



CMG MONACO ESG POLICY

Responsible Investment Policy

CMG Monaco* is committed to adopting and implementing responsible investment principles in a manner that is consistent with our fiduciary responsibilities to clients. This document specifically sets out CMG's approach to the management of environmental, social and governance (ESG) issues, including the principles which CMG aspires to. The policy is supported by a set of procedures which have been implemented in order to integrate these principles into CMG's activities.

ESG

CMG's commitment to responsible investment is driven by (i) the belief that ESG issues can be a source of risk and financial performance; (ii) our aspiration to contribute to society as a good corporate citizen; and (iii) our aim to meet evolving sustainability preferences of clients and investors. CMG recognises that the management of ESG issues forms a fundamental aspect of a business's long-term success. By adopting this policy, CMG takes the step of formalising its approach to managing ESG issues so that these are integral to our investment process.

Financial products managed at CMG are highly specific and require multiple management approaches. To reflect that reality, multiple ESG providers are used and multiple objectives are pursued. Therefore, the ESG methodology applied for investment decision is a multi-layer approach, applied specifically to each financial product.

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Our guidelines are set out to define and support the incorporation of corporate governance, environmental and social matters as well the adherence to client-specific requirements, as outlined below.

ESG specific reports & ESG screening

CMG incorporates ESG Data and Metrics in its investment analysis. When making an investment decision, first and foremost, CMG's Portfolio Managers are expected to act in the best interest of clients/shareholders, which includes an optimization of the risk/return ratio and, hence, the use of ESG data in order to manage the sustainability risk of holdings. This means that when evaluating possible investments in terms of the expected risk-return ratio, ESG factors are systematically taken into account by portfolio managers. By doing this, CMG believes it ends up with a better risk-weighted return for investments.

- ◇ ESG data and metrics are used to assess and monitor companies, and to measure performance relative to index on CMG's funds and discretionary portfolios. As an example, CMG analyzes climate data to filter out stocks with excessive carbon footprint from its fund investment universe.
- ◇ Furthermore, CMG is targeting in the near-term to reduce the carbon intensity of its funds to below that of their respective benchmarks. Specific ESG reports are generated thanks to service providers capabilities and follow-ups are included during RI committees.

**Here referred to as "CMG".*

CMG applies screening criteria for companies.

Screening criteria are applied through a systematic monitoring of companies to identify holdings for further assessment, engagement, and/or exclusion, focusing mainly on the following:

- ❖ Companies significantly related to the production and/or sale of weapons that violate fundamental humanitarian principles (controversial weapons such as anti-personnel mines, cluster munitions, nuclear weapons or chemical and biological weapons).
- ❖ Companies convicted of serious breaches of human rights, including in the area of child labour.
- ❖ Companies convicted in serious controversies related to issues of accounting fraud, money laundering and/or bribery and corruption.
- ❖ Parties fined by supranational entities (e.g. the UN, EU, OFAC, etc.) or nation states with serious shortcomings in their legislation for tackling terrorism financing and money laundering.
- ❖ Parties that cause severe environmental damage and/or put in danger the conservation of biodiversity.

As a result, and in line with FRC Monaco climate policy, for some key industries (as defined by FRC Monaco as the most carbon intensive industries in investment portfolios) maximum carbon intensity thresholds that should not be exceeded are monitored.

CMG applies specific attention when investing in the following sectors of activities:

- ❖ Defence and arms.
- ❖ Forestry and use of forested areas.
- ❖ Production of agricultural goods, livestock farming and fishing.
- ❖ Mining industry.
- ❖ Production, sale and consumption of energy.
- ❖ Infrastructure and transport sectors.
- ❖ Materials.

In order to comply with Mediobanca Group principles regarding such sectors as detailed in Mediobanca Group ESG policy.

Responsible Investment (RI) Committee

Uphold strategic approach through RI Committee:

- ❖ RI Committee contributes to defining the environmental, social and governance methodology and criteria to be adopted in selecting issuers and managing portfolios.
- ❖ RI Committee performs monitoring of ESG portfolios' performance.

Therefore, RI Committee defines CMG's approach and best ways for ESG implementation, decides and reviews CMG's list of stocks that are monitored or excluded, defines engagement targets.

RI Committee are teamed-up by CMG's committed senior management and business functions, monitored by the members of the board of directors.

Specific ESG Committee (SEC)

SEC are discretionary meetings based on special situations linked to companies' stocks held in portfolio. Whenever a company's ESG controversies are detected on a portfolio's holding, SEC are organized. Senior management and portfolio managers run an analysis of the situation, define sustainability risk and reputational impact and come up with an investment decision relative to the stocks involved.

Corporate Responsibility

Not only does CMG fully embrace ESG in its investing activities, it also strives to be a socially responsible company and therefore aims to integrate sustainability into its business strategy and management.

CMG raises ESG awareness in the context of its business with employees, service providers and other stakeholders. ESG training program of the investment team is defined during RI committees.

- ◇ CMG provides good employment conditions and a safe and healthy workplace.
- ◇ CMG provides equal opportunities and protection against any discrimination.
- ◇ CMG promotes to employees a healthy work-life balance.
- ◇ CMG aims to reduce its travel footprint for all its business travel.
- ◇ CMG views child and forced labour as unacceptable.



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