SFDR Fund Classification** **Article 9**

SRI Guidelines

Carmignac Emergents

January 2022

Carmignac's Overarching Sustainable Framework

Firm
- Our operations are Carbon neutral 2019[1]
- Office Environmental practices
- UNPRI signatory 2012

3 key engagement themes
- Climate Change
- Empowerment
- Leadership

Firm-wide exclusions
- 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

19 RI fund labels
- Rigorous 3rd party audit
- French ISR[2]
- Belgian Towards Sustainability[3]

ESG Platform START[4]
- Multiple source ESG indicators
- Proprietary scoring and analysis
- Smart interface for all PM ESG requirements

90% Article 8 and 9 (SFDR[5])
- 17% Article 9 funds
- Over 70% Article 8 funds

[1] 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

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

[3] 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

[5] SFDR: Sustainable Finance Disclosure Regulation (EU) 2019/2088, assets under management as of January 2022, Source: Carmignac

Carmignac Emergents – Article 9 Fund with the French and Belgian sustainability labels accreditations

SFDR Fund Classification** **Article 9**

This Fund has sustainability investment as its objective in accordance with Article 9 of the Sustainable Finance Disclosure Regulation ("SFDR")[1]. Our sustainable objective is: >50% Fund's AUM invested in companies with >50% revenue derived from goods and services positively aligned with at least 1 of 9 selected UN SDGs[2]

Labels supported by the French[3] government and Belgian Financial Sector Federation Febelfin[4] respectively

Accredited upon a strict audit run by an independent body

Labels render SRI[5] products more visible for investors in France, Belgium, and across Europe

Carmignac Emergents

Label ISR – INVESTISSEMENT • SOCIALEMENT • RESPONSABLE

TOWARDS SUSTAINABILITY - TOWARDS SUSTAINABILITY

1) SFDR Fund Classification: Article 9. Sustainable Finance Disclosure Regulation (SFDR) 2019/2088. For more information please refer to EUR-lex , https://eur-lex.europa.eu/eli/reg/2019/2088/oj 2) The United Nations' Sustainable Development Goals (UN SDGs) are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". For more details: https://sdgs.un.org/goals 3) Jan 2019. For further information, please visit https://www.lelabelisr.fr/en/ 4) Feb 2020. For further information, please visit https://www.towardssustainability.be/ https://www.febelfin.be/fr 5) Socially Responsible Investment

Source: Carmignac, January 2022

Further ESG Guidelines, Engagement, and Voting

PORTFOLIO CONSTRUCTION OBJECTIVE

- This Fund has sustainability investment as its objective in accordance with Article 9 of the Sustainable Finance Disclosure Regulation (“SFDR”).
- Our sustainable objective is: >50% Fund’s AUM invested in companies with >50% revenue derived from goods and services positively aligned with at least 1 of 9 targeted United Nations Sustainable Development Goals
- Universe reduced by more than 20% through extra-financial criteria and negative screening (including MSCI[1] and START[2] assessments)
- The Fund aims to achieve carbon emissions 30% lower than its reference indicator (MSCI EM NR Index)[3]

INTEGRATION OF ESG CRITERIA

- Minimum 90% of portfolio holdings are analysed for ESG risks and opportunities
- ESG research system START used to centralise raw ESG Data, proprietary scoring and revenue impact

VOTING & ENGAGEMENT

- An objective of 100% participation rate
- We commit to a strengthened dialogue with companies to improve their approach to ESG issues aligned with our corporate themes[5]

[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.

[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] **CO2 emissions:** The Sub-Fund aims to achieve carbon emissions 30% lower than the reference indicator as measured by carbon intensity (tCO2/ 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, January 2022

Carmignac Emergents: ESG Embedded in the Investment Process

EMERGING UNIVERSE[1]
≈ 1430 stocks

Firm-wide Exclusions
Add. exclusions based on sectorial & controversy considerations

Overall ESG screen

Environmental and Social screen

SUSTAINABLE EMERGING UNIVERSE (20% minimum universe reduction)
≈ 1060 stocks

Macro Level

Country Selection
Strong macro fundamentals

Sector Selection
Underpenetration & positive impact screening

Stock Selection
Sustainable FCF, self financed growth

Micro Level

INVESTABLE UNIVERSE ACCORDING TO FINANCIAL & EXTRA FINANCIAL CRITERIA

Carmignac Emergents

[1] Universe: MSCI Emerging Markets Index (USD)
Portfolio composition may vary overtime
The investable universe is reviewed on a quarterly basis
Source: Carmignac, 31/12/2021

ESG criteria are embedded in our decision-making process and our financial analysis[1]

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[2]
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**

[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] 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

Sustainability is at the heart of Carmignac Emergents' investment process[1]

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

[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

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 Emergents

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[1]
- **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[2]
- **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.

[1] 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
[2] 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

Carmignac Emergents Exclusion Policies*

ENERGY EXCLUSION POLICY

- **Thermal Coal** producing companies with more than 5% sales directly derived from coal extraction and their related supply chain are excluded
- **Unconventional energy** [(1)] companies deriving more than 1% of total revenues from unconventional energy sources are excluded
- **Conventional oil and gas production**[(2)] companies are subject to sustainability criteria
- **Power generation** [(3)] companies must not exceed 374 gCO2/kWh carbon intensity and cannot structurally increase nuclear- or coal-based power generation

ETHICAL EXCLUSION POLICY

- **All Controversial weapon** companies [(4)]
- **Conventional Weapons** [(5)] **including components** companies (5% revenue hurdle)
- **All Tobacco** producers. Wholesale distributors and suppliers (5% revenue hurdle)
- **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
- **Gambling** companies (2% revenue hurdle)

**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) companies may be deemed investable if they i) have a SBTi target set at well below 2° or 1.5° C, or ii) derive <5% of revenues from oil and gas-related activities or iii) have <15% capex to oil and gas-related activities or iv) have >15% of capex dedicated to renewable energy or hydrogen. (3) Power generation companies may be deemed investable if they i) have a SBTi target set at well below 2° or 1.5° C, or ii) generate >50% of revenues from renewable energy power source, or iii) dedicate > 50% capex to renewable energy power source (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 (5).1980 Convention on certain conventional weapons concerning non detectable fragments, mines , incendiary weapons, blinding laser weapons.*

Exclusion lists are updated on a quarterly basis

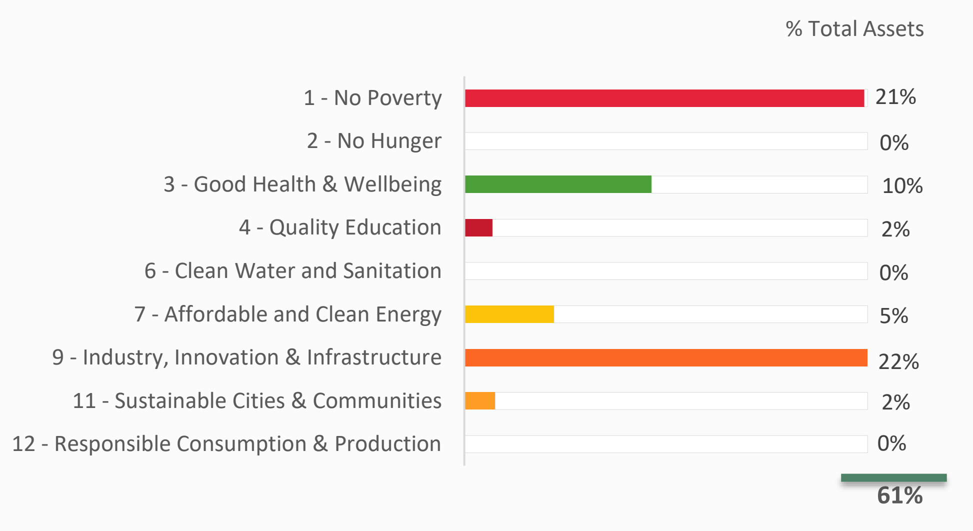
Source : Carmignac, January 2022

A measurable sustainable objective

SFDR Fund Classification** **Article 9**

Objective: to **invest mainly (> 50%) in shares of companies that derive more than 50% of their revenue from goods and services related to business activities which align positively with one of the nine SDGs that we deem as investible.**

Carmignac Emergent's UN SDG[1] alignment as of 31/12/2021



Examples of alignment as of 31/12/2021[2]

SDG 1

HKEx 香港交易所

SDG 3

WuXi Biologics Global Solution Provider

SDG 7

FGG 福莱特集团 FLAT GROUP

[1] The UN's Sustainable Development Goals (SDGS) are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". For more details: https://sdgs.un.org/goals

[2] Names can change over time depending on portfolio holdings

To find out more about our outcomes calculation methodology, please refer to page 12 of this presentation

CARMIGNAC RISK MANAGERS

Outcomes calculation methodology

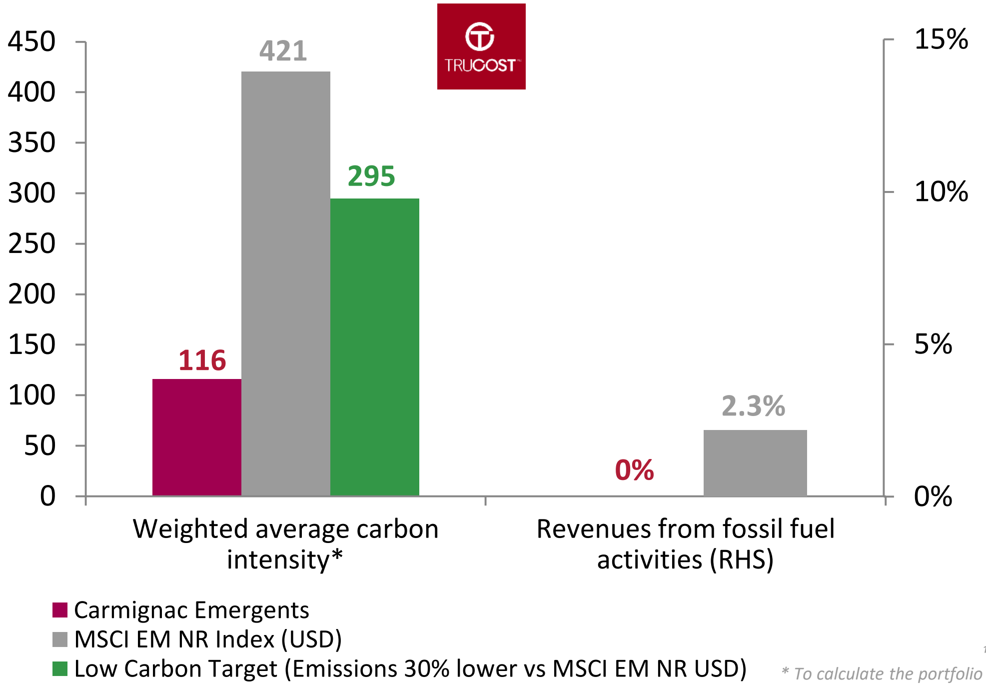
- Our proprietary Outcomes Framework maps business activities to nine of the 17 Sustainable Development Goals (SDGs). We deem these nine SDGs as ‘investable’, which means that companies our funds can invest in are able to support progress towards these goals, through their products and services. The 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%.

A Low Carbon Emission Portfolio

Carmignac Emergents Footprint as of 31/12/2021



Carbon emission investment strategy

Dual environmental goals

- Alignment to environmental SDGs 7, 9 and 11
- Carbon emissions target (<30% of reference indicator CO2)

Selecting companies that follow a more ambitious carbon risk management policy than their industry peers

Investing in companies that offer clean technology solutions

Full EU Taxonomy alignment** calculation will be performed when Technical standards are known or not required***

[1] To find out more about our outcomes calculation methodology, please refer to page 12 of this presentation

** 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.*

*** EU Taxonomy: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en *** please refer to the fund prospectus 1 January 2022 for further explanation*

Source: S&P Trucost, Carmignac, 31/12/2021.

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 CO_2 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[1]. 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

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

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