



# **ENVIRONMENTAL, SOCIAL, GOVERNANCE AND HUMAN RIGHTS INDICATORS**

## **CARMIGNAC PORTFOLIO FLEXIBLE BOND**

In addition to 30+ ESG indicators of company data that can be monitored on the Carmignac proprietary ESG system START, the Carmignac Portfolio Flexible Bond (CFB) fund tracks the progress of 5 specific E, S, G and Human Rights indicators\*, a set of quantifiable data points established as performance measures. They seek to compare and manage the evolution of these indicators against the reference index and across companies. They also serve to drive further research and corporate engagement. Following the evolution of the requirements from the French SRI Label, we are committed to maintain a coverage above 90% for Human Rights Controversies and 70% for product safety controversies, while outperforming (or if no controversies, by having a similar performance) the benchmark on these two particularly relevant indicators, in line with our investment philosophy.

**Carbon Intensity is monitored monthly. The other S, G and HR indicators are monitored yearly.**  
(30<sup>th</sup> June 2024)

		E - Carbon Emissions Carbon footprint	E - Carbon Emissions Carbon intensity	S - Number of Product Safety Controversies	G - Board Independence
<b>Fund Coverage</b>		<b>69%</b>	<b>79%</b>	<b>77.68%</b>	<b>77.68%</b>
<b>Reference Indicator Coverage</b>		<b>83%</b>	<b>95%</b>	<b>23.67%</b>	<b>23.67%</b>
<b>Carmignac Flexible Bond</b>	June-2024	116.7 (t CO2)	144.94 tCO2e/M€ revenue	7 (5.1%)**	67.52%
<b>ICE BofA Euro Broad Market Index</b>	June-2024	71.87 (t CO2)	72.35 tCO2e/M€ revenue	90 (6.9%)**	62.23%

		Human Rights - Number of Supply Chain Controversies	Human Rights - Number of Controversies (UN GC)
<b>Fund Coverage</b>		<b>77.68%</b>	<b>92.26%</b>
<b>Reference Indicator Coverage</b>		<b>23.67%</b>	<b>33.57%</b>
<b>Carmignac Flexible Bond</b>	June-2024	1 (0.7%)**	0 (0%)**
<b>ICE BofA Euro Broad Market Index</b>	June-2024	79 (6.1%)**	1 (0.08%)**

\*ESG-related issues are not static and no single ESG indicator is enough to judge all ESG-related risks, as their relative materiality varies between companies and across all regions, this measurement is a manner to monitor key indicators across our funds and investee companies.

\*\*Percentage of companies affected by controversies to number of companies within the fund or reference indicator

For comparison, last year's data was as follows (30<sup>th</sup> September 2023):

		E – Carbon Emissions Carbon footprint	E – Carbon Emissions Carbon intensity	S – Number of Product Safety Controversies	G – Board Independence
<i>Fund Coverage</i>		67.48%	72.07%	72.57%	72.57%
<i>Reference Indicator Coverage</i>		74.65%	91.14%	91.40%	91.40%
Carmignac Flexible Bond	Sept-2023	904.70 (t CO2)	267.28 tCO2e/M€ revenue	0 (0%)**	80.32%
ICE BofA Euro Broad Market Index	Sept-2023	499.89 (t CO2)	81.43 tCO2e/M€ revenue	32 (3.9%)**	79.38%

		Human Rights – Number of Supply Chain Controversies	Human Rights – Number of Controversies (UN GC)
<i>Fund Coverage</i>		72.57%	92.56%
<i>Reference Indicator Coverage</i>		91.40%	98.66%
Carmignac Flexible Bond	Sept-2023	0 (0%)**	0 (0%)**
ICE BofA Euro Broad Market Index	Sept-2023	15 (1.8%)**	2 (0.25%)**

\*ESG-related issues are not static and no single ESG indicator is enough to judge all ESG-related risks, as their relative materiality varies between companies and across all regions, this measurement is a manner to monitor key indicators across our funds and investee companies.

\*\*Percentage of companies affected by controversies to number of companies within the fund or reference indicator

## Objectives

- ▶ E – Carbon Emissions
  - The Fund aims to reduce its carbon footprint year on year
- ▶ S – Number of Product Safety Controversies
  - Less controversies than the reference indicator
- ▶ G – Board Independence
  - A weighted average Board Independence figure higher than the reference indicator
- ▶ Human Rights – Number of Human Right supply chain controversies
  - Less controversies than the reference indicator
- ▶ Human Rights – Number of UNGC Human Right controversies
  - Less controversies than the reference indicator

## Definition & Calculation Methodology

- ▶ Carbon Emissions:
  - Source: MSCI
  - Definition: Portfolio carbon footprint as the tons of CO<sub>2</sub>e per million Euros of revenues (t CO<sub>2</sub>e/ €M revenue). The sub fund's CO<sub>2</sub> emissions target was to have a tCO<sub>2</sub>/M€ invested level below the reference indicator and close to the MSCI Low Carbon target index.
  - Calculation: The companies' carbon intensities (tonnes of CO<sub>2</sub>e /USD mn revenues converted to Euros, (Scope 1 and 2 GHG Protocol), S&P Trucost) are weighted according to their portfolio weightings (adjusted for holdings for which carbon emissions are not available), and then summed.
  
- ▶ S – Number of product safety controversies:
  - Source: MSCI ESG
  - Definition: This figure represents the number of controversies related to product safety & quality in which the company has been involved in the past three years for which the ESG Controversies severity as identified by MSCI assessment is 'Severe' & 'Very Severe'. The severity scale runs None-Minor-Moderate-Severe-Very Severe.
  - Calculation: The total number of companies affected by ongoing controversies for the portfolio and reference indicator as published by MSCI ESG.
  
- ▶ G – Board Independence:
  - Source: MSCI ESG
  - Definition: The percentage of board members that meet MSCI designated criteria for independence ie non-executive and independent of management. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.
  - Calculation: The weighted average between the Board Independence of companies and their respective weight in the portfolio. The reported data is based on the most recent assessment by MSCI ESG.
  
- ▶ Human Rights – Number of supply chain controversies:
  - Source: MSCI ESG
  - Definition: This figure represents the number of controversies related to supply chain labour standards as identified by MSCI in which the company has been involved in the past three years (if any) for which the ESG Controversies severity assessment is 'Severe' and 'Very Severe'. The severity scale runs None-Minor-Moderate-Severe-Very Severe
  - Calculation: The number of companies affected by controversies for the portfolio and reference indicator over 3 years.
  
- ▶ Human Rights – Number of Controversies (UN Global Compact):
  - Source: ISS ESG
  - Definition: Companies that severely violate the Human Right Principles of UN GC
  - Calculation: The number of companies that violate the Human Right Principles of UN GC
  
- ▶ Coverage methodology:

- Sum of the weights in the portfolio for which there is data divided by the total sum of the weights of the corporate bonds in the portfolio.
- Other asset types are excluded from the coverage calculation because they are not expected to have data on the aforementioned ESG indicators.

## DISCLAIMER

**Source: Carmignac, MSCI ESG, ISS ESG, October 2023.** This document may not be reproduced, in whole or in part, without prior authorisation from the management company. This document does not constitute a subscription offer, nor does it constitute investment advice. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Fund has not been registered under the US Securities Act of 1933. The Fund may not be offered or sold, directly or indirectly, for the benefit or on behalf of a "U.S. person", according to the definition of the US Regulation S and/or FATCA. The Fund presents a risk of loss of capital. The risks and fees are described in the KID (Key Information Document). The Fund's prospectus, KIDs and annual reports are available at [www.carmignac.com](http://www.carmignac.com), or upon request to the Management Company. The KID must be made available to the subscriber prior to subscription. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in English on the following link at section 6: [https://www.carmignac.com/en\\_US/article-page/regulatory-information-1788](https://www.carmignac.com/en_US/article-page/regulatory-information-1788)

- **In Switzerland**, the Fund's respective prospectuses, KIDs and annual reports are available at [www.carmignac.ch](http://www.carmignac.ch), or through our representative in Switzerland, CACEIS (Switzerland) S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon.

- **In the United Kingdom**, the Funds' respective prospectuses, KIDs and annual reports are available at [www.carmignac.co.uk](http://www.carmignac.co.uk), or upon request to the Management Company, or for the French Funds, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R. This material was prepared by Carmignac Gestion, Carmignac Gestion Luxembourg or Carmignac UK Ltd and is being distributed in the UK by Carmignac Gestion Luxembourg.

**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 € 13,500,000 - RCS Paris B 349 501 676. **CARMIGNAC GESTION Luxembourg** - City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tel : (+352) 46 70 60 1 Subsidiary of Carmignac Gestion - Investment fund management company approved by the CSSF Public limited company with share capital of € 23,000,000 - RCS Luxembourg B 67 549