

© Carmignac Portfolio
Human Xperience



ESG Thematic Guidelines
June 2022

Carmignac's Overarching Sustainable Framework

Firm

Our operations are Carbon neutral 2019¹
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 ISR²
Belgian Towards Sustainability³

ESG PlatformSTART⁴

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

90% Article 8 and 9 (SFDR⁵)

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.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. For more information, please refer to our website.

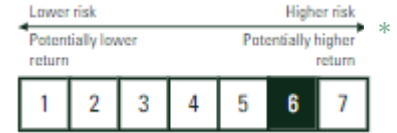
⁵The Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 is a European regulation that requires asset managers to classify their funds as either 'Article 8' funds, which promote environmental and social characteristics, 'Article 9' funds, which make sustainable investments with measurable objectives, or 'Article 6' funds, which do not necessarily have a sustainability objective. For more information please refer to <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>.

Source: Carmignac January 2022

Carmignac Portfolio Human Xperience

Focusing on the S of ESG

Recommended
minimum investment
horizon



SFDR Fund
Classification** **Article 9**



A social thematic fund

A thematic strategy that focuses both on customer and employee satisfaction



Material upside potential

Research performed on all factors to back-test invest-ability and alpha potential



Leveraging the power of social data

Quantitative expertise and experience in using 'alternative' data



Global and unconstrained

Concentrated, low turnover portfolio seeking high alpha generation in all equity markets

*Risk scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

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Our Sustainability Guidelines



PORTFOLIO CONSTRUCTION OBJECTIVE

- ▶ The Fund's objective is to outperform its benchmark over 5 years at least.
- ▶ It also has a sustainable objective in accordance with article 9 of the Sustainable Finance Disclosure Regulation ("SFDR") to invest 100% of assets in companies which can demonstrate superior customer and employee experience with a score of 1 (high) to 30 out of 100 (low) according to our proprietary Human Xperience database (top 30%).



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

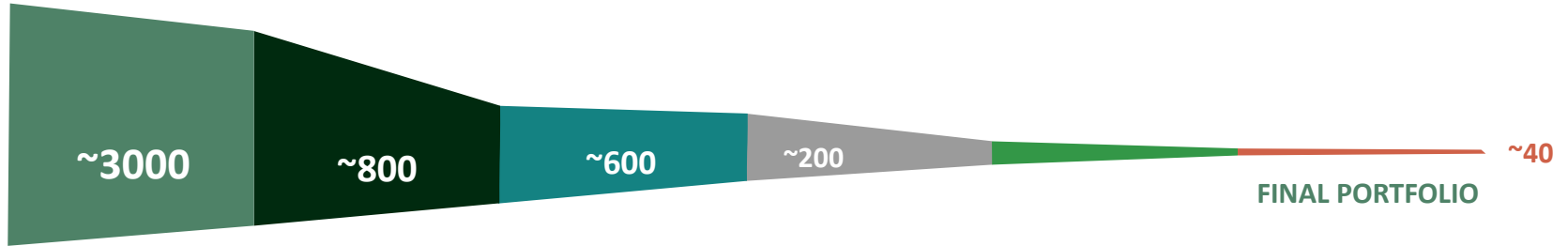
- ▶ An objective of participation rate of 100%
- ▶ We commit to a strengthened dialogue with companies to improve their approach to ESG issues aligned with our corporate themes**

*Reference indicator :MSCI ACWI (USD) (Reinvested net dividends)

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Investment process overview

Customer and Employee score acting as the main filter



Starting investment universe

Global equity universe
MSCI World

Liquidity and SRI filters

Liquidity (based on average daily trading volume)
SRI exclusions: energy, ethical, defence, etc.

Fundamental Analysis

Input from sector analysts to generate alpha and manage portfolio risk

Carmignac Human Xperience database

Input from company surveys, corporate news flow and filings
Company score and Employee score combined

Investible Universe

Companies with a human experience score (HX)* between 1 and 30 /100

*HX score: Proprietary scoring that aggregates customer and employee scores to rate companies between 1 (high) and 100 (low)
For illustrative purpose, as of June 2022.
Portfolio composition may vary

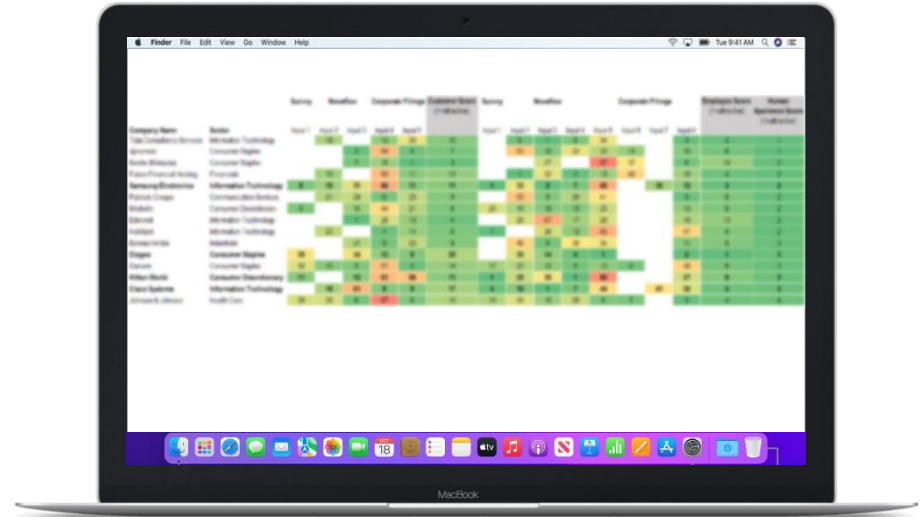
Carmignac Portfolio Human Xperience database

Attractively scored companies

Screen ~700 names

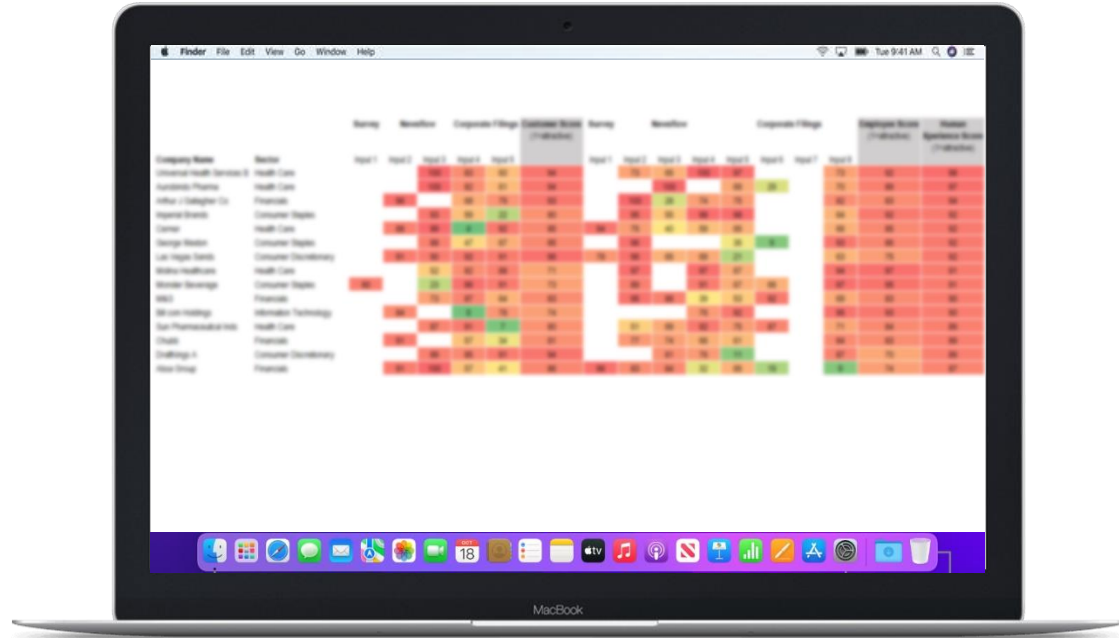
Stocks are given percentile rankings for different social factors (depending on where data is available)

These give a combined weighted average score for both Customer and Employee, from 1 (attractive) to 100 (unattractive). Eligible companies have a rating between 1 and 30.



Carmignac Portfolio Human Xperience database

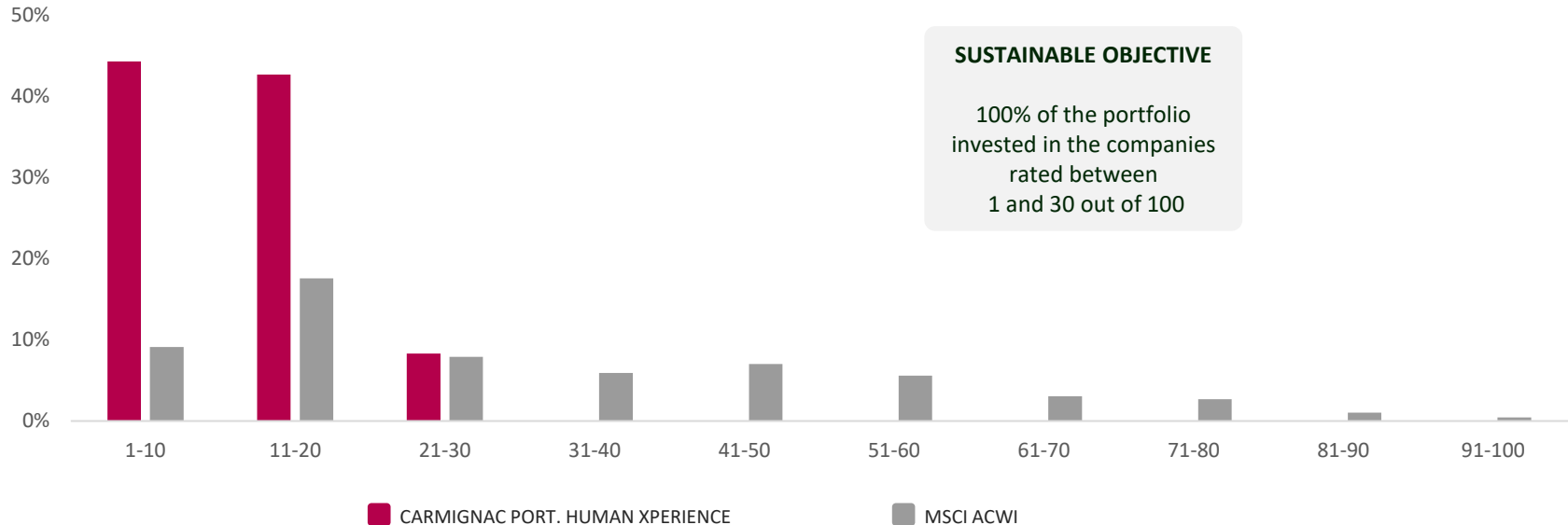
Unattractively scored companies



For illustrative purpose
Source : Carmignac, 28/02/2022

Carmignac Human Xperience sustainable objective

Breakdown by CHX Score*



*CHX Score: Proprietary scoring that aggregates customer and employee scores to rate companies between 1 (high) and 100 (low)

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SRI filter - exclusions



Thermal Coal
2030 exit strategy

**Conventional And Unconventional
Oil & Gas¹**
Absolute Exclusion

Power Generation²
Threshold 374 gCO₂/kWh carbon intensity
and cannot structurally increase nuclear-
or coal-based power generation

Controversial Weapons³
Absolute Exclusion

Conventional Weapons
Threshold 5% Revenues

Tobacco
Threshold 5% revenue

Adult Entertainment
Threshold 2% Revenues

Gambling
Threshold 2% Revenues

Norms Based (including UN Global Compact)
Absolute Exclusion



**ETHICAL
EXCLUSIONS**

(1) Conventional energy extraction sources: oil and gas. Unconventional energy extraction sources: Tar/oil sands, shale oil, shale gas and Arctic drilling. Conventional energy extraction sources: oil and gas. (2) 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. (3) Companies that do not comply with: The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines; The Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions; The Belgian Loi Mahoux, the ban on uranium weapons; The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons; 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); Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons. 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

Portfolio construction

Fundamentally constructed portfolio driven by conviction and rigour



Portfolio guidelines

Number of holdings*

35-40

Style

Quality Growth

Market Capitalisation

Large Cap

Benchmark

MSCI ACWI

Portfolio type

UCITS



Buy Discipline

Position Sizing*

1-4%

Carmignac Human Xperience (HX) Score**

Between 1 and 30 / 100

Sizing criteria

Upside to target price

Liquidity

SRI Status

Management knowledge

Underlying business



Sell Discipline

Carmignac HX Score** >30

Valuation, relative Strength Index

Momentum in fundamental Data

SRI Rating Changed

Lack of Engagement or Controversy

* For illustrative purposes. This is not a prospectus constraint.
**HX score: Proprietary scoring that aggregates customer and employee scores to rate companies between 1 (high) and 100 (low)
Portfolio composition may vary

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The recommended investment horizon is a minimum and not a recommendation to sell at the end of that period.

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The Funds' prospectus, KIIDs, NAV and annual reports are available at www.carmignac.com, or upon request to the Management. Investors have access to a summary of their rights in French, English, German, Dutch, Spanish, Italian at section 6 of "regulatory information page" on the following link :https://www.carmignac.com/en_US

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In Switzerland: the prospectus, KIIDs and annual report are available at www.carmignac.ch, or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon.

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