

SFDR Fund
Classification**



SRI Guidelines

Carmignac Portfolio Sécurité

January 2022

***SFDR: EU Regulation 2019/2088 sustainability-related disclosure requirements in the financial services sector. For more information, please visit: EUR-lex.*

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 Platform START⁴

- 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.llelabelisr.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

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

Environmental, Social and Governance (ESG) Risks

Analysis & Monitoring Embedded in the Investment Process



¹ The proprietary ESG system START combines and aggregates market leading data providers ESG indicators. 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
Source: Carmignac, 01/01/2022

Our Internal ESG Guidelines



Portfolio universe definition

For the Corporate bond portion of portfolio:

- ▶ Universe reduced by a minimum of 20% through
 - Firm-Wide exclusions
 - Excluding poorly ESG-rated companies (using MSCI¹ and START² scores)
 - CCC MSCI-rated companies are excluded, as are companies with less than 2.5/10 MSCI Environment and Social score, unless the proprietary score START is A, B or C



Integration of ESG criteria

- ▶ Minimum 90% of portfolio holdings (equity and corporate debt) are analysed for ESG risks and opportunities
- ▶ Corporate bonds - ESG research system START used to centralize raw ESG Data, proprietary scoring and revenue impact for issuers
- ▶ Govt debt- Proprietary ESG scoring system used to monitor and score government issuers' debt through environmental, social and governance factors



Engagement

- ▶ We commit to a strengthened dialogue with companies and countries to improve their approach to ESG issues aligned with our corporate themes³

SFDR Category

- ▶ The fund has environmental (E) and social (S) characteristics. It complies with Article 8 of the EU Regulation No. 2019/2088 under the EU Sustainable Finance Disclosure Regulation (SFDR)

¹MSCI 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 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

³Please refer to our ESG-related themes at https://www.carmignac.lu/en_GB/responsible-investment/our-approach-4743
This fund is not accredited with a sustainability label

Source: Carmignac, January 2022

What are the environmental and social characteristics?

4 key elements for the corporate bond section of the portfolio



ASSESS ESG RISK

Assessing ESG risk on all asset classes (proprietary tool START¹)



FIRM-WIDE EXCLUSIONS

(Coal, High CO2 power companies, Tobacco, Adult entertainment, Controversary arms...)



ENGAGING

... with companies and issuers on ESG-related topics



REDUCING THE INVESTMENT UNIVERSE 20%

Exclude CCC MSCI-rated companies, unless START rating A-B-C

Exclude companies with an E or S pillar score of $\leq 2.5/10$, unless START rating A-B-C

¹ The proprietary ESG system START combines and aggregates market leading data providers ESG indicators. 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
Source: Carmignac, 01/01/2022

Going Beyond ESG Integration (corporate bonds)



¹ Investment Universe: ICE BofA Global Corporate Index, ICE BofA Global Non-Financial High Yield Index, ICE BofA Emerging Markets Corporate Plus Index

² MSCI ratings CCC MSCI -rated companies are excluded, as are companies with less than 2.5/10 MSCI Environment and Social pillar score, unless the proprietary score START is A, B or C
Portfolio composition may vary overtime

The investable universe is reviewed on a quarterly basis
Source: Carmignac, December 2021

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)

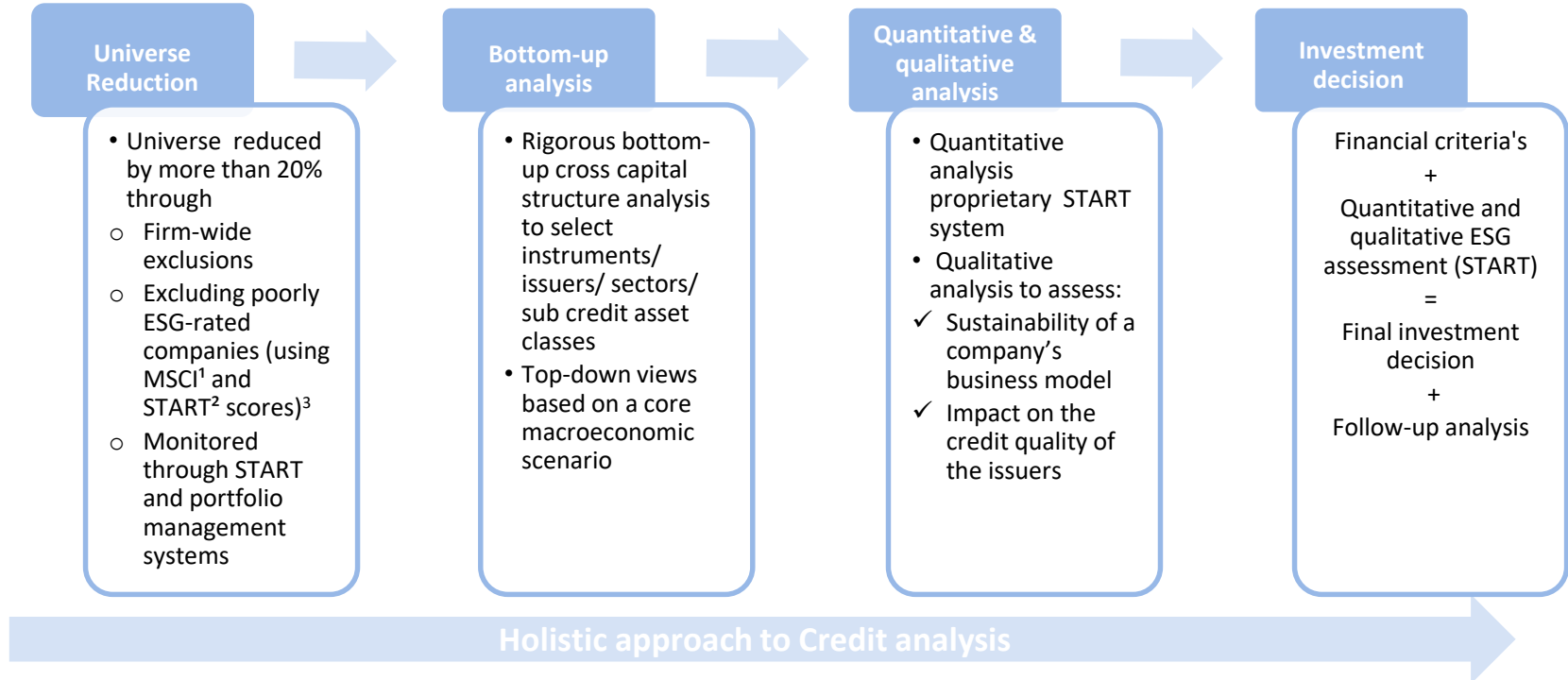
- ✘ **Controversial weapon manufacturers** that produce products that do not comply with treaties or legal bans ¹
- ✘ **Tobacco producers. Wholesale distributors and suppliers** with revenues over 5% from such products
- ✘ **Thermal coal miners** with over 10% revenues from extraction or 20 million tonnes from extraction
- ✘ **Power generators** that produce more CO₂/kWh than the defined threshold, ² or do not publish their CO₂ emissions despite having coal power plants
- ✘ **Adult entertainment and pornography** producers and distributors 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

Corporate Bonds ESG Approach

ESG integration for Corporate bonds



¹ MSCI ESG Ratings is a proprietary methodology from MSCI. 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 relative 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 Issues, 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 relative to industry peers, the rating cannot be taken as the objective / inherent assessment of the Company approach in regards to sustainability

² The proprietary ESG system START combines and aggregates market leading data providers ESG indicators 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 CCC MSCI -rated companies are excluded, as are companies with less than 2.5/10 MSCI Environment and Social pillar score, unless the proprietary score START is A, B or C

Source: Carmignac, December 2021

Proprietary ESG Scoring System START¹ for Corporate Issuers

OBJECTIVE

- Identify ESG related risks and opportunities and integrate them in investment decisions

METHODOLOGY

- **Group:** We compare a company vs. its peers to decide on which have similar significant stakeholders. Regrouping by region and size to constitute our own ESG peer groups
- **Collect:** We gather large quantities of raw data from specialised sources such as company reported data and controversies. This data is automatically transferred into START
- **Rank:** Companies are ranked within their ESG peer group based on financially material ESG metrics to provide a baseline quantitative rating of A-E
- **Analysis:** Our analysts use their in-depth company and industry knowledge and quantitative and qualitative analysis to provide unique insights and input

ESG INDICATORS

Environment

Capturing investment in climate mitigation and sustainable development

- ▶ Carbon Emissions
- ▶ Carbon Intensity
- ▶ Total Energy Use/ Revenues
- ▶ Water Use/ Revenues

Social

Long-term social improvements that drive growth and stability

- ▶ % Employee Satisfaction
- ▶ Employee Turnover
- ▶ Female Managers
- ▶ Employee Fatalities

Governance

Credit Worthiness, Rule of Law, institution & regulatory quality and control of corruption

- ▶ % Audit Committee Independence
- ▶ Independent Board Members
- ▶ Highest Remuneration Package
- ▶ % Board Gender Diversity

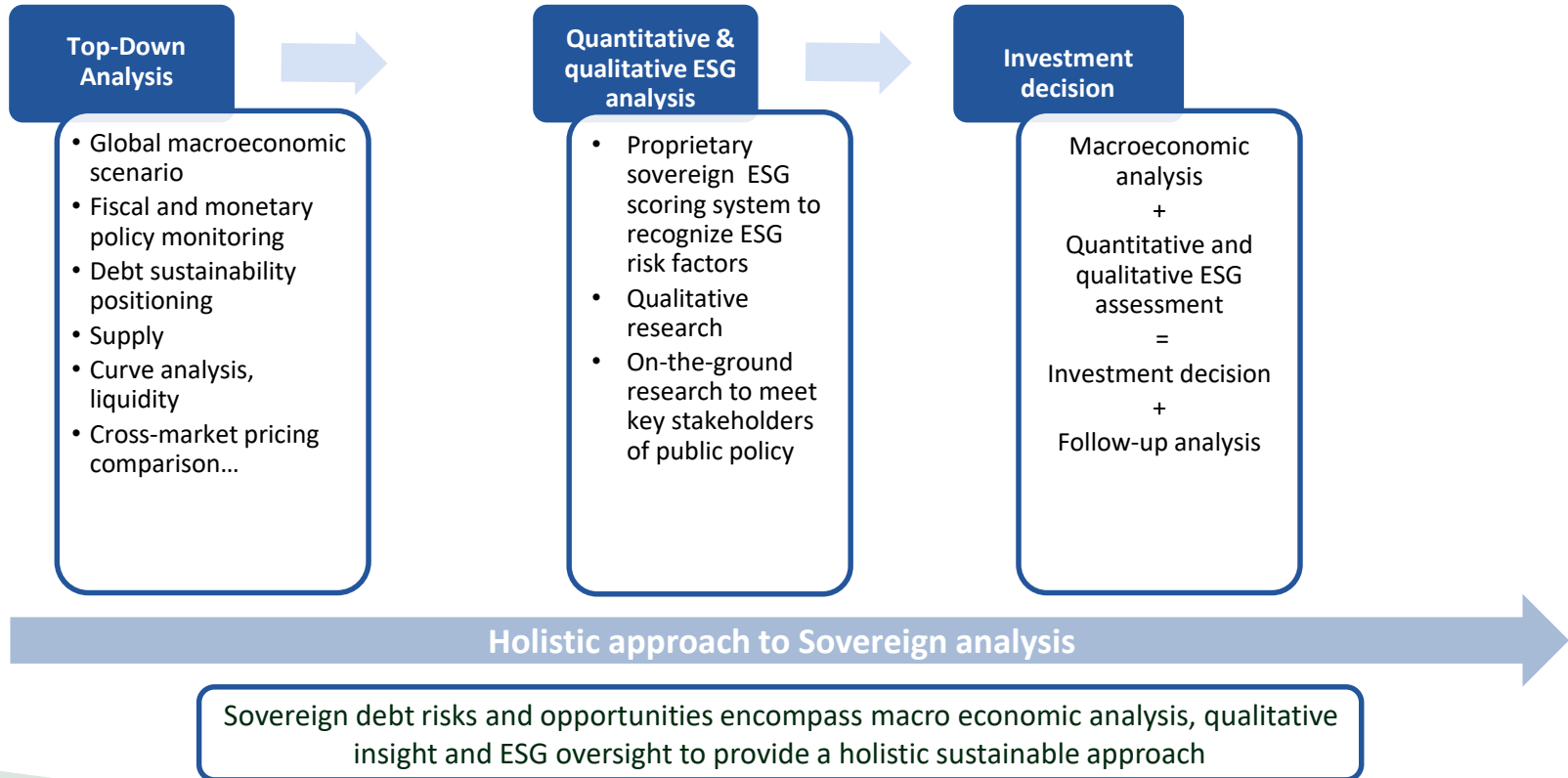


QUALITATIVE ADJUSTMENT THAT MANAGEMENT TEAM CAN APPLY TO CORRECT ON AN AD HOC BASIS EACH OF THE E, S, AND G RATINGS FOR AN ISSUER

Please refer to the ESG Integration Policy on the Responsible Investment website at www.carmignac.com
¹ The proprietary ESG system START combines and aggregates market leading data providers ESG indicators 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
Source: Carmignac, December 2021

Sovereign Bonds ESG Approach

ESG integration for Sovereign bonds



Proprietary Sovereign ESG Scoring System for Sovereign issuers

#	Criteria	Sources	Weights
Environmental			
1	CO ₂ emissions per capita	Our World In Data – Oxford University	20%
2	Share of Renewables in total installed capacity	BNEF (Bloomberg New Energy Finance)	20%
3	Share of Coal in total installed capacity	BNEF (Bloomberg New Energy Finance)	20%
4	Ambient PM2.5 (fine particules)	Institute for Health Metrics and Evaluation	20%
5	Ratification of Paris Accords	United Nations Framework Convention on Climate Change	Malus of 0.2 if not ratified
6	Environmentally controlled solid waste treatment	World bank report "What a waste 2.0". Data from United Nations Statistics, OECD, and regional and national reports	20%/3
7	Health years lost due to unsafe sanitation	Institute for Health Metrics and Evaluation	20%/3
8	Health years lost due to unsafe water	Institute for Health Metrics and Evaluation	20%/3
Social			
9	Life expectancy at birth of both sexes	World Bank	20%
10	GINI – income coefficient	World Bank	20%
11	Education (PISA & Litteracy rate)	PISA (Reading, Maths, Science) – OECD Litteracy Rate – World Bank	20%
12	GDP Per Capita PPP	IMF	20%
13	HDI	United Nations - Development Programme	20%
Governance			
14	Ease of Doing Business	World Bank	20%
15	Fiscal Position (deficit as % GDP)	IMF	20%
16	Debt as Years of Revenue	Gross Debt to GDP and Revenue to GDP – IMF	20%
17	Current Account Position	Current Account to GDP – IMF	20%
18	Economic freedom	The Heritage Foundation	20%

OBJECTIVE

- Identify ESG related risks and opportunities and integrate them in investment decisions

METHODOLOGY

- ESG indicators obtained from public sources such as the World Bank, Oxford University, IMF
- The model uses both quantitative and qualitative elements in order to capture both current risks and opportunities, as well as forward-looking dynamic trends.
- Numerical scoring system that goes from 1 (Bad) to 5 (Good) with 3 as a neutral point for each country
- Country score composed of the equally weighted average of the three components E, S, and G, reviewed semi-annually.

Source: Carmignac, January 2022

This is a marketing communication. This document is intended for professional clients.

This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication. The portfolios of Carmignac funds may change without previous notice.

The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

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

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

Morningstar Rating™ : © 2021 Morningstar, Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds 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 FATCA. Company. The risks, fees and ongoing charges are described in the KIID (Key Investor Information Material). The KIID must be made available to the subscriber prior to subscription. The subscriber must read the KIID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital.

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

Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law. The Management Company can cease promotion in your country anytime.

UK: This document 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 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. The paying agent is CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon.

Copyright: The data published in this presentation are the exclusive property of their owners, as mentioned on each page.

CARMIGNAC GESTION 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35

Investment management company approved by the AMF

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 - Investment fund management company approved by the CSSF

Public limited company with share capital of € 23,000,000 - RC Luxembourg B 67 549