

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: CARMIGNAC Credit 2027

Legal entity identifier: 969500CBCN3SVAJGGA78

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
☒ ☐ Yes	☒ ☐ No
☐ It made sustainable investments with an environmental objective : ____% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It made sustainable investments with a social objective : ____%	☒ It promoted E/S characteristics, but did not make any sustainable investments



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund applies a “best-in-universe” approach (identifying companies whose activities are sustainable) and a “best-efforts” approach (consisting in favouring issuers that exhibit an improvement or strong prospects in terms of ESG practices and performance over time) in order to invest sustainably via a strategy based on three pillars: 1) ESG integration, 2) negative screening and 3) active stewardship to promote environmental and social characteristics.

The “negative screening” pillar consists of separate screening for the bonds of public and corporate issuers on the one hand and securitisation instruments on the other. Details of these screening processes are provided below.

No breaches of the environmental and social characteristics promoted were identified during the year.

● How did the sustainability indicators perform?

This fund uses sustainability indicators to measure the attainment of each of the environmental or social characteristics it promotes:

- 1) Coverage rate of ESG analysis:** ESG integration, through ESG rating via Carmignac’s proprietary “START” (System for Tracking and Analysis of a Responsible Trajectory) platform, is applied to at least 90% of securities. As at 30 June 2023, the ESG analysis coverage rate was 98.54%.
- 2) Reduction of the investment universe:** separate negative screening is applied to the public and corporate bond universe on the one hand and to securitisation instruments on the other.

For the Fund’s bond component, negative screening consists of exclusions of unsustainable activities and practices, reflected in low ESG scores from START, MSCI and ISS (“Institutional Shareholder Services”) ESG, and are carried out on the basis of the following indicators: (a) practices that are harmful to society and to the environment, (b) controversies concerning the OECD guidelines and the UN Global Compact principles, (c) controversial weapons, (d) thermal coal production, (e) energy producers that have not set a target for alignment with the Paris Agreement, (f) companies involved in tobacco production and (g) companies involved in adult entertainment.

For securitisation instruments including CLOs (“collateralised loan obligations”), ad-hoc analysis of the environmental and/or social characteristics of eligible securitisation vehicles is carried out by the portfolio manager. This analysis results in systematic rating of eligible securitisation instruments in Carmignac’s ESG platform, START. The fund cannot invest in the worst-scoring instruments.

As at 30 June 2023, the investment universe of the portfolio was reduced by 20.0%.

- 3) Active stewardship:** companies’ environmental and social engagement efforts leading to an improvement in companies’ sustainable development policies are measured using the following indicators: (a) level of active engagement and voting policies, (b) number of engagement efforts, (c) voting rate and (d) participation in shareholder (or bondholder) meetings. During the period from 1/07/2022 to 30/06/2023, we engaged with 73 companies at Carmignac level, and 7 companies at the level of Carmignac Crédit 2027 including Teva Pharmaceutical.

Moreover, as regards monitoring principal adverse impacts (“PAI”), and in accordance with Annex 1 to Commission Delegated Regulation (EU) 2022/1288, the fund monitors 16 mandatory environmental and social indicators, and 2 optional indicators to demonstrate the impact of sustainable investments with respect to these indicators: greenhouse gas (GHG) emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, share of non-

renewable energy consumption and production, energy consumption intensity per high impact climate sector, activities negatively affecting biodiversity-sensitive areas, emissions to water, hazardous waste and radioactive waste ratio, water usage and recycling (optional choice), violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap, board gender diversity, exposure to controversial weapons, excessive pay ratio (optional choice). Sovereign issuers are monitored for violations of social norms with respect to their GHG intensity.

Below is the performance data for the principal adverse impacts over the period from July 2022 to June 2023, based on MSCI ESG data and calculated with the end-of-quarter indicator averages for the equities and corporate bonds held in the portfolio:

PAI indicators	Based on data provided by the company	Fund	Coverage
Scope 1 GHG	Scope 1 GHG emissions	8202.59	73%
Scope 2 GHG	Scope 2 GHG emissions	577.79	73%
Scope 3 GHG	From 1 January 2023, Scope 3 GHG emissions	79143.91	73%
Total GHG	Total GHG emissions	87501.49	73%
Carbon footprint	Carbon footprint	806.81	73%
GHG intensity level	GHG intensity of companies	1,186.85	79%
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	13%	79%
Share of non-renewable energy consumption	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	74%	71%
Energy consumption intensity per high impact climate sector – Total	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – Total	0.58	73%
Energy consumption intensity per high impact climate sector – NACE Sector A	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector A (Agriculture, forestry and fishing)	0.00	73%
Energy consumption intensity per high impact climate sector – NACE Sector B	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector B (Mining and quarrying)	2.87	73%
Energy consumption intensity per high impact climate sector – NACE Sector C	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector C (Manufacturing)	0.77	73%
Energy consumption intensity per high impact climate sector – NACE Sector D	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector D (Electricity, gas, steam and air conditioning supply)	2.31	73%
Energy consumption intensity per high impact climate sector – NACE Sector E	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector E (water supply, sewerage, waste management and remediation activities)	0.00	73%
Energy consumption intensity per high impact climate sector – NACE Sector F	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector F (Construction)	0.00	73%
Energy consumption intensity per high impact climate sector – NACE Sector G	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)	0.49	73%
Energy consumption intensity per high impact climate sector – NACE Sector H	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector H (Transportation and storage)	4.41	73%
Energy consumption intensity per high impact climate sector – NACE Sector L	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector – NACE Sector L (Real estate activities)	0.93	73%
Biodiversity	Share of investments in investee companies with	0%	76%

	sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas		
Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	0%
Hazardous waste	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	6.54	23%
Water usage and recycling	Average amount of water consumed and recovered by the investee companies (in cubic metres) per million EUR of revenue	0.00	0%
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00	76%
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	21%	76%
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	18%	19%
Board gender diversity	Average ratio of female to male board members in investee companies	35%	76%
Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00	76%
Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual).	49.47	49%
Greenhouse gas intensity (sovereign and supranational)	GHG intensity of investee countries (tonnes of CO ₂ e emissions per million EUR of the country's GDP)	0	0%
Social violations (sovereign and supranational)	Number of investee countries subject to social violations (as an absolute number and in proportion to the total number of countries receiving investments), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0	0%

● **...and compared to previous periods?**

N/A.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

N/A.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

N/A.

— **How were the indicators for adverse impacts on sustainability factors taken into account?**

N/A.

— **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

N/A.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.



How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Carmignac is committed to applying the regulatory technical standards (RTS) referred to in Annex 1 of Delegated Regulation 2019/2088 (SFDR), which define 16 mandatory environmental and social indicators, and two optional indicators to measure the impact of sustainable investments with respect to these indicators (Principal Adverse Impacts): Greenhouse gas emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, non-renewable energy consumption and production, energy consumption intensity per high impact climate sector, activities negatively affecting biodiversity-sensitive areas, emissions to water, hazardous waste and radioactive waste ratio, water usage and recycling, violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap (optional choice), board gender diversity, exposure to controversial weapons, excessive pay ratio. Where possible, sovereign bond issuers may also be monitored for social violations and GHG intensity. As part of its PAI strategy, Carmignac identifies companies that are performing worse than the benchmark on PAI indicators. With the help of our third-party data provider, MSCI, we track the impact of our funds for each PAI.

Identifying companies that are trailing the benchmark for each PAI indicator allows us to engage in dialogue with the companies concerned to ensure that they are committed to reducing their impact. We identified TotalEnergies as one of the main reasons for Carmignac Credit 2027 underperforming on the PAI indicator of GHG intensity. In 2022, we engaged with TotalEnergies SA after voting against the company's sustainable development and climate transition plan at the annual general meeting. We contacted the company in June to share our views and the areas for improvement identified. These involved:

- 1) establishing a clearer way of disclosing their reduction targets for scope 1 and 2 CO₂ emissions;
- 2) reviewing their medium-term forecasts of capital expenditure on green and renewable energy. Engaging in this way also provided us with an opportunity to raise the environmental and social controversies affecting the company. Given the company's commitments to respecting communities and biodiversity, we asked for more clarity on how the company intends to exercise sufficient oversight and ensure that it is acting in accordance with its long-term commitments, while informing investors of compliance with these commitments. We will follow up with TotalEnergies on this specific PAI indicator and ensure that appropriate measures are taken.

The list includes investments constituting **the financial product's largest holdings** over the reference period, namely:

What were the top investments of this financial product?

Please find below the top 15 investments for the period from July 2022 to 30 June 2023 based on average month-end data:

Largest investments	Sector	% Assets	Country
BIRKEN 5.250 '29 EUR	Consumer discretionary	2.36%	Germany
ANADOLU EFES 3.38% 29/03/2028	Non-cyclical consumer	1.78%	Turkey
BNP PARIBAS S 6.88% 06/12/2029	spending	1.68%	France
SANIIK 5.625 C '26 EUR	Finance	1.55%	Luxembourg
ENIIM 3.375 CP '29 EUR	Consumer discretionary	1.33%	Italy
DE VOLKSBANK 7.00% 15/12/2027	Energy	1.19%	Netherlands
FINNAIR OYJ 4.25% 19/02/2025	Finance	1.13%	Finland
SAZKAG 3.875 '27 EUR	Industry	1.11%	Czech Republic
PRXNA 1.539 '28 EUR	Consumer discretionary	1.09%	South Africa
ABN AMRO BANK 4.38% 22/09/2025	Communication Services	0.96%	Netherlands
ENQUEST PLC 11.62% 01/11/2024	Finance	0.95%	United Kingdom
BPLN 3.625 CP '29 EUR	Energy	0.92%	United Kingdom
INFLN 1.250 '28 EUR	Energy	0.91%	United Kingdom
LA BANQUE POS 3.88% 20/05/2026	Telecoms	0.91%	France
CLNXSM 1.500 '28 EUR	Finance	0.89%	Spain
	IT		

Asset allocation
describes the share of
investments in
specific assets.

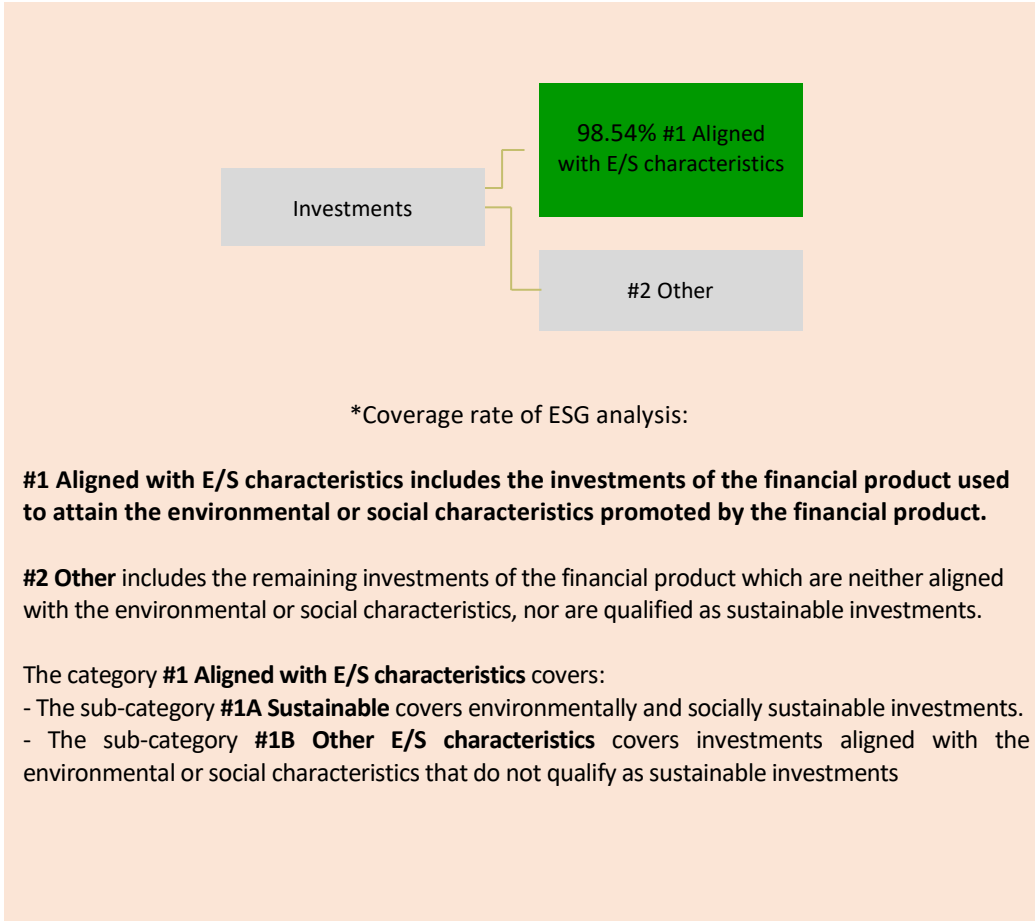
Taxonomy-aligned
activities are expressed
as a share of:

- **turnover** reflecting the
share of revenue from
green activities of
investee companies;
- **capital expenditure**
(CapEx) showing the
green investments
made by investee
companies, e.g. for
a transition to a
green economy;
- **operational
expenditure** (OpEx)
reflecting green
operational activities
of investee companies.

What was the proportion of sustainability-related investments?

N/A.

What was the asset allocation?



At least 90% of the fund’s positions are intended to attain the environmental or social characteristics it promotes, in accordance with the binding elements of the investment strategy. As at 30 June 2023, ESG analysis covered 98.54% of the securities in the portfolio (excluding cash and derivatives).

Share of “#2 Other” investments:

#2 Other includes (in addition to cash and any derivatives that can be used for hedging purposes) investments in equities, corporate bonds or sovereign bonds in strict compliance with the Sub-fund’s investment strategy. These instruments are not used to attain the environmental or social characteristics promoted by the fund, and may not have been covered by the ESG analysis.

● **In which economic sectors were the investments made?**

Please find below the main economic sectors in which bond investments were made during the period from 01/07/2022 to 30/06/2023, based on average month-end data:

Economic sectors	% Assets
Finance	40.33%
Energy	14.74%
Oil & Gas Equipment & Services	9.65%
Integrated Oil & Gas	5.09%
Consumer discretionary	14.31%
Real Estate	8.59%
Telecom Services	5.36%
Industry	5.31%
Consumer Staples	3.93%
Healthcare	3.14%
IT	2.21%
Materials	2.07%
Utilities	0.00%

● **To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The minimum level of alignment with the Taxonomy, i.e. the minimum share of the fund's investments that contributed to climate change mitigation or adaptation, is 0% of the net assets, while 0.9% of the fund's assets were aligned with the EU Taxonomy during the period under review.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?¹**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No:

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

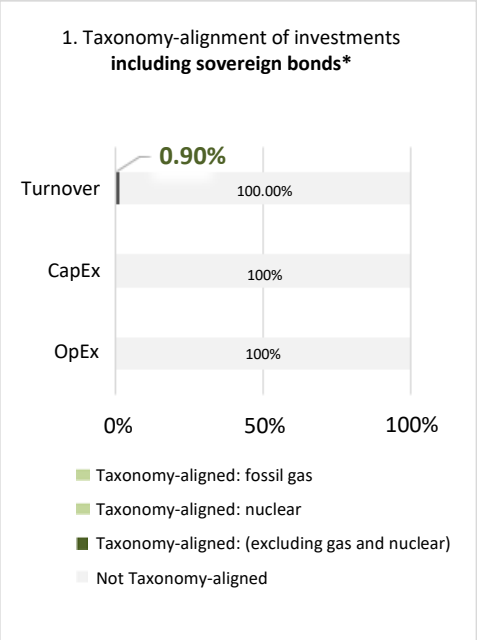
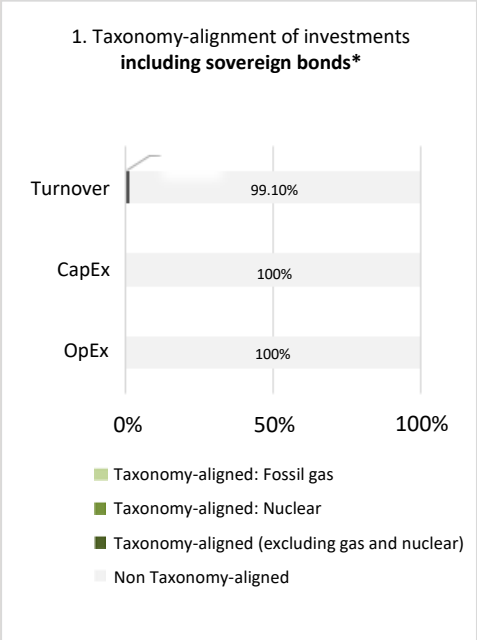
Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What was the share of investments made in transitional and enabling activities?**

N/A.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A.



- **What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

N/A.



- **What was the share of socially sustainable investments?**

N/A.



- **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The remainder of the portfolio (i.e. beyond the minimum share of 90%) may also promote environmental and social characteristics but is not systematically covered by ESG analysis. These assets may include derivatives or listed securities, for which ESG analysis may be carried out after the financial instrument in question is acquired by the fund. Cash (and equivalent instruments) and derivatives (used for hedging or exposure purposes) are also included under “#2 Other”.

At corporate issuer level, investments that are not sustainable investments are assessed to ensure compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures through controversy screening (“standards-based” approach). These investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

- **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**



Carmignac took the actions listed below over the reference period to support the investment process through compliance with environmental and social characteristics:

Pillar 1: ESG integration

- Addition of extra social indicators (employee and consumer satisfaction data) to the exclusive START ESG rating process, in order to keep analysts informed of material aspects that may affect the investment thesis.
- Improved capacity to monitor green, social, sustainable and sustainability-linked bonds to facilitate monitoring and future reporting in the Global Portfolio Monitoring system with a dashboard for portfolio managers on fund positions.
- Development of proprietary sovereign ESG rating models (Impact and Global) in the START interface to improve the efficiency and knowledge of the portfolio management team.

- Integration of PAI monitoring and introduction of a policy describing how information on environmental, social and human rights indicators is to be integrated into the investment rationale.
- Enhanced transparency and automated monitoring of the universe reduction process.

Pillar 2: Exclusions

- Automation of the quarterly list review process to identify companies that may be subject to strict sector or controversy exclusions, or the universe reduction process, if applicable.

Pillar 3: Voting and engagement

- Introduction of a “key vote” approach to prioritise companies identified for more targeted voting recommendations and potential engagement linked to voting decisions, in particular “Say on climate” votes.
- Development of a quarterly responsible management newsletter to publicly demonstrate to clients how we promote active stewardship.
- Continuation of our quarterly company engagement plan, with almost 58% of engagement efforts linked to environmental, social or governance themes.

Our fiduciary responsibility involves the full exercise of our rights as shareholders and engagement with the companies in which we are invested. Dialogue is maintained by financial analysts, portfolio managers and ESG team. We believe that our engagement leads to a better understanding of how companies manage their extra-financial risks and significantly improve their ESG profile while delivering long-term value creation for our clients, society and the environment. Our engagement may concern one of five considerations: 1) ESG risks, 2) an ESG theme, 3) a desired impact, 4) controversial behaviour, or 5) a voting decision at a General Meeting. Carmignac may collaborate with other shareholders and bondholders when doing so would help influence the actions and governance of companies held in the portfolio. In order to ensure that the company correctly identifies, foresees and manages any potential or confirmed conflict of interest situation, Carmignac has put in place and maintains policies and guidelines. For more information on our engagement policies, please visit the website.

During the period from 1/07/2022 to 30/06/2023, we engaged with 73 companies at Carmignac level, and 7 companies at the level of Carmignac Crédit 2027 including Teva Pharmaceutical.

For example, we are in regular dialogue with Teva Pharmaceuticals, primarily because the company is implicated in sector-wide controversies. The aim of this dialogue was to assess the company's progress in resolving the controversies and conveying certain messages. In October 2022, we discussed the company's recent settlement in relation to the industry-wide opioid crisis, amounting to more than USD 4 billion to be paid over a 13-year period. We also explored the material impact of these issues on the company's reputation and finances, as well as our expectations regarding the management of controversies. We encouraged the company to engage with ESG rating agencies to ensure that each assessment accurately reflects the nature of the controversies and the company's actions to address them. Following our engagement, the sector analyst assessed the company's ESG START rating of B (on a scale of A to E) and decided that it was still appropriate; as a result, it was left unchanged. We will continue to monitor the company's responses to the ongoing controversies and to engage with them as an investor on the credit side.



How did this financial product perform compared to the reference sustainable benchmark?

N/A.

- **How did the reference benchmark differ from a broad market index?**

N/A.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**

N/A.

- **How did this financial product perform compared with the reference benchmark?**

N/A.

- **How did this financial product perform compared with the broad market index?**

N/A.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



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