



SUSTAINABILITY-RELATED DISCLOSURES **CARMIGNAC PORTFOLIO HUMAN XPERIENCE**

IN ACCORDANCE WITH ARTICLE 10 (EU SFDR 2019/2088 – LEVEL II)

Summary

Carmignac Portfolio Human Xperience is a social thematic fund with a social objective to invest 100% of the portfolio's eligible assets in accordance with Article 9 of the Sustainable Finance Disclosure Regulation ("SFDR").

The Sub-Fund is a social thematic fund with a sustainable investment objective to invest a minimum of 80% of the portfolio's net assets in companies that rank in the top 30% of the investable universe based on customer and employee satisfaction data. Therefore, this Sub-Fund seeks to make at least 80% of sustainable investments with a social objective in accordance with Article 9 of the Sustainable Finance Disclosure Regulation ("SFDR"). Not sustainable investments of aforementioned net assets (Maximum 20%) are cash and derivative instruments, which may be used for hedging purposes.

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). 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%.

Negative screening and exclusions of unsustainable activities and practices are performed based on the following indicators: (a) practices that are harmful to society and the environment, (b) controversies against the OECD business guidelines and UN Global compact principles, (c) controversial weapons (d) coal mining activity, (e) power companies that have not Paris alignment objectives in place, (f) companies involved in tobacco production, (g) companies involved in adult entertainment. Other extended exclusions may apply and can be consulted further below in this document.

From an active stewardship perspective, environmental and social related company engagements are performed with an objective leading to improvement in companies' sustainability policies (active engagement and voting policies - number of engagements - level of attainment versus the 100% objective of participation at shareholder and bondholder meetings).

All the investments of the Sub-Fund are examined for adherence to global norms on environmental protection, human rights, labor standards and anti-corruption, through controversy screening. Furthermore, this Sub-Fund is committed to considering Principal Adverse Impacts whereby 14 mandatory and 2 optional environmental and social indicators and if relevant 2 Sovereign-related PAIs, are as indicated in the Annex 1 of the SFDR Level II 2019/2088.

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

- Exclusion of companies rated outside of the top 30/100 on customer and employee satisfaction
- The coverage rate of ESG analysis
- The amount the equity universe is reduced by (minimum 20%):
- Principal Adverse Impacts indicators
- Active stewardship voting participation rate

Further information regarding the methodology of monitoring the aforementioned indicators can be found in the document below.

The investment team are ultimately responsible for the proprietary ESG assessment. The auto populated START score is determined by a proprietary formula comparing companies within 90 peer groups aggregated by capitalization, sector and region. An upgrade or downgrade of this score can be made

during the proprietary analysis and commentary by the financial or ESG analyst. The START score statistics are monitored for bias, frequency, and coherence by the Sustainable Investment team.

All sectorial and controversy exclusions are hard exclusions. The Sustainable investment team have a separate reporting line to the Chief Executive Officer of Carmignac UK Ltd.

The Sub-Fund uses several data sources that are aggregated into the Carmignac proprietary ESG System START. The sources are employee engagement surveys and public polling companies for satisfaction data, FactSet for revenue data, corporate filings for CAPEX data, S&P Trucost for carbon emissions data, TR Refinitiv for raw company ESG data, MSCI and ISS ESG for controversial behaviours, UNGC and OECD Business and Human Rights Norms screening.

The Sub-Fund's sustainability risk may differ from the sustainability risk of the Reference indicator. In terms of methodology, the human experience scores, is just one framework that can be used to illustrate positive social outcomes; there are others that may yield different results

The attainment of the sustainable objective is ensured on a continuous basis through monitoring and controls and will be published monthly on the Sub-Fund's webpage

The Sub-Fund has not designated a reference benchmark for the purposes of showing the attainment of the sustainable investment objective.

No significant harm to the sustainable investment objective

All of the the Fund's investments (not only the sustainable investments) are examined for adherence to global norms on environmental protection, human rights, labor standards and anti-corruption, through controversy screening. More precisely, 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.

Controversial behaviours engagement is aimed at eliminating a company's breach of the UNGC and/ or OECD Guidelines for Multinational Enterprises and installing proper management systems to prevent such a breach from recurring. If engagement is unsuccessful, the company is considered for exclusion. Enhanced engagement cases are selected quarterly depending on the need for a follow-up. Engagement focus can differ between various investment exposures.

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 and if relevant 2 Sovereign-related PAIs, are as indicated in the Annex 1 of the SFDR Level II 2019/2088. 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).

Adverse impacts are identified for degree of severity. After discussion with the investment team concerned 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.

Sustainable investment objective of the financial product

This Sub-Fund invests in sustainable investments in accordance with Article 9 of the Sustainable Finance Disclosure Regulation ("SFDR").

The Sub-Fund is a social thematic fund with a sustainable investment objective to invest a minimum of 80% of the portfolio's net assets in companies that rank in the top 30% of the investable universe based on customer and employee satisfaction data. The extra-financial component of the analysis primarily draws on publicly disclosed information from 1. Employee Engagement Surveys; 2. Real-time/news flow and 3. Reported company social metrics. The ratings and selection process are an integral part of fundamental company analysis and is conducted according to our proprietary model based 50% on customer experience and 50% on employee experience.

The Sub-Fund has not designated a reference benchmark for the purposes of showing the attainment of the sustainable investment objective.

Investment strategy

In order to achieve its investment objective, the Sub-Fund seeks to invest in global equities of companies that exhibit strong 'human experience' characteristics. The investment theme is based on the conviction that companies with strong employee experience and customer experience will achieve superior long-term revenues.

The Sub-Fund adopts a best-in-class socially responsible approach to investment with a prominent focus on investee companies' social and environmental practices, by selecting the best issuers in the investable universe based on their differentiating management of customer and employee satisfaction. The Sub-Fund has a sustainable investment objective to achieve a positive social outcome by investing 80% of the portfolio's net assets in companies that rank in the top 30% of the investable universe based on customer and employee satisfaction data.

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). The extra-financial analysis is implemented in the investment strategy by undertaking activities described below whereby the Fund's investment universe is actively reduced by at least 20%.

Negative screening and exclusions of unsustainable activities and practices reflected in low ESG scores from START, MSCI and or ISS scores and research are performed based on the following indicators : (a) practices that are harmful to society and the environment, (b) controversies against the OECD business guidelines and UN Global compact principles, (c) controversial weapons (d) coal mining activity, (e)

power companies that have not Paris alignment objectives in place, (f) companies involved in tobacco production, (g) companies involved in adult entertainment. Extended exclusions include the oil and gas, conventional weapons, and gambling sectors.

The universe is further reduced by excluding companies that do not meet the aforementioned customer and employee satisfaction screening.

From an active stewardship perspective, environmental and social related company engagements are performed with an objective leading to improvement in companies' sustainability policies (active engagement and voting policies - number of engagements - level of attainment versus the 100% objective of participation at shareholder and bondholder meetings).

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 Social indicators (namely through employee satisfaction, gender pay gap, turnover of employees) within START.

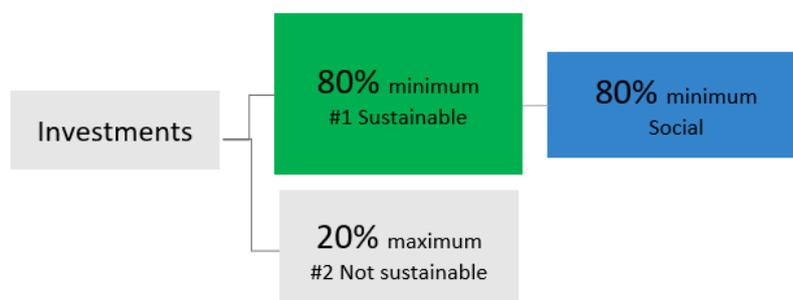
As for taxation, the Sub-Fund recognize companies in it investment universe which adhere to the OECD Guidelines for multinational enterprises on taxation and push for disclosure where necessary.

In addition, as signatory of the PRI, we Carmignac would expect from the companies it invests 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 its engagements with corporates and votes in support for more transparency via for example support for shareholder resolutions.

Proportion of investments



A minimum proportion of 80% of the Sub-Fund is used to meet the sustainable objective of the Sub-Fund in accordance with the binding elements of the investment strategy.

The minimum levels of sustainable investments with social objectives are 80% of the Sub-Fund's net assets.

The "#2 Not sustainable investments" include cash and derivative instruments, which may be used for hedging purposes.

Monitoring of sustainable investment objective

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

Exclusion of companies rated above 30/100 on customer and employee satisfaction. The extra-financial component of the analysis primarily draws on publicly disclosed information made public from:

1. Employee Engagement Surveys,
2. Real-time/news flow,
3. Reported company social metrics.

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 at least 90% of issuers.

The amount the equity universe is reduced by (minimum 20%): Negative screening and exclusions of unsustainable activities and practices reflected in low ESG scores from START, MSCI and or ISS scores and research are performed based on following indicators : (a) practices that are harmful to society and the environment, (b) controversies against the OECD business guidelines and UN Global compact principles, (c) controversial weapons, (d) coal mining activity, (e) power companies that have not Paris alignment objectives in place, (f) carbon intensity limits, (g) companies involved in tobacco production, (h) companies involved in adult entertainment. Extended exclusions include the oil and gas sector, conventional weapons, and gambling. The universe is further reduced by the number of companies that do not meet the aforementioned customer and employee satisfaction screening.

Principal Adverse Impacts indicator monitoring whereby 14 mandatory and 2 optional environmental and social indicators (selected by the Responsible Investment team for pertinence and coverage) will be monitored to show the impact of such sustainable investments against these indicators as mentioned above.

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.

Methodologies

Social criteria analysis methodology. The extra-financial component of the analysis primarily draws on publicly disclosed information from 1. Employee Engagement Surveys; 2. Real-time/news flow and 3. Reported company social metrics. The ratings and selection process are an integral part of fundamental

company analysis and is conducted according to our proprietary model based 50% on customer experience and 50% on employee experience. The objective is an absolute target to invest 80% of the portfolio's net assets into companies on a continuous basis that rank in the top 30% of the investable universe based on customer and employee satisfaction data. Companies that do not rank in the top 30% are excluded.

ESG analysis methodology. The Carmignac's proprietary ESG platform "START" (System for Tracking and Analysis of a Responsible Trajectory) provides a platform that aggregates raw company ESG data of 31 ESG indicators, if available, across Environmental, Social and Governance pillars. Overall ESG scores for companies grouped by sector, capitalisation and region are computed. The investment team members are responsible for company proprietary ESG analysis and confirms the START score and analysis by a commentary of ESG risks and integrates these analyses into the investment decisions. The START platform is available on the Verity RMS internal database for investment research accessible to all investment staff.

Negative screening and exclusions methodology. Carmignac employs ESG related exclusions and specific extended Sub-Fund exclusions, as mentioned above, which are hard exclusions implemented into the compliance tool CMGR linked to the BBG Aim Portfolio Management Order system. Every quarter the Exclusion lists are reviewed by the Sustainable Investment team including the following updates: index reweighting, revised revenue data and revenue thresholds and new investments. The updated list is uploaded and monitored by the Risk Management team. For further information please refer to the Exclusion policy on the Carmignac Sustainable Policy and Reports web page

Carbon emission target methodology. Carbon emissions targets are monitored real time through the portfolio dashboard Global Portfolio Monitoring system. S&P Trucost is used for carbon data measuring carbon intensity (tCO₂/ mUSD revenue converted to Euros; aggregated at portfolio level (Scope 1 and 2 of GHG Protocol). For further information please refer to the Sub-Funds monthly factsheet.

Principal Adverse Indicator (PAI) Impact methodology. Carmignac sources the Principle Adverse Impact indicators for all funds classified as Article 8 or 9 under the EU SFDR from the data provider Impact Cubed. Each indicator data point is sourced and averaged over 4 quarters before a yearly publication is made. The definitions for each of the 14 mandatory equity-related PAIs plus two optional, and if relevant 2 Sovereign-related PAIs, are as indicated in the Annex 1 of the SFDR Level II 2019/2088. Publication and full methodology will be published on the Carmignac Sustainable Investment website in 2023 in line with the aforementioned Disclosure requirements.

Data Sources and Processing

(a) **The data sources used to attain the sustainable investment objective of the financial product:** The Sub-Fund uses several data sources that are aggregated into the Carmignac proprietary ESG System START. The sources are employee engagement surveys and public polling companies for customer and client satisfaction data in addition to real-time/news flow and reported company social metrics. Furthermore, other sources include FactSet for revenue data, corporate filings for CAPEX data, S&P Trucost for carbon emissions data, TR Refinitiv for raw company ESG data, MSCI and ISS ESG for controversial behaviors, UNGC and OECD Business and Human Rights Norms screening.

(b) **The measures taken to ensure data quality:** The Sustainable investment team includes ESG data experts who are in charge of automated checks such as identifying outliers in a data set, as well as verifying alternative data sources.

(c) **How data are processed:** as explained in the Methodologies section, the revenue data (main criteria to monitor the sustainable objective) is monitored through FactSet and mapped through investable themes that are aligned with the aforementioned 9 of the 17 UN Sustainable Development Goals.

(d) **The proportion of data that are estimated:** ESG START scoring and company revenue data is not estimated. PAIs data, contain an average of 46% estimations whereby all reported PAIs are aggregated for all Carmignac eligible funds as of 30/09/2022. Carbon emissions data (Scope 1 and 2) are mainly based on fully disclosed company emissions declarations with few estimations.

Limitations to methodologies and data

The Sub-Fund's sustainability risk may differ from the sustainability risk of the Reference indicator. In terms of methodology, the human experience scores, is just one framework that can be used to illustrate positive social outcomes; there are others that may yield different results.

Due diligence

Over 90% of the Sub-Funds' assets (listed equities, corporate and sovereign bonds where applicable) are assessed for ESG score and risks. Proprietary analysis is combined with the ESG scoring process of Carmignac's proprietary system START.

The investment team are ultimately responsible for the proprietary ESG assessment. The auto populated START score is determined by a proprietary formula comparing companies within 90 peer groups aggregated by capitalization, sector and region. An upgrade or downgrade of this score can be made during the proprietary analysis and commentary by the financial or ESG analyst. The START score statistics are monitored for bias, frequency, and coherence by the Sustainable Investment team. Periodically, both the sovereign and corporate START ESG proprietary scoring systems are back tested for potential improvement.

Regarding exclusions, on a quarterly basis the Carmignac company exclusion list and the fund specific exclusion lists if relevant are reviewed including the following updates: index reweighting, revised revenue data and impact on revenue thresholds, fund new holdings. These exclusions are entered via the compliance tool. All sectorial and controversy exclusions are hard exclusions. The Sustainable investment team have a separate reporting line to the Chief Executive Officer of Carmignac UK Ltd.

Engagement 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.

Attainment of the sustainable investment objective

The sustainability indicators used to measure the attainment of sustainable objective of this financial product are the following :

Exclusion of companies rated above 30/100 according to our proprietary database. Specifically, this Sub-Fund has a sustainable investment objective to achieve a positive social outcome by investing 100% of the portfolio's eligible assets in companies that rank in the top 30% of the investable universe based on customer and employee satisfaction data. The extra-financial component of the analysis primarily draws on publicly disclosed information made public from :

- Employee Engagement Surveys,
- Real-time/news flow,
- Reported company social metrics.

The coverage rate of ESG analysis: ESG integration through ESG scoring using Carmignac's proprietary ESG platform "START" is applied to at least 90% of issuers and is monitored and reported on a monthly basis.

Minimum universe reduction of 20%: Negative screening and exclusions of unsustainable activities and practices. The universe is further reduced by the number of companies do not meet the aforementioned customer and employee satisfaction screening. This is monitored on a quarterly basis.

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).

- **Fund:** Carmignac Portfolio Human Xperience
- **Management:** Equity strategies
- **Legal form:** Luxembourg SICAV sub-fund
- **ISIN code (A EUR acc share class):** LU2295992163
- **Recommended minimum investment horizon:** 5 years
- **Risk scale:** 6
- **Fund inception date:** 31/03/2021
- **Reference indicator:** MSCI ACWI (USD, Reinvested net dividends)

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- **In Switzerland**, the Fund's respective prospectuses, KIDs and annual reports are available at 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, 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.

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