

## ANNEX V

### Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

**Product name:** CARMIGNAC PORTFOLIO TECH SOLUTIONS

**Legal entity identifier:** 213800Y9VFYD3916WS51

## Sustainable investment objective

### 1. Did this financial product have a sustainable investment objective?



**Yes**



**No**



It made **sustainable investments with an environmental objective**: 75.7 %



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 made **sustainable investments with a social objective**: 18.6 %



2. 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 promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent was the sustainable investment objective of this financial product met ?

The Sub-Fund's sustainable objective was to invest at least 80% of its net assets in 1) securities related to companies that are considered aligned with relevant United Nations Sustainable Development Goals ("the SDGs") or 2) indices and baskets which are deemed sustainable as defined below. For attaining its sustainable objective, the Sub-Fund may invest directly in shares of such companies, or use derivatives to achieve synthetic exposure to such companies (or indices). The minimum levels of sustainable investments with environmental and social objectives are 30% and 5% of the SubFund's net assets, respectively

#### 1) Alignement with the SDGs

Alignment is defined for each investment / (investee) company by meeting at least one of the following three thresholds:

- a) **Products and services:** the company derives at least 50% of its revenue from goods and services that are related to one of the following nine SDGs: (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean

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.

**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.

Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or

- b) **Capital expenditure:** the company invests at least 30% of its capital expenditure in business activities that are related to one of the following nine SDGs (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or

c) **Operations:**

- i. the company achieves an “aligned” status for operational alignment for at least three (3) out of all seventeen (17) of the SDGs, based on the evidence provided by the investee company of available policies, practices and targets addressing such SDGs. An “aligned” status represents an operational alignment score of  $\geq 2$  (on a scale of -10 to +10) as determined by the external scoring provider; and
- ii. the company does not achieve a “misaligned” status for operational alignment for any SDG. A company is considered “misaligned” when its score is  $\leq -2$  (on a scale of -10 to +10), as determined by the external scoring provider.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

In 2024, 94.3% of the Sub-Fund’s net assets were invested in sustainable investments as defined above. The levels of sustainable investments with environmental and social objectives were respectively 75.7% and 18.6% of the Sub-Fund’s net assets, based on an average at the end of 3 quarters from June 2024 to December 2024.

## 2) Sustainable Indices

An index or a basket is deemed sustainable when it meets the following two (2) criteria:

- o **Quality criteria:** The underlying assets of an index or basket must have an average ESG rating of at least BBB on MSCI or at least C on Carmignac’s proprietary ESG platform “START”; and
- o **Exclusion criteria:**
  - For indices or baskets with five or less constituents, an index will be excluded if it has any constituents presented in the exclusion list.
  - For indices or baskets with more than five constituents, an index will be excluded if it has more than 20% of its constituents (weighted) presented in the exclusion list.

In 2024, no derivatives were used to attain the sustainable investment objective of the Sub-Fund.

No breach of the attainment of the sustainable objective have been identified during the year.

## ● **How did the sustainability indicators perform?**

This Sub-Fund has used the following sustainability indicators to measure the attainment of the sustainable objective :

**1) The coverage rate of ESG analysis:** ESG integration through ESG scoring using Carmignac’s proprietary ESG platform “START” (System for Tracking and Analysis of a Responsible Trajectory) is applied to more than 90% of issuers. In 2024, the coverage rate of ESG analysis was 99.8% of issuers, on average, based on 3 quarters ends data from June 2024 to December 2024.

## 2) Negative Screening Process

- i) **Firm-wide:** Negative screening and exclusions of unsustainable activities and practices are identified using an international norms and rules-based approach on the following: (a) controversies against the OECD business guidelines, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and UN Global compact principles, (b) controversial weapons, (c) thermal coal mining, (d) power generation companies, (e) tobacco, (f) adult entertainment.
- ii) **Fund-specific:** Extended activity or stricter exclusion criteria cover oil and gas extraction, and companies involved in gambling.

**3) Minimum of Sustainable investments:** the Sub-Fund made sustainable investments whereby a minimum of 80% of the Sub-Fund's net assets, which align positively with relevant United Nations SDGs. The minimum levels of sustainable investments with environmental and social objectives were respectively 30% and 5% of the Sub-Fund's net assets.

In 2024, 94.3% of the Sub-Fund's net assets were invested in sustainable investments as defined above, on average, based on 4 quarters ends data. The levels of sustainable investments with environmental and social objectives were respectively 75.7% and 18.6% of the Sub-Fund's net assets, based on an average at the end of 3 quarters from June 2024 to December 2024.

**4) Active stewardship:** Environmental and social related company engagements leading to improvement in companies sustainability policies are measured by following indicators: (a) level of active engagement and voting policies, (b) number of engagements, (c) rate of voting and (d) participation at shareholder and bondholder meetings). In 2024, we conducted 70 engagements with 54 companies and 1 sovereign entity at Carmignac level, and 5 companies at Carmignac Portfolio Tech Solutions level. At Sub-fund level, we voted for 60% of the meetings where we had shareholder rights to exercise

**6) Principal adverse impacts:** In addition, regarding Principal Adverse Impact (PAI) monitoring, the Sub-Fund has applied the SFDR level II 2019/2088 Regulatory Technical Standards (RTS) annex 1 whereby 14 mandatory and 2 optional environmental and social indicators have been monitored to show the impact of such sustainable investments against these indicators : Greenhouse gas emissions, Carbon footprint, GHG intensity (investee companies), Exposure to companies in 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 ratio, Water usage and recycling (optional choice), Violations of UN Global Compact principles or 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 CEO pay ratio (optional choice).

Please find below the performance of the principal adverse impacts indicators for the year 2024, based on average quarter-end data, for the equity and corporate bond portions of the portfolio:

| PAI Indicators                               | Based on company reported                                                                                                                                                        | Fund     | Coverage |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| GHG Scope 1                                  | Scope 1 GHG emissions                                                                                                                                                            | 90.25    | 99.30%   |
| GHG Scope 2                                  | Scope 2 GHG emissions                                                                                                                                                            | 257.95   | 99.30%   |
| GHG Scope 3                                  | From 1 January 2023, Scope 3 GHG emissions                                                                                                                                       | 2,846.63 | 99.30%   |
| Total GHG                                    | Total GHG emissions                                                                                                                                                              | 3,191.49 | 99.30%   |
| Carbon footprint                             | Carbon footprint                                                                                                                                                                 | 99.86    | 99.30%   |
| GHG intensity                                | GHG intensity of investee companies                                                                                                                                              | 462.50   | 99.30%   |
| Exposure to fossil fuels                     | Share of investments in companies active in the fossil fuel sector                                                                                                               | 0%       | 99.30%   |
| Non-renewable energy consumption             | Share of non-renewable energy consumption and production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage | 61%      | 99.30%   |
| Energy consumption intensity - Total         | Energy consumption in GWh per million EUR of revenue of investee companies - Total                                                                                               | 0.11     | 99.30%   |
| Energy consumption intensity - NACE SectorA  | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector A(Agriculture, forestry and fishing)                                                    | -        | 99.30%   |
| Energy consumption intensity - NACE SectorB  | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector B (Mining and quarrying)                                                                | -        | 99.30%   |
| Energy consumption intensity - NACE SectorC  | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector C (Manufacturing)                                                                       | 0.15     | 99.30%   |
| Energy consumption intensity - NACE Sector D | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector D (Electricity, gas, steam and air conditioning supply)                                 | -        | 99.30%   |
| Energy consumption intensity - NACE Sector E | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector E (Water supply; sewerage; waste management and remediation activities)                 | -        | 99.30%   |
| Energy consumption                           | Energy consumption in GWh per million EUR of revenue of investee                                                                                                                 | -        | 99.30%   |

**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.

|                                              |                                                                                                                                                                                                                                                                                                        |        |        |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|
| intensity - NACE Sector F                    | companies - NACE Sector F (Construction)                                                                                                                                                                                                                                                               |        |        |
| Energy consumption intensity - NACE Sector G | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector G (Wholesale and retail trade; repair of motor vehicles and motorcycles)                                                                                                                                      | 0.09   | 99.30% |
| Energy consumption intensity - NACE Sector H | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector H (Transporting and storage)                                                                                                                                                                                  | -      | 99.30% |
| Energy consumption intensity - NACE Sector L | Energy consumption in GWh per million EUR of revenue of investee companies - NACE Sector L (Real estate activities)                                                                                                                                                                                    | -      | 99.30% |
| Biodiversity                                 | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas                                                                                                         | 1%     | 99.30% |
| Emissions to water                           | Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average                                                                                                                                                                                   | 0.00   | 2.47%  |
| Hazardous waste                              | Tons of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average                                                                                                                                                                                      | 0.32   | 94.75% |
| Water usage and recycling                    | Average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies                                                                                                                                                            | 0.00   | 18.92% |
| Violations of UNGC/OECD                      | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises                                                                                                                                               | -      | 99.61% |
| Processes to monitor UNGC / OECD compliance  | 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 | 0.00   | 99.30% |
| Gender pay gap                               | Average unadjusted gender pay gap of investee companies                                                                                                                                                                                                                                                | 14%    | 81.41% |
| Board gender diversity                       | Average ratio of female to male board members in investee companies                                                                                                                                                                                                                                    | 29%    | 99.30% |
| Controversial weapons                        | Share of investments in investee companies involved in the manufacture or selling of controversial weapons                                                                                                                                                                                             | -      | 99.30% |
| 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)                                                                               | 215.15 | 43.10% |

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

Not Applicable as sub-fund launched in 2024.

● **How did the sustainable investments not cause significant harm to any sustainable investment objective?**

We used the following mechanisms to ensure our sustainable investments do not cause significant harm to any environmental or social sustainable investment objective:

We use the following mechanisms to ensure our sustainable investments do not cause significant harm to any environmental or social sustainable investment objective:

**1) Universe reduction process:**

**i) Firm-wide:** Negative screening and exclusions of unsustainable activities and practices are identified using an international norms and rules-based approach on the following: (a) controversies against the OECD business guidelines, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and UN Global compact principles, (b) controversial weapons, (c) thermal coal mining, (d) power generation companies, (e) tobacco, (f) adult entertainment.

**ii) Fund-specific:** : Extended activity or stricter exclusion criteria cover oil and gas extraction, and companies involved in gambling.

**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.

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is:

**2) Active stewardship:** ESG-related company engagements contributing to better awareness or improvement in companies' sustainability policies are measured by following indicators: (a) level of active engagement and voting policies, (b) number of engagements, (c) rate of voting and (d) participation at shareholder meetings.

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

According to Carmignac's defined approach, the Principal Adverse indicators are monitored on a quarterly basis. Adverse impacts are identified for degree of severity. After internal discussion an action plan is established including a timeline for execution. Company dialogue is usually the preferred course of action to influence the company's mitigation of adverse impacts, in which case the company engagement is included in the quarterly Carmignac Engagement plan according to the Carmignac Shareholder Engagement policy. Disinvestment may be considered with a predetermined exit strategy within the confines of this aforementioned policy.

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

Carmignac applies a controversy screening process on OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights for all its investments across all Sub-funds.

Carmignac acts in accordance with the United Nations Global Compact (UNGC) principles, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational enterprises to assess companies' norms, including but not limited to human rights abuses, labour laws and standard climate related practices.

This Sub-Fund applies a controversy screening process for all of its investments. Companies that have committed significant controversies against the environment, human rights and international labour laws to name the key infractions are excluded. This screening process bases the identification of controversies on the OECD Business Guidelines and UN Global compact principles and is commonly called norms-based screening, integrating a restrictive screening monitored and measured through Carmignac's proprietary ESG system START. A company controversy scoring and research is applied using data extracted from ISS ESG as the research data base.



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

Carmignac has committed to apply the SFDR level II 2019/2088 Regulatory Technical Standards (RTS) annex 1 whereby 14 mandatory and 2 optional environmental and social indicators will be monitored to show the impact of such sustainable investments against these indicators: Greenhouse gas emissions, Carbon footprint, GHG intensity (investee companies), Exposure to companies in 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 ratio, Water usage and recycling, Violations of UN Global Compact principles or 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 CEO pay ratio.

As part of its PAI strategy, Carmignac identifies companies that underperform the benchmark in terms of PAI Indicators. Our third party data provider, MSCI enables us to monitor the impact of our funds for each PAI. The PAI values of the fund are compared to the values of the benchmark. When the fund

PAI underperforms the benchmark PAI by a certain threshold, we look for the issuers that are the main contributors to the underperformance of the given PAI. Those companies are considered outliers.

Identifying outliers for each PAI indicator enables us to engage with companies in order to ensure they are committed to reducing their impact. No outlier has arisen for Carmignac Portfolio Tech Solutions versus its benchmark on PAI Indicators.

What were the top investments of this financial product?

Please find below the average top investments based on 6 month end data for 2024 for the equity section of the portfolio:

| Largest investments        | Sector                     | %<br>Assets | Country       |
|----------------------------|----------------------------|-------------|---------------|
| TAIWAN SEMICONDUCTOR       | Information Technology     | 8.96%       | Taiwan        |
| MICROSOFT CORP             | Information Technology     | 8.02%       | United States |
| BROADCOM INC               | Information Technology     | 7.91%       | United States |
| NVIDIA CORP                | Information Technology     | 6.76%       | United States |
| SYNOPSYS INC               | Information Technology     | 4.19%       | United States |
| SAMSUNG ELECTRONICS        | Information Technology     | 4.13%       | South Korea   |
| CADENCE DESIGN SYSTEMS INC | Information Technology     | 3.95%       | United States |
| ALPHABET INC               | Telecommunication Services | 3.17%       | United States |
| AMAZON.COM INC             | Consumer Discretionary     | 3.16%       | United States |
| ASML HOLDING NV            | Information Technology     | 3.10%       | Netherlands   |
| ELITE MATERIAL CO LTD      | Information Technology     | 3.03%       | Taiwan        |
| SK HYNIX INC               | Information Technology     | 2.45%       | South Korea   |
| SERVICENOW                 | Information Technology     | 2.35%       | United States |
| APPLE INC                  | Information Technology     | 2.10%       | United States |
| SINBON ELECTRONICS CO LTD  | Information Technology     | 2.01%       | Taiwan        |

Source: Carmignac, 31.12.2024

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

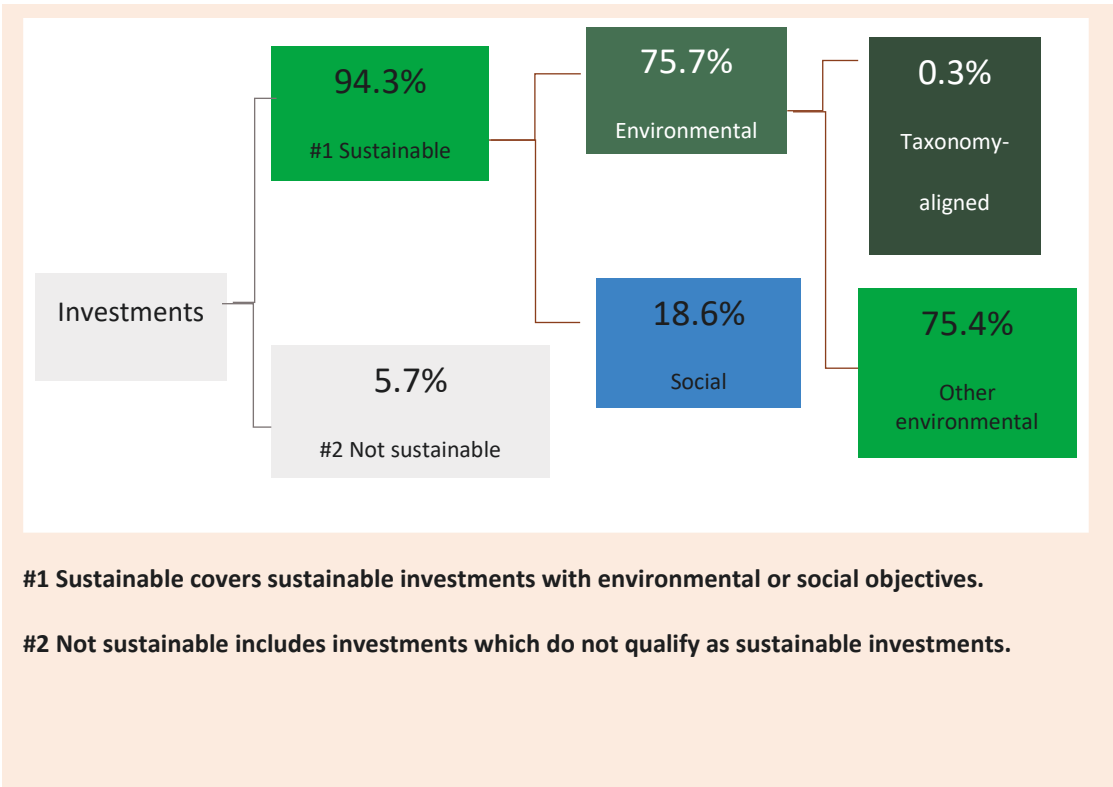
In 2024, 94.3% of the Sub-Fund’s net assets were invested in sustainable investments, based on an average at the end of 3 quarters from June 2024 to December 2024.

What was the asset allocation?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.



In 2024, 94.3% of the Sub-Fund’s net assets were invested in shares of companies that were positively aligned with relevant United Nations SDGs Sustainable Development Goals aforementioned.

In addition, in 2024, 75.7% of the Sub-Fund’s net assets were invested in sustainable investments with environmental objectives, and 18.6% in sustainable investment with social objectives, based on average quarter-end data.

The “#2 Not sustainable investments” include cash and derivative instruments, which may be used for hedging, if applicable. These instruments are not used to achieve the sustainable objective of the Sub-Fund. In 2024, 5.7% of the Sub-Fund’s net assets were invested in non sustainable investments. These were investments made strictly in accordance with the Sub-Fund's investment strategy. All such investments are subject to ESG analysis and to a screening of minimum safeguards to ensure that their business activities are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

Please find below the average top sectors based on 6 month end data for 2024:

| Largest economic sectors   | % Assets |
|----------------------------|----------|
| Information Technology     | 88.14%   |
| Consumer Discretionary     | 3.36%    |
| Telecommunication Services | 3.32%    |
| Industrials                | 2.98%    |
| Health Care                | 2.03%    |

The rest of the allocation was made in cash and derivatives (for hedging purposes) with a negative exposure of 0.17%.

Source: Carmignac, 31.12.2024

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.

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

As at 31/12/2024, 0.3% of the sustainable investments with an environmental objective were aligned with the EU Taxonomy.

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

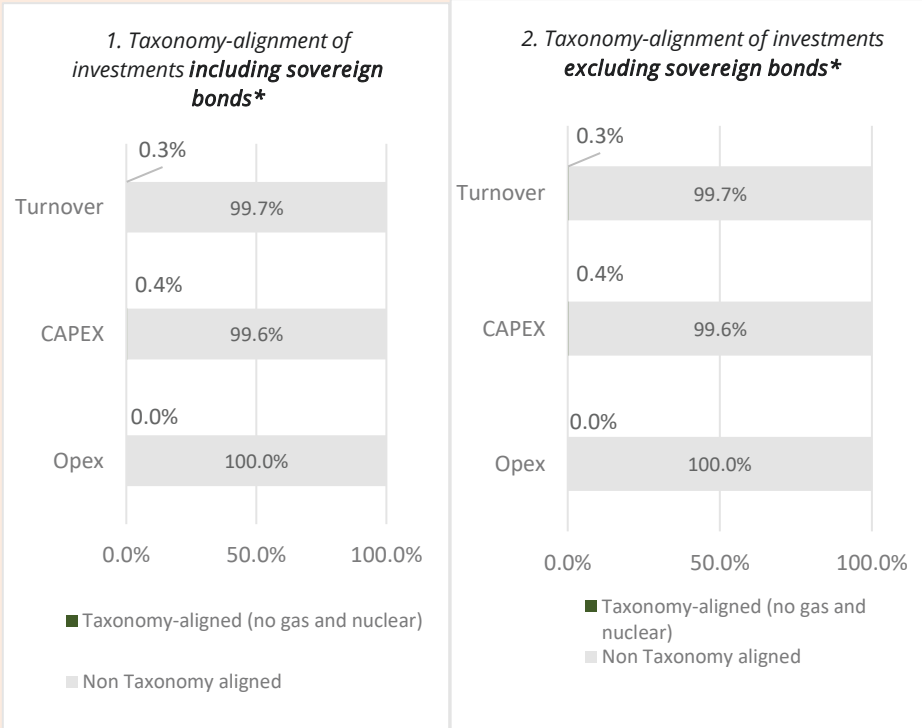
☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No:

*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.*



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

Not applicable.

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

Not applicable.



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

The minimum levels of sustainable investments with environmental objective not aligned with the EU Taxonomy is 30% of the Sub-Fund's net assets. In 2024, 75.4% of the Sub-Fund's net assets were invested in sustainable investments with environmental objectives not aligned with the EU Taxonomy based on an average at the end of 3 quarters from June 2024 to December 2024.



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

The minimum level of sustainable investments with social objectives is 5% of the Sub-Fund's net assets. In 2024, the level of sustainable investments with social objectives was 18.6% of the Sub-Fund's net assets, based on an average at the end of 3 quarters from June 2024 to December 2024.



**What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?**

In addition to sustainable investments, the Sub-Fund may invest in cash for liquidity management purposes and derivatives for hedging purposes. The investments included under "#2 Not sustainable" abide by our firm-wide negative screening framework for minimum safeguards

**What actions have been taken to meet the sustainable investment objective during the reference period?**

The below listed actions were conducted at Carmignac in 2024 in order to support our overall investment process in meeting environmental /social characteristics :

**ESG Integration**

In 2024, we introduced a new framework, for selected funds only, to meet the objectives of the Paris Agreement. Portfolio climate targets have been set to reduce greenhouse gas emissions by 50% in 2030, 70% by 2040 and achieve net zero by 2050. The baseline year for the portfolio climate targets is 2018.

In 2024, we also improved our universe reduction process by reweighting each issuer in the initial universe of the fund. The investment universe is reweighted to eliminate market capitalisation, geographical and sectoral biases which could lead to significant differences between the composition of these indices and that of the Sub-Fund's portfolio.



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

In 2024, we also formalised our ESG integration process for CLO (“collateralised loan obligation”) instruments. ESG analysis is performed for a significant portion of new CLO instruments. Adhoc analysis of the environmental and/or social characteristics of the eligible securitisation vehicles is carried out by the portfolio manager. Funds using this framework cannot invest in the worst scoring instruments.

We have developed and launched a holistic approach to evaluating sustainable bonds; which include Use-of Proceeds (green, social, sustainability) and sustainability-linked bonds. These bonds are no longer considered sustainable investments by default, but must rather be analysed on a look through basis using specific criteria.

We established a new framework to integrate ESG analysis into derivative exposures across all our funds. The underlying issuers of single name derivatives as well as index derivatives which are held for exposure purposes are now subject to ESG analysis. Single name derivatives held for exposure purposes are now being held to the same ESG integration criteria as long positions. Additionally, ESG integration criteria have been developed as described in the above document for index derivatives. Derivatives held for hedging or efficient portfolio management purposes can still be held in the portfolio without undergoing ESG analysis. The policy has been developed and implemented by the Sustainable Investment Specialists team, and is overseen by the firm’s Risk function.

Throughout 2024 we enhanced our ESG sovereign model to incorporate additional E/S/G KPIs into our analysis. This new model is expected to be launched by Q1 2025.

### **Transparency**

We have continued to provide comprehensive information as to our ESG approach, policies and reports on the Carmignac website: [https://www.carmignac.fr/en\\_GB/sustainable-investment/overview](https://www.carmignac.fr/en_GB/sustainable-investment/overview)

In our 2024 TCFD report, we introduced a climate Value at Risk (VAR) disclosure to our reporting. The climate VAR disclosure quantifies the economic value that would potentially be at risk under different climate scenarios. The climate VAR disclosure is available as part of our more comprehensive TCFD report and can be accessed at [https://carmidoc.carmignac.com/SRICA\\_FR\\_en.pdf](https://carmidoc.carmignac.com/SRICA_FR_en.pdf)

Carmignac recognises that it is as important to ‘walk the talk’ as it is to ‘talk the talk’; which is why we published our Corporate Social Responsibility (CSR) policy in 2024. Our CSR approach is based upon 5 key pillars: our operational environmental footprint, fostering an engaged workforce and inclusive environment, our societal commitment, our commitment to the arts via the Carmignac Foundation and our responsible business conduct. Our CSR policy can be accessed at [https://carmidoc.carmignac.com/CSR\\_FR\\_en.pdf](https://carmidoc.carmignac.com/CSR_FR_en.pdf)

In 2024, we also revamped our exclusion policy to further increase transparency for our investors. The policy now includes the rationale behind each exclusion, the revenue threshold used for these exclusions as well as a table detailing the funds in scope per exclusion criteria. In addition, we have enhanced the policy to further clarify our integration of UN Guiding Principles on Business and Human Rights into our controversies monitoring processes. Our exclusion policy can be accessed at [https://carmidoc.carmignac.com/SRIEXP\\_FR\\_en.pdf](https://carmidoc.carmignac.com/SRIEXP_FR_en.pdf).

### **Stewardship**

100% Voting Target: we have succeeded in participating in 98.15% (95% in 2023) at firm level in 2024 of all possible annual general meeting votes.

Stewardship code: We were once again approved by the FRC as a signatory of the Stewardship Code by complying with all principles, as formalised in our annual Stewardship Report: [https://carmidoc.carmignac.com/SWR\\_FR\\_en.pdf](https://carmidoc.carmignac.com/SWR_FR_en.pdf)

Regulatory Consultations: We have taken part in industry roundtables on ESG issues facing our industry, products and the sector as a whole, and additionally contributed to consultations and

discussions prompted by our regulators, including at EU level, the UK's FCA and France's AMF either directly, or through our fund associations working groups such as AI UK, Alfi Luxembourg and AFG, France

Carmignac sees value in both direct and collaborative engagement, and it is the combination of both which leads to the most influential and effective stewardship. It is by joining forces that investors can most effectively influence investee companies on material ESG issues, including market-wide and systemic risks, and ultimately help improve the functioning of markets. With this in mind, we have increased our involvement with Climate 100+, in particular for the collective engagement with Pemex as bondholder of the company. In 2024, we joined collaborative engagements initiative with Nature 100+, on biodiversity topics. We also joined the WBA collective impact coalition on ethical AI.

More specifically regarding engagements, 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.

In 2024, We conducted 70 engagements with 54 companies and 1 sovereign entity on ESG specific topics at Carmignac level, and with 5 companies in this particular Sub-Fund as Amazon described below.

In 2024, we continued our engagement with Amazon. The company is exposed to a number of ESG controversies and risks. We asked the company to disclose employee turnover and employee satisfaction survey results, accurate rate of their AI tools, and to keep net zero commitment in place despite growth of electricity demand related to growth of data centres. The company has made progress on disclosures regarding their AI tools, but we note that further transparency would be preferred. We asked the company to maintain the original GHG targets it has set, and they noted that renewables continue to be a critical part of their energy strategy, with no emphasis on nuclear. The company provides a reasonable level of ESG reporting. However, without any context, the data provided sometimes does not allow us to assess the outcomes of the initiatives they undertake. We asked the company to improve its reporting on employee satisfaction, turnover, accuracy levels of AI tools, electric vehicles targets. We will continue to engage with the company.

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



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

Not Applicable.

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

Not Applicable

#### **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?**

Not Applicable

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

Not Applicable

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

Not Applicable