

Sustainability-related disclosures

Carmignac Portfolio Grande Europe

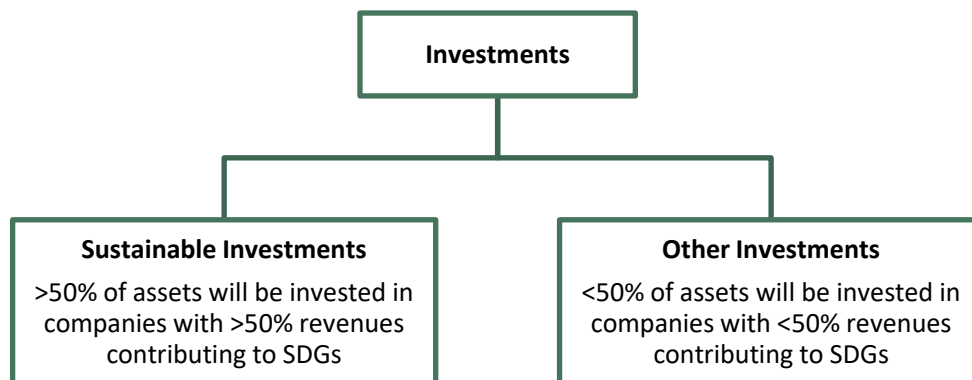
- a. **Summary:** As part of its objective, this Fund seeks to invest sustainably for long-term growth and implements a socially responsible investment approach. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices in accordance with **Article 9** of the Sustainable Finance Disclosure Regulation (“SFDR”).
- b. **Sustainable investment objective:** The sustainable investment objective for this Fund is to invest mainly (i.e. more than 50% of the Fund’s net assets) in shares of companies of which more than 50% of their revenue comes from goods and services related to business activities which align positively with one of the following 9 out of 17 United Nations Sustainable Development Goals (“the Sustainable Development Goals”) selected for this Fund: (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. For further information on the United Nations Sustainable Development Goals, please refer to <https://sdgs.un.org/goals>.
- c. **Investment strategy:** The Fund’s approach focuses on achieving positive outcomes linked to the aforementioned Sustainable Development Goals. The Fund’s financial objective is to outperform its reference indicator (Stoxx Europe 600) over a recommended investment horizon of five years. This Fund is an actively managed UCITS. The investment manager has discretion over the composition of its portfolio, subject to the stated investment objectives and policy. The Fund seeks to invest in companies that exhibit strong reinvestment rates and recurrent profitability. Details on how the socially responsible investment approach is applied is described in the extra-financial analysis section below and can be found on our [website](#) and our [“Responsible Investment”](#) web page.
- d. **Methodologies:** There are four manners in which the Fund adopts binding elements to implement the investment strategy and achieve its sustainable investment objective.
1. Firm-wide exclusion list (controversial weapons, tobacco, adult entertainment, thermal coal producers etc.) and extended exclusions for energy and ethical related sectors (eg alcohol).
 2. The Fund's investment universe is actively reduced by at least 20%, through relative screening using third-party ESG research (MSCI) and referencing our internal proprietary scoring system (START¹) for additional insights.

More precisely, we exclude poorly ESG-rated companies according to their overall MSCI rating CCC. Companies rated B/BB of the Fund’s investment universe are also excluded, unless the company’s business activities are aligned to one of the SDGs as described above.

¹ The proprietary ESG system START (**S**ystem for **T**racking and **A**nalysis of a Responsible **T**rajectory) combines and aggregates market leading data providers ESG indicators. Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac’s proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete

These exclusions are monitored by the portfolio manager using the front office tool (GPM). The Risk management team also follows these internal rules using the Bloomberg compliance tool CMGR.

3. Reduction in carbon emissions: The Fund adopts a binding carbon emissions target which consists of achieving a carbon footprint at least 30% lower than its reference indicator, as measured by the carbon intensity, using S&P Trucost data.
 4. Companies are selected on the basis of their percentage of revenues earned from goods and services contributing to the aforementioned SDGs. A mapping is constructed by sorting raw company revenue data by business activity. An investment is deemed aligned if over 50% of investee company's revenue is generated from business activities which contribute to one of the aforementioned Sustainable Development Goals.
- e. **Good governance:** in the companies in which we invest is monitored and measured initially through the proprietary ESG system START and is complemented by proprietary analysis. Specific governance indicators include Board independence, composition and skills, minority shareholder treatment and executive remuneration. Corporate behavior indicators cover accounting practices, tax issues and anti-bribery measures.
- f. **Asset allocation of investments:** Please find below a diagram explaining the asset allocation to sustainable and non-sustainable investments according to the Fund's definition of Sustainable investments and the aforementioned 9 SDGs.



- g. **Other investments:** Investments are also made in companies that do not contribute to the aforementioned SDGs or do contribute but may not have achieved the 50% revenue hurdle that the Fund has established as minimum standard of sustainable investments. In addition, all investments are also subject to the binding negative sectoral exclusions, norms-based exclusions and controversy screens for abuses and lack of adherence to the OECD and UN Global compact principles. The ISS data service is used for this screening. These Other investments may contribute to the sustainable objectives, but to a lesser extent.
- h. **Derivatives:** The use of equity index derivatives does not contribute to attaining the sustainable objective nor the financial objective of the Fund but are used for efficient portfolio management.
- i. **Monitoring of the Funds' ESG characteristics and sustainable objective:** The environmental, social and governance scores of the Fund are monitored and published monthly via an ESG factsheet. The Fund's Annual Report includes an assessment of ESG scores and carbon emissions compared to the Fund's reference indicator, as well as a discussion on the key engagements made during the year.

The Sustainable Objective alignment will be published from 2022 in the fund's annual report and on the Carmignac website.

- j. **Do no significant harm:** The Fund will abstain from investing in companies whose activities may significantly undermine the objectives of the aforementioned sustainable investment objective. For this, all investments are examined for adverse impacts and adherence to global norms on environmental protection, human rights, labor standards and anti-corruption. For details, please refer to the exclusion policy available on Carmignac Responsible Investment website. The Fund does not formerly measure the Principal Adverse Indicators as stated in the annex 1 of the Regulatory Technical Standards (RTS) February 2021. However, this is planned after the EU ratification of the RTS.
- k. **Data sources and processing:** The Fund uses several data sources that are aggregated into the Carmignac proprietary ESG System START. The sources are S&P Trucost for carbon data, TR Refinitiv for raw company ESG, MSCI and ISS Ethix for controversial sector, UNGC and OECD Business and Human Rights Norms screening.
- l. **Limitations to methodologies and data:** The Fund's sustainability risk may differ from the sustainability risk of the Reference indicator. In terms of methodology, the SDG approach is just one framework that can be used to illustrate positive outcomes; there are others that may yield to different results. The approach uses public revenues data and is based upon the UN SDGs' goals and targets framework and literature. However, as the mapping of the specific business activities that are to be considered 'aligned' is proprietary, there may be variations between our approach and others. We do not require portfolios to be 100% aligned with these SDGs for a fund to use the approach.
- m. **Due diligence:** Over 90% of the Funds' assets ex cash (listed equities, and corporate bonds if relevant) are assessed for ESG score and risks. Proprietary analysis is combined with the ESG scoring process of Carmignac's proprietary system START. ESG analysis is verified under the third-party independent audit process as part of the national sustainability labels' requirements (French Label ISR and Belgium label Towards Sustainability).
- n. **Engagement of policies:** Carmignac operates active voting and engagement policies that reflect their environmental, social and governance themes. The voting participation target is 100% of all possible votes. An Engagement plan is established to identify engagements with companies in which we are invested that show poor management of ESG related risks, where Carmignac has identified a specific theme, or where a specific impact or investigation of a controversy is required.
- o. **Designated reference benchmark:** The Fund has designated its reference indicator (Stoxx Europe 600) as a reference benchmark. The reference indicator is a general market index and used as a benchmark to compare the Fund's sustainability performance (ESG scoring), including the carbon emissions' target. The results are published on a monthly basis on our ["Responsible Investment" web page](#). A description and methodology and composition of the benchmark can be found in the Prospectus. This benchmark is not used to measure the Sustainable Objective which is an objective based on an absolute value of Sustainable Investments described in (f) of the portfolio.

- **Fund inception date:** 30/06/1999
- **Reference indicator:** Stoxx 600 NR (Reinvested net dividends)
- **ISIN code* (A EUR acc share class):** LU0099161993



*For the A EUR acc share class. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

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