ANNEX II

Template pre-contractual 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 PORTFOLIO EM DEBT **Legal entity identifier:** 549300SMTV5OQRJOAU34

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes environmental and social characteristics by applying a best-efforts approach to invest in a sustainable manner: 1) ESG integration, 2) Negative screening, 3) Positive screening, 4) Active Stewardship to promote Environment and Social characteristics, 5) Monitoring of Principal Adverse Impacts.

Importantly, the positive screening pillar composes a minimum of 10% of net assets which are deemed sustainable investments, defined as:

1) Investments in emerging market sovereign or quasi sovereign debt issuers that reflect strong or improving ESG-related characteristics within the top quartile of the sustainability score distribution (≥ 3.4/5) according to our proprietary ESG scoring system. For this calculation, the Sub-fund uses a proprietary ESG scoring system which uses specific ESG-related factors and which is applied primarily to emerging market countries to evaluate the ESG characteristics of the sovereign and quasi-sovereign issuers in the Sub-Fund's investment universe. The aggregated score takes into consideration multiple sustainable objectives at a sovereign state policy implementation level i.e. share of renewables, Gini index, education level. These are rated from 1 to 5 whereby 1 is the lowest score, 5 is the highest score and 3 is the neutral point;

OR

2) Investments in use of proceeds bonds such as green, social or sustainable corporate, sovereign, quasi-sovereign and agency bonds and investments in sustainability-linked bonds.

The Sub-Fund has not designated a reference benchmark for the purposes of attaining the environmental and/or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

This Sub-Fund uses the following sustainability indicators to measure the attainment of each of the environmental or social characteristics promoted by the Sub-Fund :

1) 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), which includes internal and external ESG ratings, for corporate and sovereign issuers, is applied to at least 90% of issuers.

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

2) Amount the corporate bond universe is reduced by: The initial universe for universe reduction purposes is the ICE BofA Emerging Markets Coporate Bond index (EMCB). This universe is reduced by a minimum of 20% through the application of the filters described below.

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) Sub-Fund specific: Fixed income portfolio positions with an overall START rating of "D" or "E" (rating from "E" to "A") are excluded of the Sub-Fund's investment universe. Companies having a START rating of E (rating from "E" to "A") on environmental or social pillars are excluded of the Sub-Fund's investment universe. Companies having an overall MSCI rating of "CCC" or "B" (rating from "C" to "AAA") are a priori excluded of the Sub-Fund's investment universe. Companies rated "CCC" or "B"on the overall MSCI rating (from "E" to "A") can reintegrate into the Sub-Fund's investment universe if START rating is C or above.

Prior to reducing the investment universe as described above, the equities and corporate bond universes, as applicable, are re-weighted in order to eliminate any bias that could lead to significant differences between the composition of the indices making up these universes and that of the Fund's portfolio. Each issuer is re-weighted according to the fund's historical weightings by sector, region (emerging markets/developed markets), and market capitalization (small/mid/large)) allowing for a +/-5% margin for each separate characteristic.. The weights used are calculated annually, however the constituents of the universe and the ESG data used to reduce the universe are refreshed quarterly. The re-weighting is done using the fund's historical weightings over the last 5 years, considering sector, geography, and capitalization rotations.

3) Positive screening: at least 60% of the Sub-Funds net assets are invested in emerging market sovereign bonds and quasi-sovereign debt in accordance with the following sustainable portfolio composition rules:

- 60% have a sustainability score of 3/5 or higher in our proprietary scoring system
- 90% have a sustainability score of 2.6/5 or higher in our proprietary scoring system
- The average exposure weighted sustainability score is above 3/5 the combined contribution of all types of the aforementioned sustainable bonds
- In addition, to maintain the minimum 10% of net assets the Sub-fund will invest in either or both of the aforementioned two types of sustainable investments

The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-Fund’s net assets.

4) 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 and bondholder meetings.

5) Principal adverse impacts: Furthermore, this Sub-Fund is committed to applying the SFDR level II 2019/2088 Regulatory Technical Standards (RTS) annex 1 related to Principal Adverse Impacts whereby 14 mandatory and 2 optional environmental and social indicators (selected by the Sustainable Investment team for pertinence and coverage) 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 (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). Sovereign bond issuers are monitored for Social violations and GHG intensity indicators.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The Sub-Fund makes sustainable investments whereby a minimum of 10% of the Sub-Fund’s net assets are invested either: 1) in emerging market sovereign or quasi-sovereign debt issuers that reflect strong or improving ESG-related characteristics within the top quartile of the sustainability score distribution (≥ 3.4/5) using our proprietary ESG scoring system, OR 2) in green, social, sustainable and sustainability-linked corporate, sovereign or quasi-sovereign bonds.

The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-Fund’s net assets.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

We use the following mechansims 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) Sub-Fund specific: Fixed income portfolio positions with an overall START rating of “D” or “E” (rating from "E" to "A") are excluded of the Sub-Fund’s investment universe. Companies having a START rating of E (rating from "E" to "A") on environmental or social pillars are excluded of the Sub-Fund’s investment universe. Companies having an overall MSCI rating of "CCC" or "B" (rating from "C" to "AAA") are a priori excluded of the Sub-Fund’s investment universe. Companies rated “CCC” or "B"on the overall MSCI rating (from “E” to “A”) can reintegrate into the Sub-Fund’s investment universe if START rating is C or above.

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 and bondholder meetings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Principal Adverse Indicators are monitored on a quarterly basis. Outlier adverse impacts are identified for degree of severity. After discussion with the investment team 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 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.

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

The EU Taxonomy sets out a "do not 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.
Any other sustainable investments must also not significantly harm any environmental or social objectives.

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 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. This process aims to exclude from the investment universe companies that have committed significant controversies against the environment, human rights and international labour laws. The screening process bases the indentification 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.

Does 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.

✖ Yes

Carmignac has committed to apply the SFDR level II 2019/2088 Regulatory Technical Standards (RTS) annex 1 whereby 16 mandatory and 2 optional environmental and social indicators (chosen by the Sustainable Investment team for pertinence and coverage) 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 (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). In addition and where applicable, sovereign bond indictators: social violence and GHG intensity are monitored.
To mitigate the adverse impacts if detected, further assessment is performed to identify an engagement strategy or potential divestment from the company as is outlined under the Carmignac Engagement policy and Principal Adverse Impact policy.
Please find in our PAI Policy the Table 1 (Annex 1, SFDR Level II), the statement on principal adverse impacts of investment decisions on sustainability factors. The performance of these indicators will be disclosed in annual reports.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Sub-Fund implements a total return approach striving to deliver sustainable positive returns with attractive Sharpe ratio whatever the market environment over the investment horizon of 3 years. This total return mindset allows to participate in rising markets, while implementing a defensive approach, by hedging the portfolio to market risks, during declining market expectations. In order to meet its investment objectives, this Sub-Fund is mainly invested in a wide spectrum of emerging markets debt instruments. Accordingly, the Sub-Fund is invested in corporate, sovereign and quasisovereign bonds (i.e. bonds issued by quasi-sovereign entities which are wholly-owned or 100% guaranteed by a national government), without restriction on credit ratings (including high-yield bonds) and on currencies the securities are denominated in. The allocation between corporate, sovereign and quasisovereign bonds is made on a discretionary basis.

The Sub-Fund adopts a sustainable investment approach using best in universe and best efforts selection process and both positive and negative screening to identify companies with long term sustainable growth criteria. The Sub-Fund makes sustainable investments whereby a minimum of 10% of the Sub-Fund's net assets, are invested in shares of companies that are considered aligned with relevant United Nations Sustainable Development Goals ("the SDGS"). The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-Fund's net assets.

Importantly, the positive screening pillar composes a minimum of 10% of net assets which are deemed sustainable investments, defined as:

1) Investments in emerging market sovereign or quasi sovereign debt issuers that reflect strong or improving ESG-related characteristics within the top quartile of the sustainability score distribution (≥ 3.4/5) according to our proprietary ESG scoring system. For this calculation, the Sub-fund uses a proprietary ESG scoring system which uses specific ESG-related factors and which is applied primarily to emerging market countries to evaluate the ESG characteristics of the sovereign and quasi-sovereign issuers in the Sub-Fund's investment universe. The aggregated score takes into consideration multiple sustainable objectives at a sovereign state policy implementation level i.e. share of renewables, Gini

index, education level. These are rated from 1 to 5 whereby 1 is the lowest score, 5 is the highest score and 3 is the neutral point;

OR

2) Investments in use of proceeds bonds such as green, social or sustainable corporate, sovereign, quasi-sovereign and agency bonds and investments in sustainability-linked bonds.

At least 60% of the Sub-Funds net assets are invested in emerging market sovereign bonds and quasi-sovereign debt in accordance with the following sustainable portfolio composition rules:

- 60% have a sustainability score of 3/5 or higher in our proprietary scoring system
- 90% have a sustainability score of 2.6/5 or higher in our proprietary scoring system
- The average exposure weighted sustainability score is above 3/5 the combined contribution of all types of the aforementioned sustainable bonds
- In addition, to maintain the minimum 10% of net assets the Sub-fund will invest in either or both of the aforementioned two types of sustainable investments

In terms of ESG integration, the investment universe is assessed for ESG risks and opportunities recorded in Carmignac proprietary ESG platform “START” (System for Tracking and Analysis of a Responsible Trajectory). This applies to equities, corporate bonds, and sovereign bonds issuers. The Environmental, Social and Governance analysis (“Integrated ESG Analysis”) is incorporated in the investment process performed by the investment team using proprietary research and external research.

The extra-financial analysis is implemented in the investment strategy by undertaking activities described below whereby the Sub-Fund's investment universe is actively reduced by at least 20%. The full process of the reduction of the investment universe is found in the corresponding Transparency Code on the Carmignac website. The initial universe for universe reduction purposes is the ICE BofA Emerging Markets Coporate Bond index (EMCB). The investment universe and the Sub-Fund is reviewed periodically to maintain alignment for universe reduction purposes.

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) Sub-Fund specific: Fixed income portfolio positions with an overall START rating of “D” or “E” (rating from "E" to "A") are excluded of the Sub-Fund’s investment universe. Companies having a START rating of E (rating from "E" to "A") on environmental or social pillars are excluded of the Sub-Fund’s investment universe. Companies having an overall MSCI rating of "CCC" or "B" (rating from "C" to "AAA") are a priori excluded of the Sub-Fund’s investment universe. Companies rated “CCC” or "B"on the overall MSCI rating (from “E” to “A”) can reintegrate into the Sub-Fund’s investment universe if START rating is C or above.

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 and bondholder meetings.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics are:

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- 10% of the Sub-Fund's net assets are invested in 1) emerging market sovereign or quasi sovereign debt issuers within the top quartile of the sustainability score distribution (≥3.4/5) OR 2) green, social, sustainable and sustainability-linked corporate or sovereign bonds;
- Corporate bond Investment universe is actively reduced by at least 20%;
- ESG analysis applied to at least 90% of issuers;
- The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-Fund's net assets; and
- At least 60% of its net assets in emerging markets sovereign and quasi-sovereign debt investments respecting the following portfolio composition rules:
    - 60% have a sustainability score of 3 or higher in the scoring system (details below)
    - 90% have a sustainability score of 2.6 or higher in the scoring system
    - Average exposure weighted sustainability score is above 3

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The committed minimum rate of investment universe reduction for corporate bonds is 20%.

What is the policy to assess good governance practices of the investee companies?

In order to assess good governance practices, the Sub-Fund applies Carmignac proprietary ESG research system START, which gathers key governance indicators automated for over 7000 companies, including 1) the percentage of Audit Committee Independence, Average Board Tenure, Board Gender Diversity, Board Size, Compensation Committee Independence as it relates to sound management structures, 2) Executive Compensation, Executive Sustainability Incentive, Highest Remuneration Package as it relates to remuneration of staff. Employee relations are covered within Carmignac S indicators (namely through employee satisfaction, gender pay gap, turnover of employees) within START.

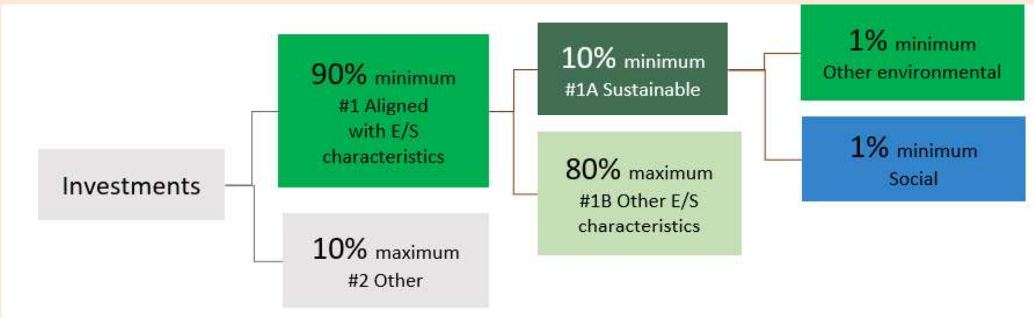
As for taxation, the Sub-Fund recognize companies in it investment universe which adhere to the OECD Guidelines for multinational enterprises on taxation and push for disclosure where necessary.

In addition, as signatory of the PRI, we Carmignac would expect from the companies it invest in to:
o Publish a global tax policy that outlines the company's approach to responsible tax;
o Report on tax governance and risk management processes; and
o Report on a country-by-country basis (CBCR)

This is a consideration Carmignac increasingly integrates into our it engagements with corporates and in our it votes in support for more transparency via for example support for shareholder resolutions.

- For sovereign issuers, the following governance criteria are assessed: ease of doing business, fiscal positioning, debt ratio as years of revenue position, current account position.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

A minimum proportion of 90% of the investments of this Sub-Fund is used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy.

Asset allocation describes the share of investments in specific assets.

The minimum of 10% of net assets which are deemed sustainable investments is defined as:
1) Investments in emerging market sovereign or quasi sovereign debt issuers that reflect strong or improving ESG-related characteristics within the top quartile of the sustainability score distribution (≥3.4/5) according to our proprietary ESG scoring system; OR
2) Investments in use of proceeds bonds such as green, social or sustainable corporate, sovereign, quasi-sovereign and agency bonds and investments in sustianability-linked bonds

The minimum levels of sustainable investments with environmental and social objectives are respectively 1% and 1% of the Sub-Fund’s net assets.

The #2 Other investment (in addition to cash and certain derivatives which may be used hedging purposes, if applicable) are corporate bonds or sovereign bonds investments which are not classified as sustainable investment. They are investments made strictly in accordance with the Sub-Fund's investment strategy and have the purpose of implementing the Sub-Fund's investment strategy. All such investments are made subject to ESG analysis (including through our ESG proprietary sovereign model for sovereign bonds) and for equity and corporate bonds are subject 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. These instruments are not used to achieve the environmental or social characteristics promoted by the Sub-Fund.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

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 Sub-Fund does not use derivatives to attain the environmental or social characteristics it promotes, nor does it use derivatives to attain minimum levels of sustainable investments with environmental and social objectives.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[14]?

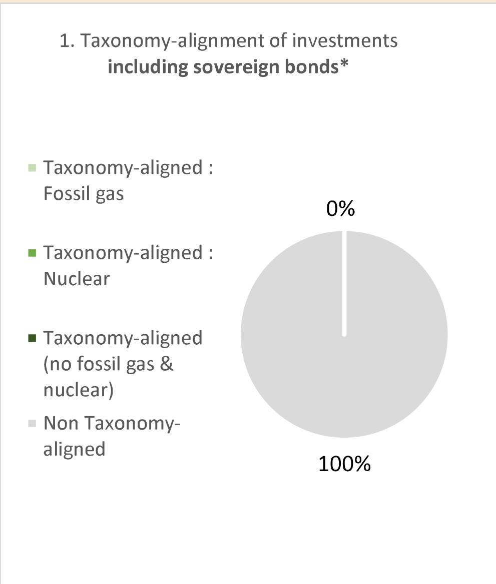
☐ Yes :

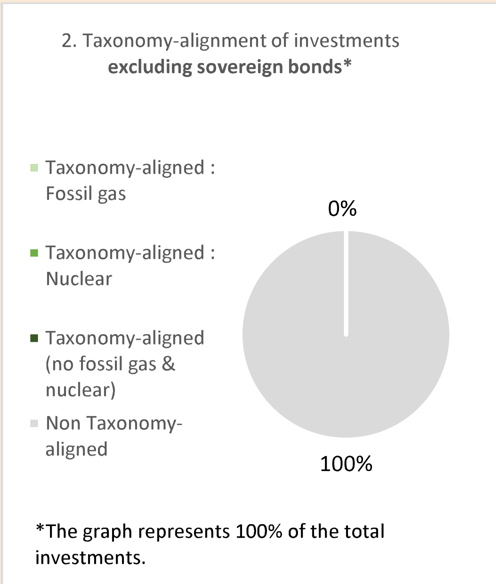
☐ In fossil gas ☐ In nuclear energy

☒ No

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.

The two graphs below show in green the minimum percentage of investments that are 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*

What is the minimum share of investments in transitional and enabling activities?

N/A.

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[14] 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 de not significantly harm any EU Taxonomy objectives - 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.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum level of sustainable investments with environmental objectives that are not aligned with the EU taxonomy is 1% of the Sub-Fund's eligible assets.

What is the minimum share of socially sustainable investments?

The minimum level of sustainable investments with social objectives is 1% of the Sub-Fund's eligible assets.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The remaining portion of the portfolio (outside the minimum proportion of 90%) may also promote environmental and social characteristics but are not systematically covered by ESG analysis. Such assets may include unlisted securities or securities that have been subject to an initial public offering, the ESG analysis of which may be carried out after the acquisition of said financial instrument by the sub-fund, cash for liquidity management purposes as well as derivatives.

At issuer level (for equities and corporate bonds), non sustainable assets are examined for adherence to global norms on environmental protection, human rights, labor standards and anti-corruption, through controversy ("norms-based") screening. The investments are subject 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.

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

Environmental, social and governance considerations are integrated in synthetic instruments through the derivatives framework detailed below. The approach will depend on the type of derivatives instrument used by the Sub-Fund: single name derivative or index derivatives.

Single name derivatives

Derivatives with a <u>short exposure</u> to a single underlying security do not go through an additional ESG related checks. The underlying issuer may be present in the Sub-Fund's exclusion lists on the basis that signalling a lack of confidence in a business with poor ESG characteristics through shorting their security(ies) is considered reasonable in the pursuit of balancing shareholders' investment objectives. Such derivatives are not subject to a START rating.

Derivatives with a <u>long exposure</u> to a single underlying company or issuer are subject to the same ESG integration policy as physical long equity and/or corporate debt positions, as applicable. These instruments must satisfy the same ESG integration and criteria, as described in this annex.

Index derivatives

Index derivatives, whether with a long or short exposure, may go through additional checks to ensure they are suitable for the Sub-Fund, depending on their purpose.

- <u>Hedging and efficient portfolio management purposes</u>: index derivatives purchased for hedging purposes are not analysed for ESG purposes.
- <u>Exposure purposes</u>: an index derivatives may be purchased by the Sub-Fund for exposure to the extent it meets the following characteristics, if it is to be held for more than one month and less than twelve months:
    - Concentrated index (5 or less components in the underlying index): The index must not have any of its components in the Sub-Fund's exclusion list.

- Broad-based index (more than 5 components): the index must be composed in significant majority (>80% in exposure) of companies that are not in the Sub-Fund's exclusion list.

In addition, the weighted average ESG rating of the index must be above BBB (MSCI) or C (START), and the ESG coverage of the index (either MSCI or START) must be greater than 90%.

The reference indicator of the Sub-Fund remains out of scope of this index derivatives framework, and is not considered for ESG purposes.

The Sub-Fund applies compensation calculation (netting of a long position with an equivalent issuer short positions using derivatives) for the purpose of measuring adverse impacts.

100% of the sub-fund's assets (excluding cash and derivatives) apply negative sectorial and norms-based screens and exclusions ensuring minimum environment and social safeguards.

In addition, the do no significant harm, exclusionary process and adverse impacts are monitored for all the Sub-Funds' assets.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

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

N/A.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

N/A.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

N/A.

How does the designated index differ from a relevant broad market index?

N/A.

Where can the methodology used for the calculation of the designated index be found?

N/A.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.carmignac.lu/en_GB/funds/carmignac-portfolio-em-debt/a-eur-acc/fund-overview-and-characteristics