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J. Mouawad



## A SOCIALLY RESPONSIBLE APPROACH TO EMERGING MARKETS

Carmignac is an investment company that understands its responsibilities to society. As well as being strongly committed to recognising and measuring its own Environmental, Social and Governance (ESG) impact, all Carmignac Funds integrate ESG criteria in their investment approach. Carmignac Portfolio Emerging Patrimoine takes a broader approach to ESG integration based on its philosophy, investment process and Fund Manager's



### A longstanding commitment to responsible investment

Responsible investing is not new at Carmignac. Since inception, empowered through our independence and transparency, we have maintained high responsible investment standards, aware of our corporate duty towards our investors and stewardship as a leader in fund management. In 2012, our decision to become a signatory to the United Nations' Principles for Responsible Investment increased the level of transparency surrounding the ESG selection criteria applied within our investment processes.



### Sustainability is inherent to the investment process

ESG issues are taken into account at every step of the investment process. Negative screening is systematically used to filter countries or companies that are listed on official and internal exclusion or sanction lists. Thanks to in-house analyses and external research, we assess companies on both financial and extra-financial criteria, and closely monitor investments over time.



### Conscientious decision-making

The Fund Managers have demonstrated personal accountability and conviction towards ESG issues. Together they have extended Carmignac's negative screening process by applying limits to a broader range of controversial sectors<sup>(1)</sup> and by incorporating their own socially responsible investment (SRI) analysis. In addition, they have made active shareholder participation a priority, engaging openly and mitigating against ESG-associated risks within the companies in which the Fund is invested.

(1) The Fund's full list of exclusions is available on our website (in the "Exclusion Policy", on the "Policies and Reports" page) and on the Fund's page (in the "SRI Guidelines", in the documents and reports section) or on demand to the asset management company. Exclusions lists are updated on a quarterly basis. To find out more on the SRI label, visit [www.llelabelisr.fr/en](http://www.llelabelisr.fr/en).

## Our investment path to sustainability

Country selection is first established through a fundamental, macroeconomic approach. A negative screening filter is applied to identify countries that appear on European Union, United Nations and other global restriction and/or sanction lists<sup>(1)</sup>.

### EQUITY COMPONENT

The Fund Managers look to invest in **underpenetrated equity sectors**, as they naturally favour sustainable growth themes such as financing the future, clean energy technologies and improving living standards.

For stock selection, a **negative screening** process is applied. This prevents investment in companies identified as operating in controversial sectors such as tobacco, thermal coal extraction, controversial weapons and unconventional energy. There is a specific exclusion policy on conventional energy and electricity generation<sup>(1)</sup>. Companies are then assessed according to **both financial and extra-financial criteria**.

### FIXED INCOME COMPONENT

The Fund Managers invest in sovereign debt issued by Emerging Market countries with governments committed to **raising the standards of governance**. Further environmental and social criteria also provide an additional assessment on sovereign credit and default risk.

Corporate bond issuers are selected respecting **Carmignac's exclusion policy**<sup>(1)</sup>. ESG risks are assessed and documented, as are engagements on controversies that may arise.

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