Socially Responsible Investment Guidelines

Carmignac Portfolio China New Economy

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.

CARMIGNAC
RISK MANAGERS

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 investment universe (MSCI China NR) is excluded based on ESG criteria
- The Fund aims to contribute to China's carbon neutrality target for 2060 and is committed to reducing its carbon footprint (measured in tCO_2; aggregated at portfolio level GreenHouse Gas Protocol Scope 1 and 2)[1] by 5% per annum. It will review the portfolio's carbon reduction target at the end of each year, every 5 years from 2025 to 2060.[1]

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[3]

Voting Policy engagement

- An objective of participation rate of 100%[4]

[1]**CO2 emissions** measured by carbon intensity (tCO_2/ mUSD revenue converted to Euros; aggregated at portfolio level (Scope 1 and 2 of GHG Protocol))

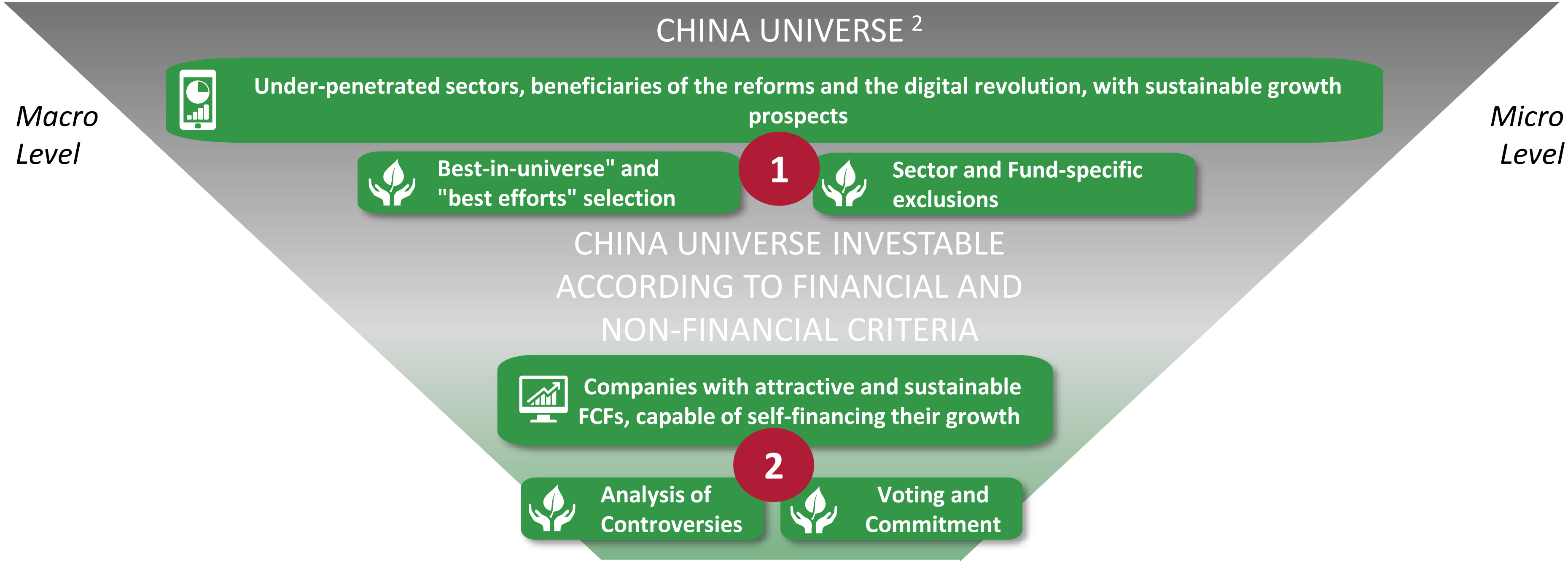
[2]*The proprietary ESG system START combines and aggregates market leading data providers ESG indicators . Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby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

[3]*Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743 .*

[4]Excluding warrants/ P-Notes and preference shares

Source: Carmignac, https://eur-lex.europa.eu/eli/reg/2019/2088/oj, March 2021

An investment process taking into account financial and extra financial criteria[1]



Carmignac Portfolio China 'New Economy'

1 Not all underlying funds and issuers are affected by this statement. For further details, please refer to: https://www.carmignac.fr/fr_FR/responsible-investment/apercu-4735.
2 Universe: MSCI China Index (USD)
3 The investment universe is reviewed on a quarterly basis.
The portfolio may change over time.
Carrmignac January 2021

CARMIGNAC
RISK MANAGERS

Detail on the extra-financial characteristics of the Fund

1. This Sub-Fund has (E) environmental and (S) social characteristics and promotes investment into companies which follow good governance practices in accordance with article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”).
2. Health, education, consumption, clean energies, sustainable or innovative technologies are among the main themes identified as socially responsible opportunities for the Sub-fund. Particular attention is paid to how companies can contribute positively to the achievement of these sustainable development goals. Positive screening also implies the use of a “best-efforts” approach consisting in favoring issuers demonstrating an improvement or good prospects in their ESG practices and performance over time.
3. The Fund undertakes a holistic view to managing the sustainability risk by identifying and assessing the sustainability risks related to its investments and their stakeholders. The Fund applies either best-in-universe and best-efforts approaches to identify companies that provide sustainable activities. Extra financial criteria are taken into account in (1) definition and active reduction the equity investment universe, (2) construction of equity portfolio and (3) final stock selection.
4. Moreover, the Fund aims to contribute to China’s carbon neutrality goal for 2060 and is committed to reducing its carbon footprint by 5% per year. From 2025, the fund's annual carbon footprint reduction threshold will be revised every 5 years. Carbon footprint is measured in tCO2tons, aggregated at portfolio level (Scope 1 and 2 of GHG protocol). For details, please refer to climate policy available on Carmignac Responsible Investment website.
5. The Sub-Fund employs an active voting policy and active engagement in its investments. For details, please refer to voting and engagement policies available on Carmignac Responsible Investment website https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742

Implementation of extra-financial analysis in the investment strategy

- The Fund undertakes a holistic view to managing the sustainability risk by identifying and assessing the sustainability risks related to its investments and their stakeholders.

- 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%:
  (1) Negative screening for Energy- and Ethical-related exclusions.
  (2) Positive screening applied to filter the equity investment universe to identify companies with a long-lasting and sustainable activity, and which contribute in particular to improving the standard of living and the social, societal and environmental conditions of the population.

- Health, education, consumption, clean energies, sustainable or innovative technologies are among the main themes identified as socially responsible opportunities for the Sub-fund. Particular attention is paid to how companies can contribute positively to the achievement of these sustainable development goals. Positive screening also implies the use of a “best-efforts” approach consisting in favoring issuers demonstrating an improvement or good prospects in their ESG practices and performance over time.
- Furthermore, the Fund applies binding negative company-wide and norm-based screening to exclude certain sectors and activities. For details, please refer to exclusion policy available on Carmignac Responsible Investment website https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742

Under-penetration goes hand in hand with sustainable development issues

Focus on companies with attractive long-term growth prospects providing solutions to China's environmental and social challenges*

FINANCING CLEAN ENERGY AND SUSTAINABLE MOBILITY

FINANCING SUSTAINABLE TECHNOLOGIES

OFFER INNOVATIVE TECHNOLOGIES

IMPROVING THE STANDARD OF LIVING

Health, education, consumption

*Not all underlying funds and issuers are affected by this statement. For further details, please refer to https://www.carmignac.fr/fr_FR/nous-connaitre/investissement-socialement-responsable-isr-1252.

Sustainability is at the heart of Carmignac Portfolio China New Economy investment process*

OUR COMMITMENT TO INVESTORS

Generating attractive returns with a low turnover…

By selecting the right:

- **Underpenetrated sectors within Chinese New Economy, with sustainable growth prospects** that stand to benefit from long-term reforms and the economic transition of the Chinese Economy
- **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

*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 financial analysis*

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[1].
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 **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.**

*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

[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.*

Exclusion Policy

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

Exclusions across all funds

Additional exclusions for Carmignac P. China New Economy

Detailed ESG analysis and follow-up of companies held in portfolio

Exclusion lists are updated on a quarterly basis.

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 CO2/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 CO2 data not available
Please refer to Carmignac's exclusion policy for further detail
https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742
Exclusion lists are updated on a quarterly basis

Carmignac Portfolio China New Economy Exclusion Policies*

ENERGY EXCLUSION POLICY

- **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 energy production** (2) companies must have a minimum 40% revenue from **Gas and/or Renewable Energy** (3)
- **Conventional oil energy production** companies are limited to 3% of the portfolio
- **Power generation** companies must not exceed 408 gCO_2/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

ETHICAL EXCLUSION POLICY

- **All Controversial weapon** companies (4)
- **Conventional Weapons including components** companies (10% revenue hurdles)
- **All Tobacco** producers. Wholesale distributors and suppliers 5% revenue threshold
- **Norms based** exclusion including UN Global Compact violations human rights, labour rights, environment and corruption
- **Adult Entertainment** companies (2% revenue hurdle)
- **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

*Our Energy and Ethical policies are aligned with the Quality Standards of the Belgian SRI label
(1) Unconventional energy extraction sources: Tar/oil sands, shale oil, shale gas and Arctic drilling.
(2) Conventional energy extraction sources: oil and gas
(3) Renewable energy: biofuel, wind, solar, wave, geothermal, hydro, tidal.
(4) 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

Information on carbon emission target & transparency

Carbon emission investment strategy

- The Fund aims to contribute to China's carbon neutrality target for 2060 and is committed to reducing its carbon footprint (measured in tCO_2; aggregated at portfolio level GreenHouse Gas Protocol Scope 1 and 2) by 5% per annum*.
- It will review the portfolio's carbon reduction target at the end of each year, every 5 years from 2025 to 2060.

*CO2 emissions measured by carbon intensity (tCO_2/ mUSD revenue converted to Euros; aggregated at portfolio level (Scope 1 and 2 of GHG Protocol))
For more information visit Trucost webpage
www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf.
For details, please refer to climate policy available on Carmignac Responsible Investment website
https://www.carmignac.lu/en_GB/responsible-investment/snapshot-4742
Source: S&P Trucost, Carmignac, Janvier 2021.

Carbon calculations methodology

TRUCOST

- 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 tons 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.

Definitions:

- 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.

DISCLAIMER

Carmignac Emergents (the "Fund") is a common fund in contractual form (FCP) conforming to the UCITS Directive under French law. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Fund is registered in Singapore as restricted foreign scheme (for professional clients only). The Fund has not been registered under the US Securities Act of 1933. The Fund may not be offered or sold, directly or indirectly, for the benefit or on behalf of a "U.S. person", according to the definition of the US Regulation S and/or FATCA. The Fund presents a risk of loss of capital. The risks, fees and ongoing charges are described in the KIID (Key Investor Information Document). The Fund's prospectus, KIIDs and annual reports are available at www.carmignac.com, or upon request to the Management Company. The KIID must be made available to the subscriber prior to subscription. Past performance is not necessarily indicative of future performance. **In the United Kingdom**, the Funds' respective prospectuses, KIIDs and annual reports are available at www.carmignac.co.uk, or upon request to the Management Company, or for the French Funds, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R. This material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). **In Switzerland**, the Fund's respective prospectuses, KIIDs and annual reports are available at www.carmignac.ch, or through our representative in Switzerland, CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon. The KIID must be made available to the subscriber prior to subscription. Copyright: the information contained herein is proprietary to its content providers as indicated on each page. Non contractual document, completion achieved on **12/03/2021.**

CARMIGNAC GESTION – 24, place Vendôme - F - 75001 Paris - Tel: (+33) 01 42 86 53 35
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. UCITS management company (CSSF authorisation of 10/06/2013).
Limited company (SA) with capital of €23,000,000 – Registration no.: RC Luxembourg B67549