolio level (Scope 1 and 2 of GHG Protocol)) [5]*Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743 .*

Source: Carmignac, April 2021

THE FUND IS NOT ACCREDITED WITH A SUSTAINABILITY LABEL

CARMIGNAC
RISK MANAGERS

Carmignac Investissement (Master Fund of Carmignac Investissement Latitude): ESG Embedded in the Investment Process



GLOBAL (DM & EM) **EQUITIES**
≈ 2980 stocks

- **FIRM-WIDE EXCLUSION LIST**
- **OVERALL ESG SCREEN**
- **E&S SCREEN**
- **PROPRIETARY ESG ANALYSIS**

≈ 2338 stocks

FOCUS ON SECULAR GROWTH COMPANIES

DEVELOPING A DIVERGENT VIEW VS CONSENSUS THROUGH PROPRIETARY FINANCIAL AND EXTRA-FINANCIAL ANALYSIS

TYPICAL PORTFOLIO
≈ 70 stocks

Source: Carmignac, 31/12/2020
*Investment universe MSCI ACWI index

ESG Criteria Are Embedded in Our Decision-Making Process And our Financial Analysis*

Step 1
Setting the investment universe

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

Step 2
Analysis

Our teams carry out detailed financial and ESG assessments of targeted companies in order to **assign them with our own ESG rating**, implemented through **our proprietary ESG system START**[1] .

Step 3
On-the-ground visits

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

Step 4
Monitoring

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

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

Exclusions Across All Funds

Exclusions

Our exclusions policy

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

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

Firm-wide hard restrictions

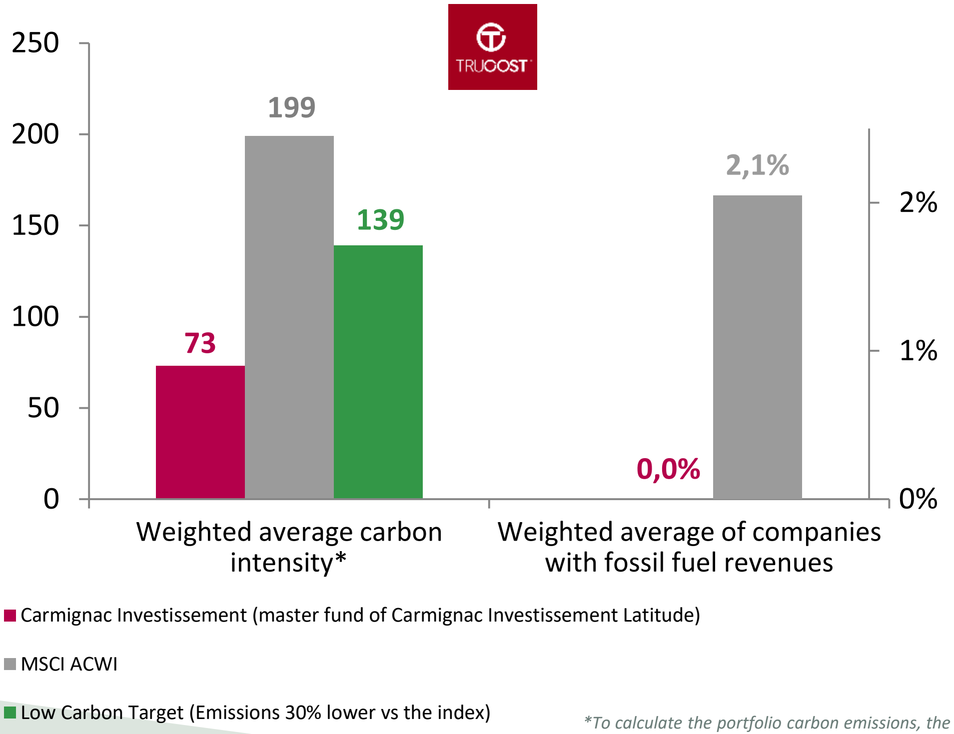
(transactions are prohibited and blocked on trading tools)

- **Controversial weapon manufacturers** that produce products that do not comply with treaties or legal bans*
- **Tobacco producers. Wholesale distributors and suppliers** with revenues over 5% from such products
- **Thermal coal miners** with over 10% revenues from extraction or 20 million tonnes from extraction
- **Power generators** that produce more CO_2/kWh than the defined threshold**
- **Adult entertainment and pornography** producers and distributers with over 2% revenues from such product
- **International Global Norms violations** including OECD Business Principle, ILO Principles and UNGC Principles.

*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 CO_2 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

A Low Carbon Strategy

Footprint as of 31/03/2021



Carbon emission investment strategy

- We aim to achieve carbon **emissions 30% lower** than our **reference indicator**
- Limiting investments in companies owning **fossil fuel reserves**
- Selecting companies that follow a more ambitious **carbon risk management** policy than their industry peers
- Investing in companies that offer **clean technology solutions**

**To calculate the portfolio carbon emissions, the companies' carbon intensities (tonnes of CO2e /USD mn revenues converted to Euros, (Scope 1 and 2 GHG Protocol), S&P Trucost) are weighted according to their portfolio weightings (adjusted for holdings for which carbon emissions are not available), and then summed.*

To know more about S&P Trucost methodology, see following page..

Source: S&P Trucost, Carmignac, 31/03/2021.

Carbon calculations methodology

- Carbon emission figures are based on S&P Trucost data. The analysis is conducted using estimated or declared data measuring Scope 1 and Scope 2 carbon emissions, excluding cash and holdings for which carbon emissions are not available.
- To determine carbon intensity, the amount of carbon emissions in tonnes of CO2 is calculated and expressed per million dollar of revenues (converted to Euro). This is a normalized measure of a portfolio's contribution to climate change that enables comparisons with a reference indicator*, between multiple portfolios and over time, regardless of portfolio size.
- Fossil fuel % revenue is derived weighted average of % revenues excluding cash of each holding within the portfolio
- S&P Trucost methodology: Trucost uses company disclosed emissions where available. In the instance it is not available, they use their proprietary EEIO model. The model uses the revenue breakdown of the company by industry sector to estimate the carbon emissions. For further information, please visit: 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.

<u>Definitions:</u>

- Scope 1: Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company.
- Scope 2: Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company
- Scope 3: Other indirect Greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc

Source www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf.

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