

TRANSPARENCY CODE

Carmignac's Emerging Market Funds adopting a
Socially Responsible Investment (SRI) approach

June 2018

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of **Carmignac**. We have been involved in SRI since 2012 and welcome the European SRI Transparency Code.

This is our first statement of commitment and covers the period 30/06/2017- 29/06/2018. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

Xavier Hovasse, David Park, Charles Zerah and Joseph Mouawad are committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. **Carmignac** meets the full recommendations of the European SRI Transparency Code.

29/06/2018

Name of the fund(s): <ul style="list-style-type: none"> - Carmignac Emergents - Carmignac Portfolio Emergents - Carmignac Portfolio Emerging Patrimoine 					
Dominant / preferred SRI strategy	Asset class	Exclusions standards and norms	Fund capital as at 31 December	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-Class Investment section <input type="checkbox"/> Engagement & Voting <input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input checked="" type="checkbox"/> Leading to exclusions <input checked="" type="checkbox"/> Leading to risk management analysis / engagement <input type="checkbox"/> Sustainability-Themed	Passively managed <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing – ESG/SRI benchmark: specify the index tracking Actively managed <input type="checkbox"/> Shares in a euro area country <input type="checkbox"/> Shares in an EU country <input checked="" type="checkbox"/> International shares <input type="checkbox"/> Bonds and other debt securities denominated in euro <input checked="" type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input type="checkbox"/> Arms <input type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input checked="" type="checkbox"/> CO2 intensive (including coal) <input type="checkbox"/> Genetic engineering <input checked="" type="checkbox"/> Other (please specify) Meat processing <input checked="" type="checkbox"/> Global Compact <input type="checkbox"/> OECD Guidelines for MNCs <input type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)	Carmignac Emergents: €1266.60 M Carmignac Portfolio Emergents: €228.64 M Carmignac Portfolio Emerging Patrimoine: €845.98 M	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input type="checkbox"/> Other (please specify)	- KIID: Carmignac Emergents https://docs.publifund.com/kiid/FR0010149302/en_LU Carmignac Portfolio Emergents https://docs.publifund.com/kiid/LU0992626480/en_LU Carmignac Portfolio Emerging Patrimoine https://docs.publifund.com/kiid/LU0992631647/en_LU - Prospectus Carmignac Emergents https://www.carmignac.com/en/files/P_FR0010149302_INT_EN.pdf Carmignac Portfolio Emergents https://www.carmignac.com/en/files/P_LU0992626480_INT_EN.pdf Carmignac Portfolio Emerging Patrimoine https://www.carmignac.com/en/files/P_LU0992631647_INT_EN.pdf - Management report Carmignac Emergents https://www.carmignac.com/en/files/2016/AR_FR0010149302_INT_en.pdf Carmignac Portfolio Emergents https://www.carmignac.com/en/files/2016/AR_LU0992626480_INT_en.pdf Carmignac Portfolio Emerging Patrimoine https://www.carmignac.com/en/files/2016/AR_LU0992631647_INT_en.pdf - Financial and non-financial reporting Carmignac Emergents https://carmidoc.carmignac.com/FLF_CE_5_INT_EN.pdf Carmignac Portfolio Emergents https://carmidoc.carmignac.com/FLF_PE_27_INT_EN.pdf Carmignac Portfolio Emerging Patrimoine https://carmidoc.carmignac.com/FLF_CEMP_22_INT_EN.pdf

Table of contents

1.	General information about the fund management company	4
1.1.	Name of the fund management company that manages the applicant fund(s)	4
1.2.	What are the company's track record and principles when it comes to integrating SRI into its processes?	4
1.3.	How does the company formalise its sustainable investment process?	5
	Carmignac Voting Policy	6
	Carmignac Engagement Policy	6
1.4.	How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?	6
	Mainstream ESG approach	6
	Funds with a Socially Responsible approach	7
1.5.	Is the company involved in any RI initiatives?	8
1.6.	What is the total number of SRI assets under the company's management?	8
2.	General information about the SRI fund(s) that come under the scope of the Code	8
2.1.	What is (are) the fund(s) aiming to achieve by integrating ESG factors?	9
2.2.	What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?	9
2.3.	What ESG criteria are taken into account by the fund(s)?	9
2.4.	What principles and criteria linked to climate change are taken into account in the fund(s)?	10
2.5.	What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?	10
2.6.	How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?	11
3.	Investment process	11
3.1.	How are the results of the ESG research integrated into portfolio construction?	11
3.2.	How are criteria specific to climate change integrated into portfolio construction?	12
3.3.	How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?	12
3.4.	Has the ESG evaluation or investment process changed in the last 12 months?	12
3.5.	Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?	12
3.6.	Does (do) the fund(s) engage in securities lending activities?	13
3.7.	Does (do) the fund(s) use derivative instruments?	13
3.8.	Does (do) the fund(s) invest in mutual funds?	13
4.	ESG controls	14
4.1.	What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?	14
5.	Impact measures and ESG reporting	14
5.1.	How is the ESG quality of the fund(s) assessed?	14
5.2.	What ESG indicators are used by the fund(s)?	15
5.3.	What communication resources are used to provide investors with information about the SRI management of the fund(s)?	15
5.4.	Please list all public media and documents used to inform investors about the SRI approach to the fund, and include URLs. This should include a link to the detailed, no more than 6 months old, list of holdings of the fund(s).	19

1. General information about the fund management company

1.1. Name of the fund management company that manages the applicant fund(s)

For the French Mutual Funds (i.e. Fonds Commun de Placement), Carmignac Emergents, the management company is:

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

For the sub-funds of the Luxembourg SICAV Carmignac Portfolio, Carmignac Portfolio Emergents and Carmignac Portfolio Emerging Patrimoine, the management company is:

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

Carmignac Gestion Luxembourg has delegated the investment management of both above listed funds to Carmignac Gestion.

1.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Carmignac, empowered through its independence and transparency since 1989, has maintained a long-held practice of investing responsibly, aware of its corporate duty to its investors and stewardship as a leader in the European fund management industry. Amongst its ethical values in respect to society and environment, Carmignac has for decades excluded tobacco producers and coal miners from the investment universe of the most part of its fund range.

As Risk Managers, Carmignac seeks to mitigate as many risk factors as it can identify, this very resolutely includes risks associated with poor governance and shareholder underrepresentation, irreverence to social issues such as health and safety, and environmental challenges particularly in respect of fossil fuel reserves.

Since 2012, Carmignac, as a UNPRI signatory (United Nations Principles of Responsible Investment) and a French investment firm (under the French government's directive Grenelle II Law, art 224-238, 2010), has raised the level of its transparency in regards to the application of Environment, Social and Governance (ESG) criteria in its investment process. Each UNPRI principle has been implemented across most of its Fund range.

https://www.carmignac.fr/en_GB/about-us/socially-responsible-investment-sri-1245

1.3. How does the company formalise its sustainable investment process?

Carmignac has a mainstream approach to integrating ESG criteria in its UCI regulated funds for 95% of assets under management in bond and equity funds.

As documented in the Investment Internal Guidelines, Portfolio Managers and Analysts are directly responsible for the implementation and oversight of ESG criteria in their portfolio. A 12-member ESG Committee led by the ESG coordinator supports the investment team in important stages of the investment process: screening for controversies, external ESG research provider coordination, active voting and engagement framework, socially responsible certification, maintenance and control of controversial sector exclusion lists, ESG consultant services and investor communication.

https://www.carmignac.fr/en_GB/about-us/socially-responsible-investment-sri-1245

Our ESG approach to our investment process is based on 4 stages:

- Understanding the investment universe. Incorporating and selecting best socially responsible practices. Portfolio managers can make use of an ex ante screening tool, MSCI ESG Business Involvement Screening Research.
- Integration of ESG criteria assessment in the investment rational and ongoing monitoring. Identifying risk factors and adopting responsible behaviour. Comply with a list of excluded companies and identify potential controversies in our investments and engage on these issues with companies.
- Committing to the long term. Promoting ESG practices within our investment professional peers and corporations, especially in our Voting Policy.
- Communicating to our investors. Publishing our funds' annual reports and our voting policy report. MSCI ESG and carbon analytics reports.

Carmignac also offers 4 Funds that adopt a Socially Responsible approach, of which 3 Emerging Markets funds:

- **Carmignac Emergents (Emerging Markets – Equities)**
<https://www.carmignac.fr/en/carmignac-emergents-a-eur-acc>
- **Carmignac Portfolio Emergents (Emerging Markets – Equities)**
<https://www.carmignac.fr/en/carmignac-portfolio-emergents-f-eur-acc>
- **Carmignac Portfolio Grande Europe (European Markets – Equities)**
<https://www.carmignac.fr/en/carmignac-portfolio-grande-europe-a-eur-acc>
- **Carmignac Portfolio Emerging Patrimoine (Emerging Markets – Mixed)**
<https://www.carmignac.fr/en/carmignac-portfolio-emerging-patrimoine-a-eur-acc>

These Funds have made strong commitments to adopt a Socially Responsible approach documented in each of the respective Fund prospectuses. Both negative and positive screening, active voting policy and low carbon emissions policies have been adopted. A SRI label certification is foreseen in 2018 for Carmignac Emergents, Carmignac Portfolio Emerging Patrimoine, and Carmignac Portfolio Grande Europe.

Carmignac Voting Policy

Our voting policy is part of our commitment to promote best practices in all companies. Also, we see an opportunity to address and highlight some short, medium, as well as, long term ESG related risk. For this purpose, we have a company goal of raising our voting participation to 70% in 2018 and close to 100% for our 4 Funds adopting a Socially Responsible approach. To help us manage these targets, Carmignac has partnered with the most experienced governance advisor, ISS. Carmignac benefits from its comprehensive governance research and recommendations, while maintaining total control of its voting choices.

In addition, Carmignac has a sustainable voting policy in place with our voting proxy service provider. In this context, we vote automatically "for" sustainability or pro-environment, social or governance improvements and against environment, social or governance practices which are not best in class or compliant with our or industry standards. Should there be a reason for the Carmignac Investment team to vote against an ISS Sustainability recommendation, the decision is backed up by documentation and/or a direct company dialogue by the Carmignac investment team.

Carmignac full voting policy and annual voting report are published each year on its website.

https://www.carmignac.fr/en_GB/about-us/socially-responsible-investment-sri-1245

Carmignac Engagement Policy

Carmignac has committed to an active voting policy and engagement policy that has been integrated into the Investment Management Team's internal guidelines. Engagements may occur with the Management of the companies in which we invest:

1. prior to investment, as part of the due diligence done to build the investment rationale,
2. after controversies or during the investment period, and lastly,
3. at Annual General Meetings where sustainability preferences may be discussed and challenged.

These engagements are registered internally. Important engagements are documented in the funds' annual report.

1.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?¹

Mainstream ESG approach

Although funds invest in very different regions, sectors, asset classes, all share the same first layer of ESG consideration. The investment universe is filtered based on financial criteria such as free cash flow yields, return on investment and leverage ratios. Then, a negative screening is applied, excluding controversial sectors, such as controversial arms, global norms based restrictions, UN or EU company or country sanction

¹ Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

lists, tobacco and coal producers. This is complemented by more specific analysis, where the whole investment team, equity and bond selectors alike, are responsible for assessing ESG risks within an investment case. Asset manager's proprietary ESG research of the company, external ESG specialized research from MSCI ESG Ratings or specialized ESG broker research, are used to assess Environment, Social or Governance aspects. Finally, ESG risks have to be continuously monitored and challenged. Should controversies occur, investment teams have to review their investment case and document their decision (whether it is to reduce/exit a position, or to keep it). The ESG Committee supports the analysts and fund managers to engage and influence the concerned corporations, when relevant.

As mentioned above, a controversy does not necessarily trigger a sell of the given position. Environmental accidents are never easy to predict but lessons can be learned and companies can improve. That is why we believe that an ESG approach solely based on favouring ESG best in class, green sectors, etc., shows a good sign to corporates to behave better, but is not necessarily the only way. We, as investors, should of course reward the good student, but not systematically leave the bad student behind. As shareholders, we can influence and interact with companies, starting simply with participating in all shareholder votes, with a sustainability objective, with more than a short term performance or dividend payment focus.

Funds with a Socially Responsible approach

Within challenging regions and sectors in terms of ESG risks, such as emerging markets, we see an ESG approach even more indispensable to mitigate short, as well as, long term risks. Consequently, for our emerging market funds Carmignac Emergents, Carmignac Portfolio Emergents and Carmignac Portfolio Emerging Patrimoine, the whole investment process is emphasizing sustainability - not only in terms of ESG but also financially, looking at countries, sectors' growth prospects, companies' debt levels, countries' balance of payments, etc. Once a country has been selected for its positive fundamentals and has been scored using our proprietary qualitative Sustainability assessment for sovereign bond choices, sectors are picked based on under-penetration, which ensures investments are viable long term in terms of growth. This naturally favours sustainable themes, such as improving living standards, innovation, clean technologies, financing the future, etc. At a company level, the financial criteria of low net debt and sustainable free cash flow generation, tends to mechanically weight the portfolio away from highly polluting or controversial industries. In addition to tobacco, coal, oil sands and adult entertainment, meat processing companies are also excluded from the equity investment universe.

On the corporate bond side for Carmignac Portfolio Emerging Patrimoine, the Emerging issuer universe is filtered for liquidity, credit rating and spread. Secondly the number of issuers are filtered on ESG criteria : by excluding issuers involved in E, S or G controversies and by applying the firm wide exclusion list as detailed in the mainstream approach (controversial arms, global norms based restrictions, UN or EU company or country sanction lists, tobacco and coal producers (25% revenues). An extended specific fund exclusion list is also applied as the corporate bond level (tobacco, coal (5% revenues), oil sands and adult entertainment, meat processing companies).

It is worth noting that the changes to the investment process for the selection of corporate bonds were implemented as of 01/01/2019. As a consequence, some legacy corporate bond positions in the fund were not selected from the restricted investment universe defined above. An ESG analysis was carried out for all of the legacy positions which have been selected based on previous financial and ESG criteria. Some of them will be held until maturity so as not to prejudice the fund's performance.

1.5. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input checked="" type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> PRI - Principles For Responsible Investment <input type="checkbox"/> SIFs - Sustainable Investment Fora <input type="checkbox"/> Other <ul style="list-style-type: none"> ▪ AFG, France SRI working group ▪ IA, UK SRI working group ▪ ALFI, Luxembourg SRI Working group 	<input type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Green Bond Principles <input type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change <input type="checkbox"/> Montreal Carbon pledge <input type="checkbox"/> Paris Pledge for Action <input type="checkbox"/> Portfolio Decarbonization Coalition <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> Access to Medicine Foundation <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> ICGN – International Corporate Governance Network <input type="checkbox"/> Other (please specify)

1.6. What is the total number of SRI assets under the company's management?

- Assets under management implementing ESG criteria: 50.512 billion euros
- Assets under management offering a Socially Responsible approach: 2.418 billion euros

Source: Carmignac, as of 31/12/2017

2. General information about the SRI fund(s) that come under the scope of the Code

2.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

At Carmignac, we believe that ESG incorporation is not only a "green tag", or a "nice to have". Indeed, we believe that an asset manager's number one fiduciary duty to its investors is to mitigate as much risk as it can identify. This very resolutely includes risks associated with poor governance, shareholder underrepresentation, irreverence to social issues such as health and safety, and environmental challenges. ESG implementation can be, and often has been, a driver of long term performance as it goes hand in hand with sustainability. Asset managers, like us at Carmignac, managing the savings of investors, often their future pension, have to see long term and not short term. As such, companies that decide to favour short term success at the cost of higher ESG risks (or any other higher risk) may encounter difficulties in making profitable investments over the long term.

As of 30/06/2018, 93% of our assets under management* take into account ESG criteria, represented in these 14 Funds: Carmignac Investissement, Carmignac Portfolio Investissement, Carmignac Portfolio Grande Europe, Carmignac Euro-Entrepreneurs, Carmignac Portfolio Euro-Entrepreneurs, Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Commodities, Carmignac Patrimoine, Carmignac Portfolio Patrimoine, Carmignac Portfolio Emerging Patrimoine, Carmignac Portfolio Unconstrained Global Bond, Carmignac Sécurité and Carmignac Portfolio Sécurité.

*Assets under management excluding funds of funds and mandates.

2.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

The Portfolio Managers and Analysts are responsible for ESG analysis. During the due diligence directly with Corporations as part of the investment rationale, ESG risk and opportunities are identified and discussed. In the Socially Responsible funds, the ESG risks are measured qualitatively and are added to the overall assessment and scoring of the investment case. The investment team also has access to MSCI ESG Ratings company level research and ratings which is useful analysis in comparing the teams' proprietary views, the peer group's ESG scoring and the in-depth leading analysis for E, S and G factors. The company's sustainability report is also consulted. Other government bodies and agencies can be consulted such as the EPA.

Corporate bond analysts also respect the requirement for ESG assessment for each issuer. Relevant ESG risks and opportunities are evaluated and documented within the investment rationale, during issuer roadshows, and should it be relevant after reporting season. MSCI ESG research can be used as an addition to proprietary research if necessary. Corporate bond selection respects the firm wide exclusions across the mainstream funds and also more wider exclusions within the Socially Responsible funds where applicable. When a controversy occurs during the investment, Analysts and Portfolio Managers engage directly with companies to determine, either, a resolution to the controversy or an exit from the investment.

2.3. What ESG criteria are taken into account by the fund(s)?

Depending on the geographic region and sector, ESG criteria may vary. However here are the most common elements the Portfolio Managers and Analysts assess in the investment rationale:

- Environment: The scope of Carmignac's interest includes the impact of companies on the environment and their ability to propose services and products which respond to environmental challenges. Environmental issues the firm considers could include companies' treatment of carbon emissions, pollution, waste, and water usage.
- Social: Carmignac focuses on monitoring the impact of companies with all of their stakeholders (suppliers, employees, consumers) and the increasing public expectations of social responsibility. Social issues the firm considers could include all types of employment abuses, staff turnover metrics, diversity, work place health and safety, income distribution, and product safety.
- Governance: Carmignac focuses on the enhanced value created by companies that encourage governance ethics. Governance issues the firm considers could include any tendency towards uses of bribery and corruption, government's involvement and impact on management, board independence, executive compensation, and anticompetitive practices.

2.4. What principles and criteria linked to climate change are taken into account in the fund(s)?²

Carmignac has made climate awareness a formal component of its investment process, joining the efforts undertaken as part of the Cop21 initiatives and adhering to Energy Transition Rule No 173 of the Monetary and Financial Code of the French government (L533-22-1 du Code Monétaire et Financier). Through a diversified investment policy that is not constrained by its benchmarks, our Funds underweight sectors with high carbon emissions, particularly coal industry and utilities. Besides, investing in sustainable technologies is also key priority for our Funds.

At the end of 2017 €20bn (or 35% of AUM) of Carmignac Funds were measured and monitored for carbon emissions. Our Carbon footprint for these funds is on average 38% lower than their respective fund benchmarks.

Please see in **3.2.** how these criteria are integrated into our portfolio construction.

2.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

For the Socially Responsible funds, based from the MSCI ESG Ratings for which we have a subscription, companies are rated overall on an AAA-CCC basis (AAA being the best). For Each Environment, Social and Governance criteria a proprietary score of 1-10 is given (10 being the best).

For the Emerging equity funds a minimum of 30% of the Fund is invested in companies rated A or above by MSCI ESG.

²Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): <https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697>

2.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

MSCI ESG Ratings are our reference for company ratings. Where there is no coverage by MSCI, the investment team allocate a rating. Ratings by MSCI are updated annually. The ratings of the portfolio are updated for these ratings as they occur. The overall portfolio is monitored frequently for assessment of average ratings.

Engagements occur directly with Companies regarding E, S or G issues and are subject to a specific reporting via email or summary in the front office database (TAMALE).

Fund managers and analysts engage with companies' management during due diligence before investment decisions are made. For companies we invest in, there are regular discussions and follow up of topics during meetings with the companies.

When controversies occur, fund managers and analysts are responsible for the engagement and follow up with their respective companies. The ESG committee can also request that the fund managers and analysts engage with a company on a specific topic or controversy. These are documented and visible to all investment staff in the front office database (TAMALE).

3. Investment process

3.1. How are the results of the ESG research integrated into portfolio construction?

For the Socially Responsible funds, ESG scores are an indication of risk and opportunity but are not used exclusively as the only criteria for investing. The investment universe is also filtered based on financial criteria such as free cash flow yields, return on investment and leverage ratios. Then a negative screening is applied, excluding controversial sectors, such as controversial arms, global norms based restrictions, UN or EU company or country sanction lists, tobacco, and coal producers and meat processing companies.

Positive screening is also performed in search for sectors that are improving governance, societal and environmental conditions. Financing for the future, health and safety solutions, energy efficiency, and technological advancements are some of the key themes identified as Socially Responsible opportunities in our sustainable portfolios.

Companies identified as offering Socially Responsible opportunities may be found within a specific universe (best-in-universe) in quite a non-benchmarked manner. Also, investments may be made in companies that are turning around their previous ESG-related controversies, and for which we believe the companies' valuations will benefit (best-efforts)

Companies that manifest financial attributes, but may embody some potential ESG risk, will be sized lower according to its risk.

3.2. How are criteria specific to climate change integrated into portfolio construction?³

Our portfolio construction for our EM Funds adopting a SR approach has proven to have very low level of fossil fuel involvement. Energy and metal companies usually do not pass our financial criteria of investing in companies that have low net debt and sustainable free cash flow generation. Secondly, the portfolio management team have excluded coal mining companies that generate more than 5% of revenues from coal extraction from the equity portfolios. Positive screening for clean technologies is also a manner in which the funds seek to reduce carbon emissions compared to their benchmarks.

Carbon footprint of Carmignac Emergents as of 18/04/2018:

	Carbon emissions*	Total carbon emissions**	Carbon intensity***	Weighted average carbon intensity***	Availability of carbon emissions data****
Carmignac Emergents	66	66	187	176	77%
MSCI EM	256	256	389	322	100%
MSCI EM Low Carbon Target	62	62	96	119	100%

*tonnes of CO2 equivalent per million dollars invested **tonnes of CO2 equivalent based on an investment of 1 million dollars

tonnes of CO2 equivalent per million dollars of revenue *as percentage of market value

3.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?⁴

MSCI ESG Ratings are our reference for company ratings. Where there is no coverage by MSCI, the investment team allocate a rating. Ratings by MSCI are updated annually. The ratings of the portfolio are updated for these ratings as they occur. The overall portfolio is monitored frequently for assessment of average ratings.

3.4. Has the ESG evaluation or investment process changed in the last 12 months?

A quantitative scoring system has been introduced into the Socially Responsible Funds.

3.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

In the EM Socially Responsible funds, investments are sought in view of the companies' capacity to positively impacting society. Financing for the future through banks offering access to transaction services and loans. (55% of Latin America's population do not have access to bank accounts). A second example could be investing in companies offering sustainable technologies, such as surveillance cameras vastly reducing crime rates. A third example could be raising living standards by investing in transmission companies providing electricity to poor and remote areas as is the case in Brazil (mainly through alternative energy sources).

³ Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

⁴ Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

While investment opportunities vary and the component of companies having an impact on society is not subject to a specific quantitative target, this criteria will remain an important investment goal.

3.6. Does (do) the fund(s) engage in securities lending activities?

Our Socially Responsible funds rarely offer securities lending. The holdings are recalled so as to exercise voting rights.

3.7. Does (do) the fund(s) use derivative instruments?

In the Socially Responsible funds, equity derivatives can be used, mainly on the long side to enhance portfolio construction and usually represent a view on macroeconomic change or opportunity. The derivatives are subject to UCITS leverage limits and internal risk controls. Short selling is not practiced in the fund. The derivatives are used mainly for short term horizons.

3.8. Does (do) the fund(s) invest in mutual funds?

The Socially Responsible funds do not normally invest in other mutual funds other than the Carmignac Court Terme money market fund for liquidity purposes.

4. ESG controls

4.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?⁵

There are 2 levels of control:

- **First level control:** The ESG Committee led by the ESG Coordinator, member of the Investment Committee, ensures the daily support to the Investment team and includes such responsibilities as oversight on appropriate screening and documentation for controversies, external ESG research provider accountability, active voting and engagement framework adherence, maintenance and control of controversial sector exclusion lists, ESG consultant services assessment, investor and statutory communication.
- **Second level control:** As the ESG thematic is fully integrated to the Annual Compliance Monitoring Program, the Compliance and Internal Control Department operate a second level of control and perform yearly reviews on the ESG activity to ensure our statutory, regulatory and commitments as UNPRI signatories are met. Moreover, the Compliance department takes an active role in ensuring company exclusions are adhered to. Excluded companies, sectors, and countries are predefined in our order management system to prevent transactions which compose part of our filtering process. There is no possible breach on stocks listed in our compliance module in Bloomberg (CMGR) as any transaction is automatically blocked.

Concerning soft exclusions/screenings, they are implemented in the trading tool and generate an alert pop-up which has to be closed manually before any further step. The exclusions lists exhaustiveness is reviewed at least bi-annually by the ESG Product Specialist and the Compliance department. Ad-hoc reviews can be done at the discretion of the ESG Committee.

5. Impact measures and ESG reporting

5.1. How is the ESG quality of the fund(s) assessed?

Carmignac assess the ESG ratings of its portfolios across 14 of its investment funds (equity, bond and balanced strategies; see 2.1.) which includes the 4 Socially Responsible funds (Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Grande Europe, Carmignac Portfolio Emerging Patrimoine). It also assesses the carbon emissions of 5 of its largest equity funds which are Carmignac Euro-Entrepreneurs, Carmignac Investissement, Carmignac Portfolio Commodities, Carmignac Emergents, Carmignac Portfolio Grande Europe.

These reports are completed annually by MSCI ESG fund analytics and are available for investor consultation. Due to licencing laws, the reports are not published on the Carmignac Socially Responsible website, but a summary of this assessment is found in Carmignac funds' Annual Reports. The funds are benchmarked

⁵ Reference to Article 173 of the French TECV Act

qualitatively and quantitatively against the respective funds' benchmarks and the MSCI ESG benchmark. The Carbon Analytics reports are benchmarked against the funds' respective benchmarks and, either a Low Carbon Target benchmark, or a Low Carbon Leaders benchmark from MSCI ESG indices.

An annual review of these reports is held between the ESG coordinator, ESG product specialist and individual members of the Investment team to discuss the differences of ESG ratings, potential exposure to sector key issues and predefined controversies. The Carbon Analytics reports are also discussed to compare carbon emissions, quality of companies' capacity to hedge carbon risks (leader, average or laggard), fossil fuel involvement, selection attribution analysis, and exposure to clean tech solutions.

5.2. What ESG indicators are used by the fund(s)?⁶

The 14 funds (see 2.1.) studied for either ESG and or Carbon emissions use their own respective benchmarks, as well as, the MSCI ESG or Sustainability indexes, MSCI Low Carbon Target or MSCI Low Carbon Leaders indexes.

5.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Carmignac's mainstream ESG approach and the 4 Funds adopting a Socially Responsible approach are identified on Carmignac's SRI web page: https://www.carmignac.com/en_US/about-us/socially-responsible-investment-sri-1245

Moreover, on each of these 4 Funds' web page, you will find 2 documents related to SRI:

- The "SRI Guidelines" which detail the Funds' SRI approach (from the investment universe screening to the monitoring of the portfolio)
- The "SRI Flyer" which provides a quick overview of the Funds' SRI approach
- Both documents are oriented for retail investors. The annual reports of all 14 (see 2.1.) funds that respect ESG criteria contain a full commentary on ESG issues and its ESG assessment.
- The results of the 5 Funds (see 5.1.) studied for emissions are also thoroughly discussed in the respective funds' annual reports. Carbon emissions per Million USD invested, total carbon emissions and carbon intensity are detailed.

Carmignac's mainstream ESG approach, its specific Socially Responsible Funds and its low carbon approach to the emerging markets funds are identified on the Carmignac Socially Responsible website.

⁶ Reference to Article 173 of the French TECV Act

Asset Class	Fund	ISIN	Mainstream ESG	SRI Approach
Mixed	Carmignac Patrimoine	FR0010135103	✓	
Mixed	Carmignac Portfolio Patrimoine	LU0992627611	✓	
Equities	Carmignac Euro-Entrepreneurs	FR0010149112	✓	
Equities	Carmignac Portfolio Euro-Entrepreneurs	LU0992625326	✓	
Equities	Carmignac Investissement	FR0010148981	✓	
Equities	Carmignac Portfolio Investissement	LU0992625839	✓	
Bonds	Carmignac Sécurité	FR0010149120	✓	
Bonds	Carmignac Portfolio Sécurité	LU0992624949	✓	
Equities	Carmignac Portfolio Commodities	LU0992629237	✓	
Bonds	Carmignac Portfolio Unconstrained Global Bond	LU0992630599	✓	
Equities	Carmignac Emergents	FR0010149302	✓	✓
Equities	Carmignac Portfolio Emergents	LU0992626480	✓	✓
Equities	Carmignac Portfolio Grande Europe	LU0992628858	✓	✓
Mixed	Carmignac Portfolio Emerging Patrimoine	LU0992631647	✓	✓

Fund	ESG Integration						Sustainable Investing									
	ESG integration	Norms based screening	Exclusions	Active voting policy	Carbon emissions analytics	ESG analytics	Targeted voting policy >80%	SRI approach in prospectus	Low carbon approach	Extended exclusions	Best in universe	Best efforts	Best in class	Green bonds	Positive impact	Thematic approach
Carmignac Patrimoine	✓	✓	✓	✓		✓										
Carmignac Portfolio Patrimoine	✓	✓	✓	✓		✓										
Carmignac Euro-Entrepreneurs	✓	✓	✓	✓	✓	✓										
Carmignac Portfolio Euro-Entrepreneurs	✓	✓	✓	✓	✓	✓										
Carmignac Investissement	✓	✓	✓	✓	✓	✓										
Carmignac Portfolio Investissement	✓	✓	✓	✓	✓	✓										
Carmignac Sécurité	✓	✓	✓	✓		✓										
Carmignac Portfolio Sécurité	✓	✓	✓	✓		✓										
Carmignac Portfolio Commodities	✓	✓	✓	✓	✓	✓										
Carmignac Portfolio Unconstrained Global Bond	✓	✓	✓	✓		✓										
Carmignac Emergents	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Carmignac Portfolio Emerging Patrimoine	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓		
Carmignac Portfolio Emergents	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Carmignac Portfolio Grande Europe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				

GLOSSARY

ESG integration	Assess E, S and G risks and document them as part of investment rationale, engage with companies on ESG topics
Norms based screening	Respects globally recognised exclusions from EU or UN sanction lists
Exclusions	Key hard exclusions are: controversial weapons, tobacco, coal (5-25% revenue limit) and nuclear (soft exclusion) companies
Active voting policy	High level of voting participation (50-75%)
Carbon emissions analytics	Full report on carbon footprint, attribution analysis, clean tech, carbon risk management, scoring vs benchmark and Low Carbon benchmark
ESG analytics	Full assessment on E, S and G factors , scoring vs benchmark and ESG benchmark
Targeted voting policy >80%	Funds voting participation is over 80%, subject to a sustainability report, engagement with company when voting against sustainability recommendations
SRI approach	Socially Responsible approach and ESG extra-financial criteria in security selection included in the Fund 's prospectus
SRI label	Recognised SRI label certification and yearly audit by a government approved auditor
Low carbon approach	Carbon emissions close to low carbon target benchmark, fund avoids investments in fossil fuels, thermal coal
Extended exclusions	Additional exclusion lists such as for example adult entertainment, gambling, alcohol, oil sands, coal, animal cruelty
Best in universe	Best ESG practice irrespective of sector
Best efforts	Companies with improving ESG policies
Best in class	Best ESG practice within each sector
Green bond	Participate in sovereign or corporate green bond issues
Positive impact	Investments made into companies with the intention to generate a measurable social and environmental impact alongside a financial return
Thematic approach	Funds with environment or social sustainability themes (renewable energy, promoting healthcare to underprivileged...); often Positive Impact funds

5.4. Please list all public media and documents used to inform investors about the SRI approach to the fund, and include URLs. This should include a link to the detailed, no more than 6 months old, list of holdings of the fund(s).

- Prospectus
- (semi-) Annual report
- KIID
- Fund Fact Sheet (regular basis e.g. monthly)
- Dedicated SRI web page(s) at fund level (SRI Flyer, SRI guidelines)
- Detailed fund holdings (quarterly reports)
- ➔ *See in Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Grande Europe and Carmignac Portfolio Emerging Patrimoine Fund Pages:*
https://www.carmignac.com/en_US/our-funds
- ➔ *See also Table page 17*

- Dedicated SRI Web page(s) at company level
- Engagement/voting policy/votes SRI webpage
- Link to Web page of ESG Analysis provider(s) MSCI ESG Analytics
- ➔ *See SRI webpage:* https://www.carmignac.com/en_US/about-us/socially-responsible-investment-sri-1245
- ➔ *See also Table page 17*

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