PROFESSIONALS ONLY

CARMIGNAC
INVESTING IN YOUR INTEREST

2023

CARMIGNAC'S CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

MARKETING COMMUNICATION - Please refer to the KID/prospectus of the fund before making any final investment decisions.

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"As an active asset manager, we remain of the view that it is a part of our fiduciary duty to accompany and influence climate transition and reward those entities that are already contributing to a cleaner and more sustainable world, whilst encouraging others to enhance climate related disclosures and efforts."

Maxime CARMIGNAC
CEO Carmignac UK Ltd

FOREWORD

Since our previous TCFD report, there has been much debate and development in the energy transition space. Clean energy, the driving force behind the energy transition, has had a difficult couple of years following the war in Ukraine, higher interest rates and the increased costs of raw materials. The market share of electric vehicles has undeniably increased, reaching 18% of all new cars sold globally in 2023 (vs only 2% in 2018)[1], yet the demand strength remains shaky due to a difficult macroenvironment, coupled with the pressure exerted by Chinese competition on the share prices of European automakers. Solar power has seen an exponential rise over the past few years being one of the main leaders of the renewable energy expansion, and on track for beating its production forecast of 2TW in 2024[2]. In other areas too, we are seeing positive technological, cost and demand progress in more difficult to abate sectors such as green steel, cement and sustainable aviation fuel. Each of the above represent theoretical energy transition pathways hitting the reality of global markets and necessitate a pragmatic and thorough analysis so that we can navigate the risks and opportunities in a value creative way.

As an independent, active asset manager investing on behalf of long-term investors, we remain of the view that it is part of our fiduciary duty to accompany and influence climate transition and reward those entities that are already contributing to a cleaner and more sustainable world while encouraging others to enhance climate-related disclosures and efforts. As long-term investors in emerging markets, we understand that not all companies can transition at the same pace, so we are mindful to maintain a demanding yet a pragmatic approach to the companies' climate targets and initiatives.

At Carmignac, we have evolved and adapted our climate approach through a series of tangible steps. These include:

- Designing a net zero framework for our funds in scope,
- Obtaining new data tools to assess the climate risks and opportunities,
- Updating our internal proprietary ESG scoring methodology to include more advanced climate metrics,
- Becoming an engagement lead with a national oil company through Climate Action 100+,
- Conducting multi-disciplinary research on the inflationary impacts of the energy transition.

Alongside this, we have continued our long-established work on analysing climate issues at a security level, engaging with higher risk investee companies and voting in a thoughtful way at AGMs. We cannot erase all short-term negative externalities that our investee companies have on the environment, but we can allocate our clients' capital towards long term investments taking full advantage of our risk managed approach, impact measurement tools and active ownership practices in addressing climate related issues.

As a group, we remain convinced that financial markets need a high level of transparency and collaboration concerning the multiple impacts of climate change. We hope that you will find this report enlightening and instructive.

Maxime CARMIGNAC
Chief Executive Officer, Carmignac UK Ltd

[1] **International Energy Agency: Global EV Outlook 2024** (https://www.iea.org/reports/global-ev-outlook-2024)
[2] **Global Market Outlook for Solar Power 2024-2028- SolarPower Europe** (https://www.solarpowereurope.org/insights/outlooks/global-market-outlook-for-solar-power-2024-2028)

EXECUTIVE SUMMARY

Carmignac, an independent, active asset management company has made climate awareness a formal component of its investment process by becoming a member and supporter of the TCFD in January 2020. In-line with the UK regulatory requirements, Carmignac has structured this climate report the 4 sections: Governance, Strategy, Risk Management, and Metrics & Targets. There have been several new commitments key to strengthening our determination to address climate change through our business activities and investments that we wish to draw your attention to.

In the Governance section, we will introduce Carmignac's structure, and its various ESG related committees.

In the Strategy section, we discuss:

- Our sustainable investment integration process,
- How we incorporate climate indicators into our investment process,
- Our climate related exclusions,
- Our approach to engagement and voting on climate; alongside some case studies,
- Our Portfolio Climate Targets.

In the Risk Management section, we have formalised the control and monitoring process for our funds with Carbon emissions targets and objectives.

Finally, in the Metrics and Targets section, we have published the carbon emissions' metrics that are disseminated in the periodic annual report of relevant funds by Carmignac since 2017. In addition, we have taken a broader approach incorporating Paris alignment, Physical and Transition risks for all our portfolios. We have also outlined the proposal for implementation of the Net Zero pathway for the applicable funds in scope in 2023; whilst referencing our new 2024 methodology.

SECTION A: GOVERNANCE

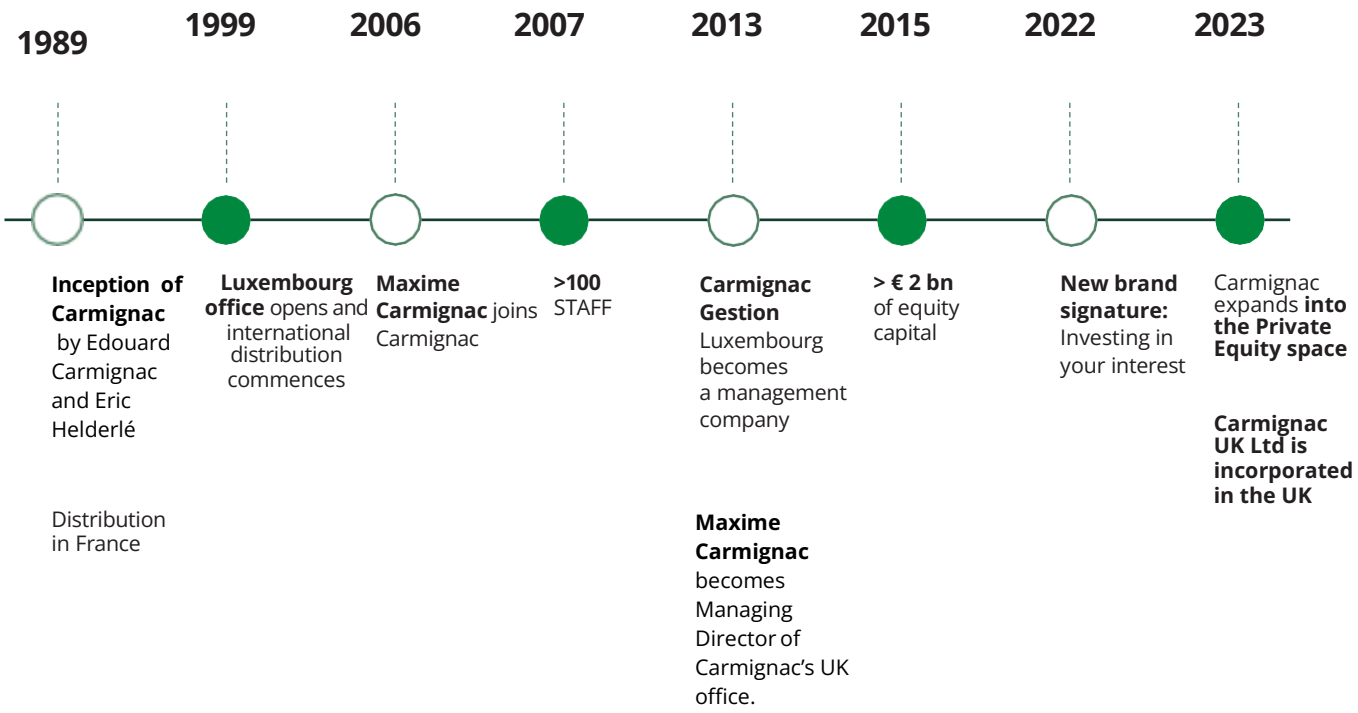
ABOUT CARMIGNAC

Carmignac is an independent asset management firm established in 1989 on three core principles that still stand true today: entrepreneurial spirit, human-driven insight and active commitment. We are as entrepreneurial today as we have always been: our team of portfolio managers (PMs) keeping the freedom and courage to perform independent risk analysis, translate it into strong convictions and implement them.

Our collaborative culture of debate, on-the-groundwork and in-house research means we will always enhance data analysis with human-driven insight to better manage complexity and evaluate hidden risks.

We are both active managers and active partners, committed to our clients, providing transparency on our investment decisions and are always accountable for them. With a capital entirely held by the Carmignac family and staff, Carmignac is now one of Europe's leading asset managers, operating from seven different offices.

Today, as throughout our history, we are committed to trying harder and better to actively manage our clients' savings over the long term.



CARMIGNAC IN BRIEF[3]

More than 30 years
of trust and expertise

€ 30.3
Billion of assets under Management

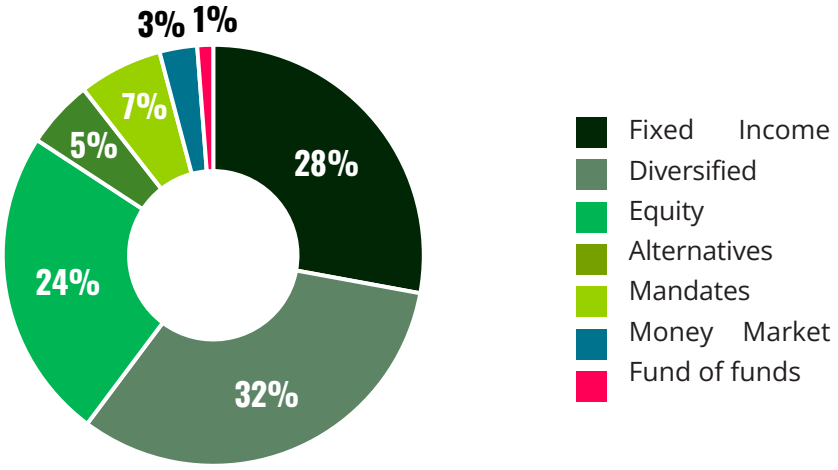
25
Investment strategies

306 employees
45 Fund managers and analysts

7 offices in Europe
Fund management teams based in Paris, London, and Luxembourg

More than 90%
of strategies are classified as financial products with social and environmental characteristic or with sustainable objectives (Art. 8 & 9 SFDR)

ASSETS UNDER MANAGEMENT BY STRATEGY



[3] **Source:** Carmignac data as of 31/12/2023

OUR ASSETS UNDER MANAGEMENT BY GEOGRAPHY

NORTH AMERICA	
Equities	18.01%
Fixed income	5.43%

EUROPE	
Equities	12.76%
Fixed income	34.27%

EASTERN EUROPE	
Equities	0.02%
Fixed income	4.25%

ASIA	
Equities	6.85%
Fixed income	0.99%

MIDDLE EAST	
Equities	0.06%
Fixed income	0.49%

ASIA PACIFIC	
Equities	0.56%
Fixed income	0.42%

AFRICA	
Equities	0.00%
Fixed income	0.86%

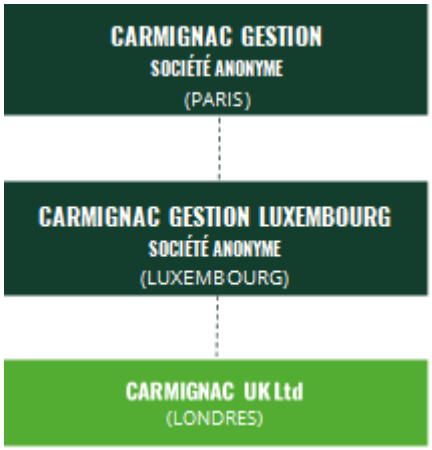
LATIN AMERICA	
Equities	1.54%
Fixed income	2.96%

SUPRANATIONAL	
Fixed income	0.15%

Source: Carmignac data as of 31/12/2023

OUR STRUCTURE AND GOVERNANCE

Carmignac currently comprises two asset management firms: Carmignac Gestion and Carmignac Gestion Luxembourg; which help deliver a range of French FCP, Luxembourg Carmignac Portfolio SICAV, Irish ICAV and UK registered OEICs. This allows us to offer investment vehicles and products that are adapted to local investor's needs and jurisdictions. Carmignac UK Ltd is a MiFID Investment Manager approved by the Financial Conduct Authority (FCA) in the United Kingdom from August 2023; and is a subsidiary of Carmignac Gestion Luxembourg.



Carmignac Gestion SA (CG) is an asset management company registered with the AMF since 3rd February 1989

Carmignac Gestion Luxembourg SA (CGL) is an asset management company registered with the CSSF since 10 June 2013

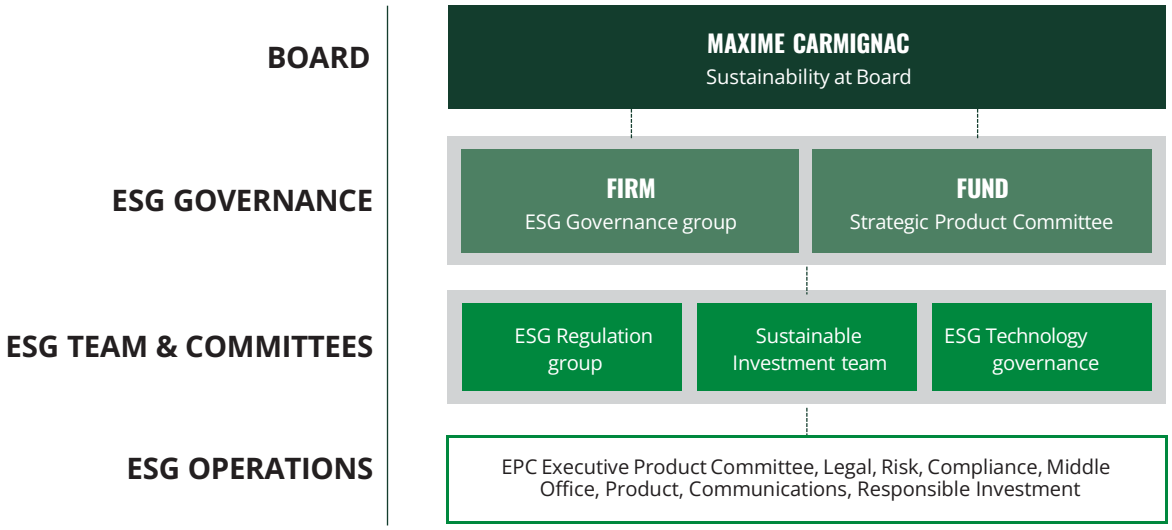
Carmignac UK Ltd (Carmignac UK) is a 'UK MiFID Investment Firm' regulated by the FCA since 1st October 2023.

Please find more information about our governance model on our website[4]

[4] **Carmignac Governance Model :** https://www.carmignac.co.uk/en_GB/about-us/governance-424

ESG GOVERNANCE STRUCTURE

The Sustainable Investment (SI) team reports directly to Maxime Carmignac, Chief Executive Officer, and Executive Director (CEO) of Carmignac UK Ltd. Meetings are regularly scheduled between the SI Team and the CEO to provide updates on the implementation of our SI strategy, as well as an overview of the latest trends in the industry; these meetings also serve as escalation points when needed. The direct reporting line between the SI team and the Board Director highlights the importance of sustainability for the Carmignac Group and ensures that this topic remains a priority for the Board and that there is a sufficient resource allocation to it.



We highlight below two key committees which support our activity as well as our other internal committees which support the integration of our sustainable investment strategy within the business:

- The **ESG Governance group**, is composed of some of our internal Strategic Development Committee members such as the General Manager, Heads of the Investment teams, the CEO of Carmignac UK Ltd, as well as the Head of SI team and the Global Head of Compliance. This group is responsible for all sustainable investment practices and decisions at a firm level.

- The **Strategic Product Committee** is equally as key regarding ESG related policies at the fund level. Led by the CEO of Carmignac UK Ltd, Maxime Carmignac, it is also composed of key stakeholders including the Head of SI Team and General Management. Significant fund-level decisions are made by the committee such as the classification of our funds under the European Union's (EU) SFDR "Article 8" and "Article 9" categories and the respective Sustainable Disclosure Regulation (SDR) label which Carmignac will apply for on behalf of the UK OEICs in 2024.

In addition to the above committees, we also have internal working groups which support the implementation of the sustainable investment strategy:

- The **ESG Regulation Group** is composed of members of the SI team, Legal, Compliance and Risk teams. This working group is chaired by the Head of the SI Team and meets on a monthly basis to understand the scope of the various regulations and develop project plans for their implementation.
- **The ESG Technology Governance Group** is composed of members of the SI Team, Technology and Risk teams. This working group is also chaired by the Head of the SI Team and meets on a monthly basis to develop data-driven tools which enable an efficient access to ESG data used both for reporting and investment process.

SECTION B: STRATEGY

We believe every company must play its part in climate change mitigation. We collaborate with the companies we invest in to achieve emissions transparency and to transition to climate-friendly policies. To reduce climate related risks, Carmignac has several energy specific exclusions policies. Since March 2020, Carmignac has tightened its policy of excluding coal producers and coal, nuclear and gas power plants by incorporating a tolerance trajectory for CO2/kWh emissions in line with the Paris Agreement and a limit of 10% of turnover or 20m tons from thermal coal production. Carmignac is committed to a total exit from coal (mines and power plants) by 2030 in all regions of the world[5].

Our **strategy to address Climate-Related Risks and Opportunities** including indicators and sustainable practices is, in part, based on the following three pillars: ESG Integration, Exclusions process, and Engagement. While ESG integration of climate-related risk and opportunities has a short-term impact on investment decisions, both the exclusion and engagement policies are applied over the long term to ensure an appropriate investment universe of companies with sustainable objectives. For those companies where improvements can be made, time is taken to influence their operations, policies, and practices.

PILLAR 1: PORTFOLIO CONSTRUCTION

NEGATIVE SCREENING: CLIMATE RELATED EXCLUSIONS IN FOCUS

Carmignac is fully committed to actively managing investments on behalf of investors through our thorough proprietary analysis and company engagements. It is part of Carmignac's fiduciary duty to offer suitable investments which consider ESG impacts. With this in mind, we believe our investments should be made in companies with sustainable business models and which are exhibiting long-term growth perspectives. As such, we have compiled an exclusion list with companies that do not meet Carmignac's investment standards due to their business activities or breaches of international norms.

[5] **Carmignac Exclusions Policy:** https://carmidoc.carmignac.com/SRIEXP_UK_en.pdf

COAL EXIT STRATEGY BY 2030

Carmignac has committed to a long-term total phase-out of coal-related investments across OECD countries and the rest of world. Should there be any future coal-related investments permitted within the confines of Carmignac's Exclusion Policy[6], a total exit from coal mining and coal-fired power generating companies will be implemented by 2030. This coal exit strategy will be implemented with an effective zero % tolerance threshold.

COAL MINING

Since 2018, Carmignac has excluded mining companies which derive more than 10% of their revenue from thermal coal mining or produce more than 20 million tons of thermal coal. We pledge through our equity and corporate debt investments that we will not directly finance companies planning new coal mining projects. Should an investee company through acquisitions be involved in new coal plants projects, Carmignac will disinvest from these companies within a defined timeframe. Facing the climate emergency, Carmignac encourages companies to make credible commitments to reduce their dependence on coal mining within a 2-year rolling timeframe to align their activities with the Paris Agreement. On an exceptional basis, mining companies which produce over 20 million tons of thermal coal per year, but for which coal does not represent a core business and, in addition, contribute positively to the energy transition through other business activities, can be considered for investment.

COAL-FIRED POWER GENERATORS

Carmignac recognises the importance of encouraging companies to reduce their dependence on coal power generation to align their activities with the Paris Agreement. For this purpose, we have adopted the criteria using gCO2/ kWh, following the threshold recommended by the International Energy Agency (IEA) to keep global temperature rise below 2 degrees, as set out by the Paris Agreement:

	2019	2020	2021	2022	2023	2024	2025
Max. gCO2/kWh	429	408	393	374	354	335	315

When gCO2/kWh data is not available, we will exclude power generating companies based on production or revenue levels of >10% originating from coal. We will also exclude those companies planning new coal- fired electricity plant capacity.

[6] **Carmignac Exclusion Policy :** https://carmidoc.carmignac.com/SRIEXP_UK_en.pdf

POSITIVE SCREENING: OUR SDG FRAMEWORK

The Sustainable Development Goals (SDGs) can act as a guide to help investors understand how their investments may contribute towards shaping positive and meaningful outcomes for society and the environment. Carmignac's proprietary Outcomes Framework is based on SDGs both from a products & services perspective, as well as operational perspective (later was established in 2023). We deem these nine below SDGs as 'investable' from a product & services perspective, which means that companies our funds can invest in are able to support progress towards these goals, through their products and services.

SDGs	INVESTABLE THEMES (Products & Services)
1 NO POVERTY	Low-cost products and services Enabling economic infrastructure Accessibility to financial services
2 NO HUNGER	Sale of healthy and affordable food Food production and sourcing Food system productivity
3 GOOD HELTH AND WELL-BEING	Personal care and physical wellbeing Healthcare
4 QUALITY EDUCATION	Educational resources
6 CLEAN WATER AND SANITATION	Access to quality water Water resource management and treatment

SDGs	Investable themes (Products & Services)
7 CLEAN AND AFFORDABLE ENERGY	Access to reliable and available electricity Clean energy technologies Energy efficiency
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Infrastructure Access to information and communications technology Smart and efficient industry technologies
11 SUSTAINABLE CITIES	Residential housing Functional and resilient cities Safety and security Sustainable Transport
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Green consumption alternatives Circular economy products and services Waste management and recycling

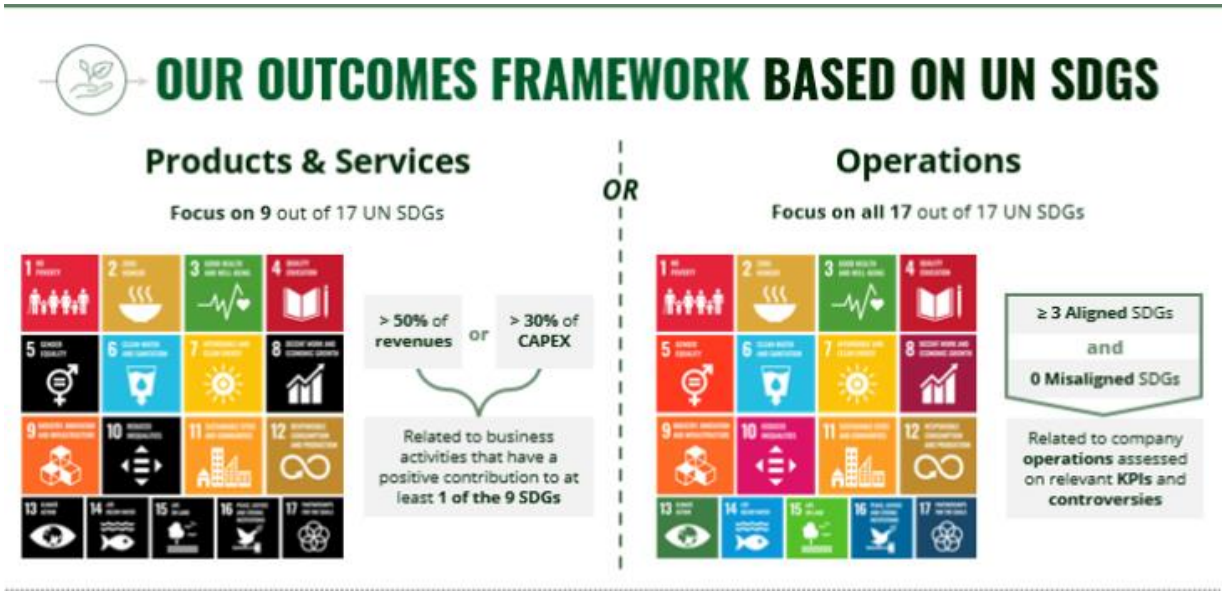
Aligned companies from a products & services perspective are identified through company revenue data. To do this, we use a proprietary business activity classification system that we have mapped to the SDGs. This system uses raw company revenue data from a third-party provider to identify which companies operate in these business activities and are therefore aligned with the SDGs.

In order to be considered SDG-aligned from a products & services perspective according to our Framework, a company must derive at least 50% of its revenues and/ or CAPEX from business activities that have a positive contribution to at least one of the nine SDGs listed above. Once a company exceeds this 50% threshold, we consider the company to be 'aligned' and consider a fund's entire economic exposure to that company as such when calculating fund-level alignment.

We enhanced our SDG framework in 2023 by adding the operational aspect of investee companies into our analysis of SDG alignment. In this additional limb of our framework, all the 17 SDGs are taken into consideration.

In order to be considered SDG-aligned from an operational perspective according to our Framework, a company must be positively aligned to at least 3 SDGs and not have any misalignment on relevant controversies and KPIs. Once a company exceeds this 3 SDGs operational alignment and does not have any SDGs related controversies, we consider the company to be 'aligned' and consider a fund's entire economic exposure to that company as such when calculating fund-level alignment.

As of 2023, Carmignac's outcomes framework based on SDGs can be summarised in the below:



As a responsible investor, we consider part of our fiduciary duty to actively identify and assess ESG risks and opportunities when investing on behalf of our clients. We integrate ESG analysis into our equities and fixed income investment process via our proprietary ESG research system START (System for Tracking and Analyzing a Responsible Trajectory), which incorporates human insights and differentiated ESG data sources. Sovereign bond investments are also subject to ESG analysis using our two proprietary scoring process models (Global or Impact) which includes a fundamental Environmental pillar. Climate indicators identified to help if issuers have risks and how they are contributing to mitigation of climate change within the first pillar of the ESG integration process will be discussed in full below.

CARBON TARGETS[7]

The following funds have carbon related targets as a part of their SFDR commitments

Name of the fund	SFDR Classification	Carbon Targets
Carmignac Investissement	Article 8	Carbon intensity at least 30% lower than the reference benchmark
Carmignac Portfolio Investissement	Article 8	Carbon intensity at least 30% lower than the reference benchmark
Carmignac Emergents	Article 9	Carbon intensity at least 50% lower than the reference benchmark
Carmignac Portfolio Emergents	Article 9	Carbon intensity at least 50% lower than the reference benchmark
Carmignac Grande Europe	Article 9	Carbon intensity at least 50% lower than the reference benchmark
Carmignac Portfolio Family Governed	Article 8	Carbon intensity at least 50% lower than the reference benchmark
Carmignac GrandChildren	Article 9	Carbon intensity at least 50% lower than the reference benchmark
Carmignac Portfolio Patrimoine Europe	Article 8	Carbon intensity at least 30% lower than the reference benchmark
Carmignac Portfolio Long-Short European Equities	Article 8	Carbon intensity at least 30% lower than the reference benchmark
Carmignac Investissement Latitude	Article 8	Carbon intensity at least 30% lower than the reference benchmark
Carmignac China New Economy	Article 8	Carbon intensity reduction by 5% per year, to contribute to China's carbon neutrality goal for 2060
Carmignac Portfolio China New Economy	Article 8	Carbon intensity reduction by 5% per year, to contribute to China's carbon neutrality goal for 2060

PILLAR 2: ESG INTEGRATION

ESG ANALYSIS

We analyse our investee companies' firm ESG practices alongside conventional financials. Our proprietary ESG research system helps us to assess the impact of a company's business on the world – and the world's impact on its business – to capture as many risks and opportunities as possible.

[7] Please note that these targets are as of 2023; and might be subject to change in 2024.

INTEGRATION OF ESG CONSIDERATIONS IN EQUITY AND CORPORATE BONDS

In 2020 Carmignac launched START[8], our proprietary ESG research system.

The objective is to enable the integration of ESG into our investment decision-making process and exchange ESG views across our equity and corporate bond holdings. START enables us to systematically integrate ESG research into the investment process by combining third-party data sources with our in-house analysis to provide a forward-looking view of how a company is considering its stakeholders, managing risks, and seizing ESG opportunities.

START is built on a framework formed from past academic research and the guidelines of various industry bodies such as the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). We also use external company ESG data collated from a selection of leading data providers.

START is built around a 4-step process:

1. **GROUP:**
companies are allocated to one of Carmignac's proprietary 90 ESG industry groups,

2. **COLLECT:**
large amounts of raw data concerning business practices are collected from a range of specialised data sources (for further details see the ESG external data providers section of this report),

3. **RANK:**
the companies are ranked against their peers and given a baseline rating,

4. **ANALYSE:**
in-house expertise is applied to existing analysis.

[8] START (System for Tracking and Analysis of a Responsible Trajectory)

Our proprietary ESG analysis is not limited to quantitative data provided by third-party ESG data providers as we recognise the limitations on the use of this data. The investment analysts and PMs are responsible for undertaking and monitoring the qualitative ESG analysis of all companies on START. They produce an in-house rating which overrides the baseline rating provided by third-party ESG data providers, as well as a written comment to detail their analysis and qualify their choice. This analysis is then incorporated into valuation analysis and informs the remainder of the investment process.

The qualitative analysis of our investment analysts is not only limited to the disclosures provided by issuers but may also include the information obtained following an engagement. For more information on how our engagement strategy allows us to inform our view of the ESG profile of the issuers using our proprietary research system START, as well as the implications these engagements may have on our investment convictions, please refer to the Engagement section of this report.

In 2023, we have made enhancements to our START framework; they will be published in 2024 under the START 2.0 umbrella.

IN PRACTICE: COMPLEMENTING THE ASSESSMENT OF HIGH IMPACT COMPANIES WITH ENGAGEMENTS PRIOR TO INVESTMENT

Due to our predictions for higher-than-expected copper demand in the coming years linked to increased electrification and increased production of copper intensive products, the investment team were interested in investing in large copper producers. Many of these names have a high impact on the environment through the extraction of copper either from open pit or underground mines across the world. Although initially detrimental to the environment, the copper that is extracted is used to enable transformative technology across the theme of the energy transition. A full understanding of the benefits and drawbacks coming from a company's operations done during our ESG analysis is complex for companies such as miners with activities and stakeholders across the globe. In these cases, an engagement may be used to complement the analysis performed and will influence the final rating of the company in our proprietary ESG rating system 'START.' This was the case for the copper miner Freeport-McMoRan, which has been present in some of our funds since the end of January 2023.

During the course of that month, we engaged with the company to ensure our understanding of the company's practices was correct. We had noted during our analysis some points for improvement for the company:

- Lack of ambition regarding their Co2 reduction targets,
- Lack of a group wide net zero target and strategy,
- Scope 3 emissions have been very volatile across the years,
- Tailings management process at their largest mine not covered by the Global Industry Standard on Tailings Management,
- Legacy security issues at their largest mine.

The responses from the company were satisfactory and were accompanied by commitments regarding the resolution of a few of the named points above. The engagement alongside our analysis enabled us to have a fairly extensive understanding of the ESG risks entailed with this investment and allowed us to reach a conclusion on the final investment decision. A continued engagement plan is ongoing with this company over the course of the investment.

CLIMATE INDICATORS

START enables us to systematically integrate ESG research into the investment process. The system combines third-party data sources with our in-house analysis to provide a forward-looking view of how a company is managing its stakeholders and therefore its ESG risks and benefitting from opportunities incorporating 31 ESG related indicators relevant to measure ESG corporate risks. 12 climate indicators are sourced from raw ESG company data are measured and integrated into START.

ENVIRONMENTAL	RATIONALE
Energy Usage and CO2 Emissions	Companies that reduce their CO2 emissions through renewable energy use and energy efficiencies can have lower costs associated with financing and regulatory compliance.
Carbon Emissions – Direct & First Tier Indirect (Tonnes CO2e)	
Carbon Intensity - Direct & First Tier Indirect (Tonnes CO2e/USD mn)	
Flaring of Natural Gas	
Total Energy Use / Revenues	
Renewable Energy Use Ratio	
Energy Use Total	
Pollution and Waste	By limiting waste production, companies can improve their materials usage efficiency and reduce cost from the needs to dispose waste.
Total Waste / Revenues	
Waste Recycled / Total Waste	
Accidental Spills	
Water and Other Natural Resources	Companies that manage water use efficiently will have less risk to their production methods and for the environment.
Water Use / Revenues	
Water Recycled	
Fresh Water Withdrawal Total	

In addition, we think that it is key to integrate ESG criteria in the monitoring of Sovereign bonds. While external solutions are slowly being developed, we have chosen to build our own proprietary models to ensure ESG integration and to provide material information to our investors. Two models have been developed in the last years:

1. **A "Global Sovereign" ESG Risk model**: which tries to assess Environmental, Social and Governance risks faced by developed and emerging countries

2. **An EM "Impact" model** (that aims to guide impact investment across emerging countries.

The Global Model and EM Impact Model include the following climate indicators:

#	Criteria	Source	"Global model" weights	"EM Impact model" weights
		ENVIRONMENTAL		
1	**CO_2 emissions per capita**	**Our World In Data – Oxford University**	**20%**	**33%**
2	**Share of Renewables in total installed capacity**	**BNEF (Bloomberg New Energy Finance)**	**20%**	**33% (with a malus for high or increasing coal usage)**
3	Share of Coal in total installed capacity	BNEF (Bloomberg New Energy Finance)	20%	-
4	**Ambient PM2.5 (fine particles)**	**Institute for Health Metrics and Evaluation**	**20%**	**33%**
5	Ratification of Paris Accords	United Nations Framework Convention on Climate Change	Malus of 0.2 if not ratified	-
6	Environmentally controlled solid waste treatment	World bank report "What a waste 2.0". Data from United Nations Statistics, OECD, and regional and national reports	20%/3	-
7	Health years lost due to unsafe sanitation	Institute for Health Metrics and Evaluation	20%/3	-
8	Health years lost due to unsafe water	Institute for Health Metrics and Evaluation	20%/3	-

Additionally, we developed in 2023 a new framework to assess sustainable debt.

Assessment of Use of Proceeds Bonds
By committing to allocate the proceeds raised to an environmental and/ or social project, UoP bonds have a clearly defined funding purpose and therefore provide some level of reassurance to investors regarding their sustainability credentials. However, it is not enough for an issuer to simply label a bond as 'green' or 'social'. In addition to our own assessment of the issuer and any exclusions, we expect the instrument, when issued by a corporate or sovereign entity, to comply with internationally recognised standards such as, for example, the International Capital Markets Association (ICMA) Principles or Guidelines, or the Climate Bonds Standards or Certification Scheme (CBI). For green bonds, the European Union's stringent Green Bond Standard (EU GBS) is an important development that we believe will further enhance the sustainability credentials of this instrument.

Compliance of the bond with one of these standards must be certified and therefore we expect the issuer to commission a "Second Party Opinion" (SPO). This involves an external review by a third party to certify that the sustainable bond's framework aligns with the standards.

Assessment of Sustainability-Linked Bonds
Carmignac believes that SLBs can play an important role in incentivising issuers to align their behaviour with a more robust approach to sustainability and hold themselves accountable to it by linking KPIs and SPTs to the cost of financing. Minimum internationally recognised standards, which we expect issuers to follow, have helped standardising the construction of SLBs. However, issuance of SLBs remains unregulated and therefore requires scrutiny from investors.

Our assessment of the SLB instrument includes, but is not limited to, reviewing the following considerations:

- The alignment between the company's ESG materiality assessment and the chosen KPI,
- The extent to which the KPI covers the company's activities,
- Whether the SPT incentivises the issuer to go beyond a "business as usual" trajectory,
- Whether the SPT considers broader local and global sustainability contexts,
- The size of the step penalty,
- Whether the target observation date is sufficiently remote from the final maturity date,
- Whether the issuer reports progress against the targets.

The assessment of SLBs is documented in our proprietary research system, Verity and shared within the investment team.

Carmignac's assessment of the sustainability credentials of SLBs extends beyond issuance as we aim to monitor them throughout the life of the bond. We track the issuer's progress against the SPTs, and a failure to meet the target may prompt engagement or divestment decisions, in accordance with our escalation strategy outlined in our Engagement Policy[9].

[9] **Carmignac Engagement Policy** : https://carmidoc.carmignac.com/ESGEP_INT_en.pdf

PILLAR 3: ENGAGEMENT AND VOTING

As a responsible investor that manages high conviction portfolios, active ownership is an integral part of Carmignac's overall strategy and forms the foundation of our approach to investing responsibly. We use our role as an investor to encourage our investee companies to mitigate their contribution to climate change and other relevant environmental issues. We also encourage them to manage the climate risks which can affect their businesses. This is done through engagement[10] and voting[11].

We have continued to increase our climate-related engagements through a very structured quarterly engagement plan with companies held in the portfolios through thematic engagements regarding all climate related and environmental issues including CO2e targets, biodiversity, waste, and water. We use our voting rights to help influence change, escalate concerns and signal to companies when we feel more efforts can be made on climate change mitigation and transition through the "Say on Climate" resolutions. Voting against these resolutions can be very impactful.

CARMIGNAC'S APPROACH TO ENGAGEMENT ON CLIMATE

Climate change poses an existential threat to the planet and its people. It is also a key source of systemic risk for our economies and the financial markets.

Our approach to engagement with our investee companies can be done individually (one on one engagement meetings), through collaborative engagements (with other investors through CA 100+ initiative) and public policy engagement (through the PRI for example).

We expect every investee company to:

1. Play an active role

in acknowledging, measuring and mitigating the contribution of their activities to climate change, in line with the goals set out by the Paris Agreement

ACKNOWLEDGMENT: We expect the boards of our investee companies to understand and recognise the contribution of their companies' activities to climate change. This includes the extent of the negative externalities their companies produce on the environment.

MEASUREMENT: We expect our investee companies to measure the emissions their activities produce and in so far as they can start to include scope 3 carbon emissions. Carbon dioxide emissions are classified in the following three categories: scope 1 (direct emissions from their operations), scope 2 (indirect emissions from their operations) and scope 3 (indirect upstream and downstream emissions i.e. from up and down their value chain) as is stated in the Greenhouse Gas Protocol.

MITIGATION IN LINE WITH THE GOAL OF THE PARIS AGREEMENT: The goal of the Paris Agreement is to limit global warming to well below 2, preferably 1.5 degrees Celsius, compared to pre-industrial levels

Since the conclusion of the Paris Agreement, an increasing number of corporates have stepped up their ambitions and committed to ambitious environmental targets, including often 'net-zero' targets. While we do encourage all our investee companies to commit to a target of net- zero emissions by 2050, we expect this commitment to be sufficiently transparent and robust. This means they should:

[10] **Carmignac Engagement Policy** : https://carmidoc.carmignac.com/ESGEP_UK_en.pdf

[11] **Carmignac Voting Policy:** https://carmidoc.carmignac.com/SRIVP_UK_en.pdf

- Clearly explain the scope of activities included in their commitment – especially whether scope 3 emissions are included as well as explain the type of GHG emissions covered i.e. carbon dioxide and other GHGs or carbon dioxide only.
- Set short-term and medium-term targets (i.e. 'milestones') to provide sufficient information and comfort to investors regarding how they intend to achieve their ambitious long-term net-zero targets alongside other corroborating measures (i.e. capital allocation, pay linked to transition goals)
- Ideally, we would like these targets to be 'science-based' i.e. aligned with what the latest climate science considers appropriate to reach the goal of the Paris Agreement. Note that science-based targets do not include the use of offsets. Validation of science-based targets by the Science-Based Targets initiative (SBTi) provides additional comfort though independent assurances to investors regarding the robustness of the targets set.
- We encourage all our investee companies to voluntarily report in line with the recommendations set out by TCFD.

2. Contribute to the development of a lower carbon economy

- In addition to tackling the risks of emissions that their activities directly or indirectly (scope 1,2 and 3) create, companies should also seek to seize the opportunities of a transition to a lower carbon economy.
- They should also ensure that their activities remain aligned with evolving regulation on the topic (for example carbon pricing and taxes) and consumer demand. This is important as a company's lack of understanding of and preparedness to the implications of the transition for their business activities can create the risk of 'stranded assets.
- Whilst we focus on the climate change risk, it is not the only environmental topic of fundamental importance for us as an investor. We believe our investee companies' actions should address their broader impact on the environment including biodiversity, water, waste and deforestation considerations as they are all intertwined.

3. Take into consideration their exposure to the physical and transition risks of climate change over the long-term and the potential impact of these risks on the company

In line with the recommendations of the TCFD, we expect our investee companies:

- To be transparent regarding the risks of a transition to a lower carbon economy and the physical risks of climate change on the company.
- To undertake scenario analysis. This is useful for a company to better understand the risks and opportunities of the transition, especially given the uncertainties surrounding the topic.

ENGAGEMENT AT CARMIGNAC

Our approach to engagement through dialogue with investee companies is two-fold:

1.

GOING BEYOND ESG THIRD PARTY DATA

The primary goal of any ESG engagement undertaken by Carmignac is to influence our investee companies and encourage them to effect change in the interests of their stakeholders including ourselves and our clients as investors. This can be done:

- **Proactively**: this means that engagements are planned in advance when we set our yearly engagement plan. This type of engagement tends to focus on influencing our biggest holdings to improve their ESG performance (bottom-up approach as per our Engagement Policy) or influencing on key ESG themes that represent material risks for our main investments (top-down approach).
- **Reactively**: to complement our proactive approach to engagement. This applies to dialogues in relation to: ESG ratings, controversies, and proxy voting.

2.

INFORM

Secondly, our engagement with investee companies may help inform our assessment of their ESG performance especially as ESG data provided by company reports or external third-party data providers can be backward- looking and infrequently updated with a time lag.

We seek to use a consistent approach to engagement across all our holdings. However, a different approach to engagement is required across the various asset classes. While we have built our strategy to ensure we engage across all our asset classes, we generally find reactive engagements more appropriate for our corporate debt holdings than proactive engagements. We find this is due to the different focus inherent to our fixed income holdings, which is capital preservation and management of downside risks. We also further describe below our approach to engagement with sovereign debt holdings.

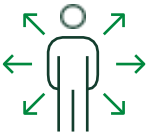
Engagement can be the catalyst for real change in companies' ESG ambition and performance, but we recognise that successful engagement may take time and is not systematic. We illustrate this in our case studies below.

The oversight of the Engagement Policy is undertaken by the CEO of Carmignac UK Ltd.

WHO CONDUCTS THE ENGAGEMENT?

The SI team sets out the annual ESG engagement strategy under the oversight of the CEO of Carmignac UK Ltd and board member of Carmignac Gestion, Maxime Carmignac. The team reports the engagements undertaken to the CEO on a quarterly basis.

ESG engagements are led by the ESG analysts with varying degrees of support from the research analysts or PMs depending on the issues discussed. They may join the meeting with the ESG analysts, and work in collaboration with them to define the appropriate engagement requests or strategy.



INTEGRATING ENGAGEMENT INFORMATION IN OUR INVESTMENT PROCESS

In addition to influencing companies to effect positive outcomes, engagement is a key tool to further inform our internal conviction on a company's ESG performance. As per our engagement strategy, an engagement may help inform our judgment before investing, to monitor an investment and, in line with our escalation strategy, to reduce or exit an investment. We assess that our current approach is robust regarding the monitoring of investments through engagement. All our engagements trigger an automatic review of the company's START score and commentary.

AUDITING OUR ENGAGEMENT RECORDS

At Carmignac, 13 of our funds have the French Label, ISR. In the context of the label audits, **a third party (Ernst and Young) audits our engagement approach and records** several times a year. This is an opportunity for us to learn about ways to improve our communication to clients through our auditor sharing best practices. This also allows us to comply with the increased transparency expectations of the label.

TOTAL ENERGIES – ENGAGEMENT CASE STUDY

Sector	Oil & Gas
Region	Europe
Carmignac Holding	A number of Carmignac funds (equity and fixed income)
Engagement objective	As part of our ESG strategy and in line with our engagement focus on the topic of climate change, we monitor this oil & gas company's climate strategy. At the 2022 Annual General Meeting (AGM), we voted against the company's sustainability and climate transition plan. In 2023, and before the 2023 AGM on 26 May, Carmignac held two meetings with the company.
Engagement method	The first engagement with the company was an in-person meeting with the CEO held in April. The follow-up engagement was a call with the company's investor relations representatives held in May, before the AGM.
Engagement summary	These two meetings were an opportunity for Carmignac to provide feedback to the company on its climate strategy. We acknowledged the company's efforts regarding its performance on a range of sustainability issues and the maturing of its energy transition strategy. We highlight below the key points of discussion with the company: • Responsibility for indirect CO2 emissions (Scope 3), • Evolution of low-carbon energies CAPEX, • Use of offsetting mechanisms instead of technology to reduce carbon emissions directly, • Articulation of environmental benefits of the gas expansion strategy using forward looking scenario analysis against other viable technologies.
Outcome and next steps	As a result, Carmignac voted against the company's 2023 sustainability & climate progress report. We remain concerned that the company's report is missing material information to enable us to understand and compare its energy transition strategy with peers. Also, we think there is insufficient appetite by management to acknowledge the company's responsibility for its products' emissions. We think this stance will not be tenable in the medium to long term from a legal perspective. We also voted against a shareholder-led resolution to align its existing 2030 reduction targets covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement target8. We do not believe, at present, that the proposed action is an effective method of addressing climate change and could have unintended negative consequences, such as forcing the sale of assets to less sustainable stewards, regressive price impacts and increasing reliance upon states with geo-political risk. As the energy industry shifts towards an increased supply of clean energy, it may prove appropriate to set a target for indirect CO2 emissions (Scope 3) in future, but at present we feel it would be unsuccessful on a global scale. Approximately 11% of shareholders voted against the company's report and 30% supported the shareholder-led resolution. We will continue our engagement with the company on this topic.

VOTING FOR CLIMATE

The exercise of our voting rights using proxy voting is an essential part of Carmignac's commitment to active ownership and we take our responsibility seriously. This is reflected in our ambitious objective of 100% voting participation for all votes cast on behalf of our clients across shareholder and bondholder meetings. In line with the escalation policy contained in our Engagement Policy document[12], this means Carmignac may vote against the management of a company where:

- The investee company does not align with our ESG best practice expectations set out in our voting policy; or
- We want to put additional pressure on the company to complement an engagement or because an engagement has not been successful (escalation of engagement).

We have put in place processes and policies such that our voting practices reflect our objective of maximising long-term returns for investors and our own values and practices around specific ESG themes.

We expect climate change considerations to be an integral part of a company's strategy. As an active owner, we have a duty to hold our investee companies accountable for their climate strategy and its effectiveness.

The voting decision is taken by the PM with the recommendations from the SI team. ISS has been chosen as our proxy voting advisor. For further information on our Voting Policy, please visit the Carmignac website[13]

[12] **Carmignac Engagement Policy** : https://carmidoc.carmignac.com/ESGEP_UK_en.pdf

[13] **Carmignac Voting Policy:** https://carmidoc.carmignac.com/SRIVP_UK_en.pdf

"SAY ON CLIMATE"

An increasing number of companies give shareholders the ability to have a say on their climate emission disclosures and on their strategic plan to reduce these emissions. These shareholder resolutions called 'say-on-climate' can be beneficial for corporates as a way of ensuring their climate plan and/ or performance is aligned with the expectations of their shareholders. At the investor level, say-on-climate resolutions are a useful tool to directly provide our approval or concerns relating to a company's climate emissions and plan for reducing these emissions. We may sanction a company's lack of ambition or misalignment with the goals of the Paris Agreement through a vote against their 'say-on-climate' resolution. We may also use our vote against the chair of the board in instances such as when a company's actions have created direct material environmental damage.

CARMIGNAC'S COMMITMENT TO THE PARIS AGREEMENT

Carmignac became a supporter of the TCFD in January 2020. We have evolved our annual Climate report and engagements with investee companies around the 4 TCFD pillars: Governance, Strategy, Risk Management and Metrics. Carmignac has since measured climate Physical and Transition risks of its portfolios since 2022, and Climate Value-At-Risk (VAR) since Q1 2024.

Taking a step further and in the context of the French Energy Climate law (Article 29), the French asset manager Carmignac Gestion SA would like to frame its climate policy in reference to the Paris Agreement (2015) Article 2 as is recommended by the law which states.

> "a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."

Secondly, considering the Paris Agreement Article 4, Carmignac will take its responsibilities as a global asset manager and contribute to climate change mitigation effects of both our operations as a financial investment services firm, as well as in the companies in which we invest. With investments in both developed and emerging markets, we recognize that there will not be the same speed of advance in developing countries, and we commit to use our influence to encourage best practices, clarity and transparency of the investee companies regarding their climate policies.

Carmignac will rely significantly on the TCFD framework to engage with companies to understand their governance, strategy, risk management and metrics in relation to their climate and environmental ambitions, targets, and impacts. Carmignac recognizes that reducing carbon emissions in companies' operations, products and services, downstream and upstream direct and indirect emissions can be a long process which is why, both as an entity, Carmignac Gestion SA and within its FCP range of fund, we will seek to commit to a stepped approach to reducing emissions over the long-term with emission targets set in line with the European Union's targets for 2030, and every five years thereafter until a net zero carbon emissions target is achieved in 2050.

CARMIGNAC'S CURRENT EMISSIONS AND PRACTICES WITHIN ITS FUND RANGE

Carmignac has been measuring the carbon emissions (total emissions, carbon intensity, % fossil fuels) of each of its portfolios (equity and corporate bond holdings) since 2017. The results have been disclosed in the annual reports of each fund. Carmignac funds have a relatively low-level carbon footprint, which has been achieved partially by the carbon emission targets put in place for a significant portion of the equity fund range.

Carbon emissions of the funds with CO2 targets versus their respective benchmarks can be consulted in the monthly factsheets of each fund which is published on the Carmignac fund webpage. These targets, for the most part, are relative targets measuring Scope 1 and 2 emissions, where the fund must remain 30% or 50% below the funds' benchmarks' relative emissions.

ALIGNMENT STRATEGY WITH LONG-TERM BIODIVERSITY OBJECTIVES

The environmental changes being driven by climate change are disturbing natural habitats and species in ways that are still only becoming clear. There are signs that rising temperatures are affecting biodiversity, while changing rainfall patterns, extreme weather events, and ocean acidification are putting pressure on species already threatened by other human activities. The threat posed by climate change to biodiversity is expected to increase, yet thriving ecosystems also have the capacity to help reduce the impacts of climate change. Carmignac therefore fully understands the importance of nature, biodiversity and ecosystems, as these are essential for human existence and good quality of life. As of 2023, Carmignac is also a signatory of NatureAction100+ .

Carmignac has been able to measure potential negative impacts on biodiversity and eco-systems, through the monitoring of our biodiversity footprint, carbon footprint, water emissions and hazardous waste, in our sustainable fund range (Article 8 and 9 funds under SFDR 2019/2088). These indicators can be found for each fund in scope of this report in the Principal Adverse Impacts (PAI) section when they are available. Additionally, we have been using MSCI since 2023 to quantify biodiversity risk in our portfolios. Using the below factors we have created a biodiversity risk metric to inform our portfolio analysis. Below is a description of the Factors that are used in our model.

Factor Name	Factor Description
Controversies Linked to Deforestation	Companies that have been involved in controversies linked to deforestation.
Companies with activities negatively affecting biodiversity-sensitive areas	The company has operations located in or near biodiversity sensitive areas where its activities could either potentially negatively affect local biodiversity, has no impact assessment, or is involved in controversies with severe impact on local biodiversity. The possible values are Yes or No.
Beef Producer	Companies that produce beef products or that derive revenue from the production of cattle.
Beef User	Companies that depend on or use commodities that contribute to deforestation, specifically beef.
Palm Oil User	Companies that depend on or use commodities that contribute to deforestation, specifically palm oil.
Palm Oil Producer	Companies that cultivate oil palm trees and harvest fresh fruit bunches (FFBs) used to produce palm oil products.
Soybean User	Companies that depend on or use commodities that contribute to deforestation, specifically soybeans.
Soybean Producer	Companies that cultivate and harvest soybeans. This includes companies that operate agricultural lands to produce soybeans.
Timber Producer	Companies that produce timber-based products.
Timber User	Companies that depend on or use commodities that contribute to deforestation, specifically timber.

The results of our Biodiversity Screen for year end 2023 is as follows:[14]

Fund Name	% alloc at risk	AUM Fund	AUM at risk
Carmignac Emergents	20.90%	€ 866,197,990	€ 181,057,359
Carmignac Investissement	22.20%	€ 3,294,167,802	€ 731,448,505
Carmignac Patrimoine	14.93%	€ 6,574,432,960	€ 981,869,578
Carmignac Sécurité	11.32%	€ 4,378,499,783	€ 495,846,500
FP Carmignac Emerging Markets	20.01%	€ 26,094,017	€ 5,220,617
FP Carmignac European Leaders	12.75%	€ 99,352,008	€ 12,670,209
FP Carmignac Global Bonds	4.61%	€ 36,766,129	€ 1,695,622
FP Carmignac Global Equity Compounders	18.73%	€ 74,824,758	€ 14,016,728

HOW ARE THE PAI BIODIVERSITY INDICATORS USED IN THE INVESTMENT PROCESS?

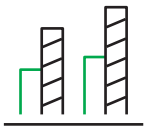
MONITORING

Carbon footprint, water usage and hazardous waste are all indicators present in START that is integrated in the investment rationale, firstly through a scoring system including these indicators, and secondly, through the proprietary analysis and direct dialogue with companies on the biodiversity related issues. These indicators are considered in the overall ESG risk rating process of companies.

Secondly, at the level of our Article 8 and 9 funds, the monitoring of the PAI indicators provides a second source for identifying these specific metrics as mentioned above and are detailed in the following section of this report.

ENGAGEMENT

As previously mentioned, Carmignac has put in place an active ownership policy where thematic engagement is part of a 5-pillar engagement program. Carmignac will seek to add biodiversity into its climate engagement plan in a more formal sense, once more granular and focused data can be obtained. Up until now, engagement on biodiversity sensitive topics such as pesticides, water use, and anti-pollution methods have been discussed during focused engagements in industries of the companies in which we are invested in and are most vulnerable to biodiversity impacts such as, fertilisers, agricultural sectors, mining, energy, and consumers products such as beverages.

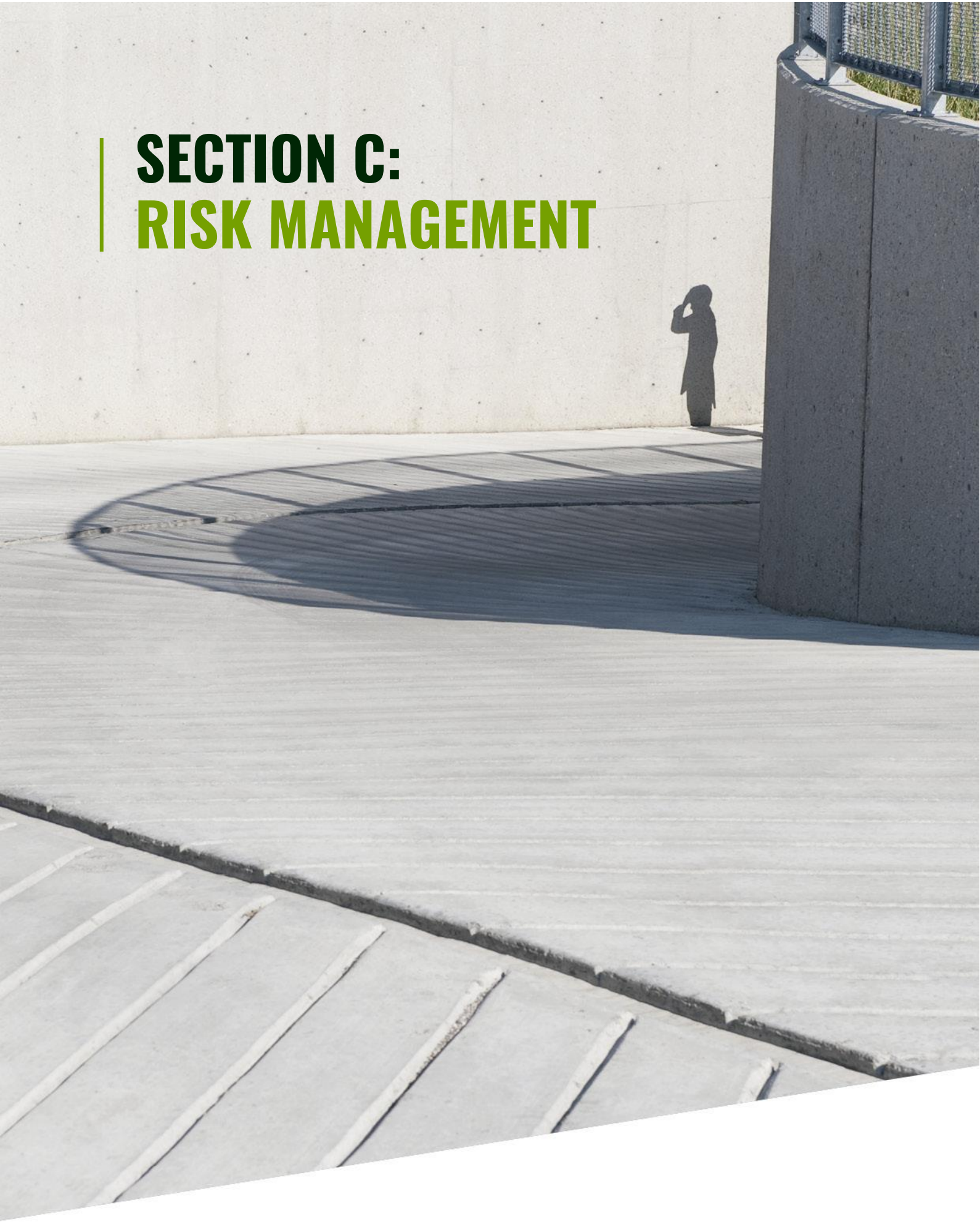


REPORTING

Biodiversity sensitive indicators (biodiversity footprint, carbon footprint, water emissions and hazardous waste), are reported in the PAI reports.

[14] **Source:** MSCI data as of 11/06/2024 with holdings data as of 29/12/2023)

SECTION C:
RISK MANAGEMENT



OUR APPROACH

INDEPENDENT OVERSIGHT: THE RISK MANAGEMENT TEAM

Risk oversight lies at the heart of the investment process. We pay close attention to identifying, quantifying, and analysing the risks attached to our investment process. The risk oversight team is responsible for the day-to-day monitoring of portfolios' risk profiles.

The risk oversight team reports directly to the General Manager of Carmignac Gestion, Christophe Peronin, and to the Management Committee of Carmignac Gestion Luxembourg, and particularly, Cyril de Girardier. Both are independent of the investment management team.

The risk oversight team currently comprises six people, led by Patrick Temfack. It monitors compliance with the different investment constraints set for each fund and provides investment management teams with a detailed report. These constraints generally take place in the following way:

REGULATORY CONSTRAINTS: Laid down by the regulator in the fund's home country (AMF in France, CSSF in Luxembourg, CBI in Ireland and the FCA in the UK), these apply to all asset management market participants.

STATUTORY CONSTRAINTS: These follow the description of the investment strategy, and therefore investment rules, set out in the fund prospectus and/ or any other relevant documentation.

INTERNAL CONSTRAINTS: Determined by Carmignac's risk committee, these are more restrictive internal rules aimed at reducing risks identified as being significant when taking macroeconomic conditions into account, even if they would be permissible from a regulatory and statutory point of view. These rules may be reviewed and if necessary, adjusted at the risk committee's discretion.

THE RISK OVERSIGHT TEAM HAS ALSO FORMALISED AND EMBEDDED SUSTAINABILITY RISK INTO ITS OVERSIGHT

- Carmignac's IT systems development and investment has permitted an efficient process using a combination of add-in functions and the Bloomberg Compliance Manager (CMGR) tool to monitor sustainability related risks and individual fund prospectus rules on key metrics such as:
  - Universe reductions
  - Exclusion lists
  - Minimum ESG investment
  - Minimum sustainable objectives
  - Carbon emissions targets
  - EU Taxonomy alignment
  - Minimum percentage of environmental and social investments
  - EU Principle Adverse Impact
- The risk oversight team participates in fund associations specialist working groups to define and create best practices. For more information regarding our commitments to industry bodies and affiliations please see the Collaborations section of this report.

INTERNAL CONTROL AND CLIMATE RISK AWARENESS

Carmignac operates 3 levels of controls for climate risks and monitoring at the fund level. These constraints are as follows:

1.

The SI team in tandem with the Investment Team is responsible for flagging relevant new risks which may arise due to escalating climate change impacts. They are also responsible for respecting and updating exclusion lists that include high CO2 emitters, achieving carbon targets and engaging with companies specifically on carbon emissions and other environmental related disclosures and risk mitigation policies. Carbon emissions are monitored at a portfolio level through the portfolio management system which the PMs monitor daily relative to the benchmark for all funds, as well as through START.

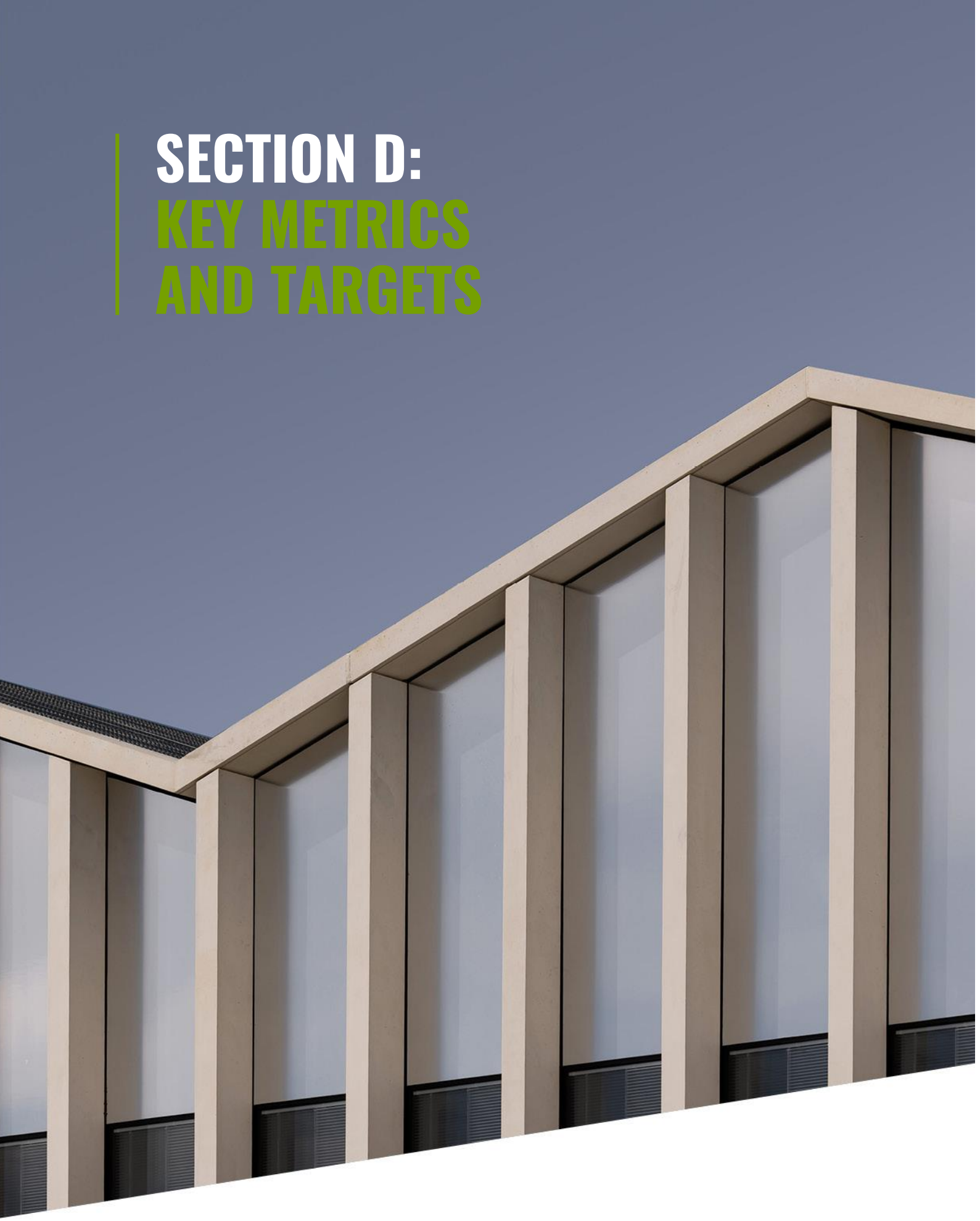
2.

The Risk Management team monitors the extra financial constraint of portfolio regarding carbon intensity, when relevant.

3.

The SI Team approach including the climate and carbon reporting is incorporated in the review from the Compliance & Internal Control team in the conduct of the Pluri- Annual Compliance Monitoring Program.

SECTION D:
KEY METRICS AND TARGETS



Carbon emissions are monitored and measured for investments in the below mentioned funds monthly using MSCI data and calculation methodology. Please find more details on the carbon calculation methodology further down in this section. Our CO2 objectives are achieved and measured either through a carbon emissions reduction target in absolute or relative terms versus the reference indicators or through investing in companies that are transitioning away from fossil fuels. Please refer to the funds' respective prospectuses for more detail on the specific carbon policies. Risks arising from climate change can be divided into two categories: physical and transition risks.

We outline below a series of quantitative measures of transition and physical climate risk to enable full transparency. However, we urge significant caution in considering these data points as accurate representations of risk due to the complexity of distilling complex issues into single numbers. Climate risk metrics are still at a relatively early stage of maturity and therefore we publish the below numbers out in the interests of transparency and a belief that it should help foster measurement improvement over time. One of our aims in 2024 is to better understand these metrics and their reliability.

PHYSICAL RISKS

Physical risks refer to risks related to extreme weather events such as floods, wildfires, storms etc. Physical risks involve risks to infrastructures, impact on operations, water and raw material availability and supply chain disruptions (IPCC, 2020). The frequency and intensity of physical risks vary considerably and is difficult to predict. The financial consequences of such events can be very important. In fact, climate-related hazards have resulted in losses of around $5.2 trillion between 1980 and 2018.

Originally using S&P data we implemented Climate Change Scenarios for 2030 and 2050 which were based on IPCC Representative Concentration Pathways and Shared Socioeconomic Pathways and informed by the TCFD technical guidelines. We used three Scenarios, SSP5-8.5, SSP2-4.5 and SSP1-2.6.

With the onboarding of MSCI data we have changed the types of scenarios we analyse. Using the MSCI data we look at a 1.5C (REMIND NGFS Orderly Net Zero 2050), 2C (REMIND NGFS Orderly Below 2C) ,3C (REMIND NGFS NDC Current Policies) and 5C (IPCC SSP5-8.5) warming scenarios.

Integrated Assessment Model (IAM)

Climate change IAMs are tools that bring together very different types of information (climate data, economic data, ecological data) in a coherent framework for researchers and decision makers. In terms of climate change, integrated assessment refers to the consideration of social and economic factors that drive greenhouse gas emissions (GHG), the biogeochemical cycles and atmospheric chemistry that determines the fate of those emissions, and the effect of GHG emissions on climate and human welfare. The IAM made available through MSCI and that we choose for analysis is the **REMIND model (Regionalized Model of Investment and Development)**. It is designed to provide insights into the long-term impacts of different policy scenarios on greenhouse gas emissions, energy consumption, and economic development. Compared to other models, we choose this IAM as we believe it is a better representative of the regional differences, technological detail, socio-economic factors, and climate feedback that we regard as most realistic of the world today.

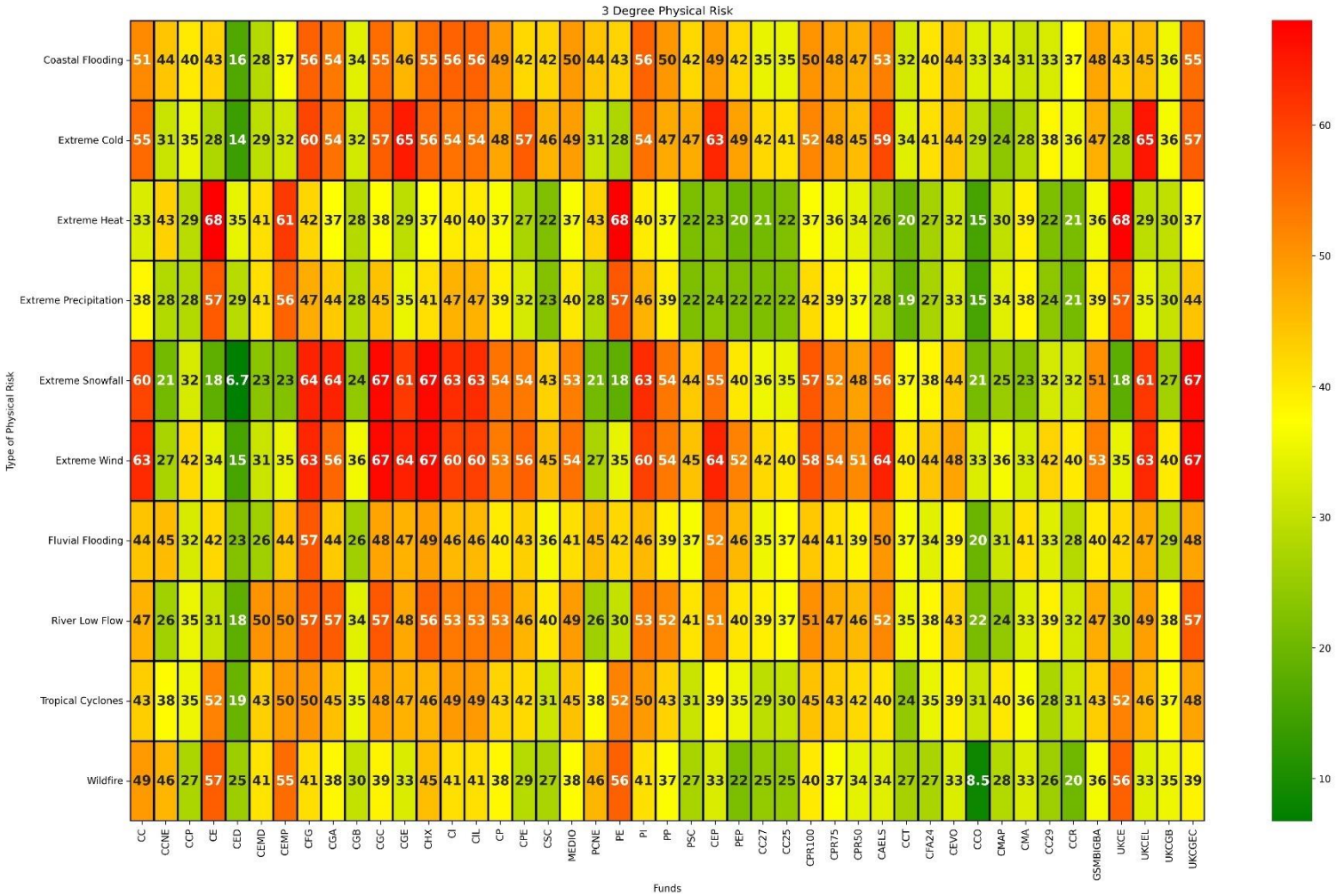
The data implements an **Orderly transition** which refers to a smooth and well-coordinated shift towards sustainable practices and policies as opposed to a disorderly transition which implies a lack of coordination and stability in global efforts.

The NDC scenario for 3 Degrees refers to the Nationally Determined Contributions, which are climate action plans submitted by countries under the United Nations Framework Convention on Climate Change (UNFCCC). Each country sets its own NDC, outlining its commitments and efforts to reduce greenhouse gas emissions and adapt to climate change.

On the other hand, SSPs (Shared Socioeconomic Pathways) are a set of scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) that describe different possible future socioeconomic conditions and their implications for greenhouse gas emissions and climate change. SSPs provide a range of plausible future pathways based on different assumptions about population growth, economic development, technological advancements, and policy measures. For a 5-degree warming scenario, SSP5-8.5 is used here. SSP5-8.5 represents a future scenario characterized by high population growth, high energy demand, and limited climate change mitigation efforts. In this scenario, greenhouse gas emissions continue to increase rapidly, leading to a global average temperature increase of around 4-6 degrees Celsius by the end of the century. It is considered the most extreme and pessimistic pathway in terms of climate change impacts.

A 3C Warming Scenario (REMIND NGFS NDC Current Policies) was chosen for this analysis. Please find the detailed physical and transition risks methodology in the annex[15].

The below is the physical risk exposure rated on a score from 0 to 100. The average coverage across the fund range is 84%. We believe that quantitative physical risk measures are still at an early stage of development and so treat the below analysis as a useful starting point, rather than a definitive analysis.



[15] **Source:** MSCI data is as of 11/06/2024 with holdings data as of 29/12/2023)

TRANSITION RISK

Transition risks refer to the risks associated with the transition to a low carbon economy. Transitioning to a lower-carbon economy can result in extensive policy, legal, technology and market changes related to climate change (IPCC, 2020).

Although transition risks may pose varying levels of financial risks, the magnitude of risks can be reduced by developing awareness and flexibility. Quantifying transition risk can be understood as analysing a full range of outcomes.

We have identified various transition risk metrics for reporting purposes including Implied Temperature Rise, Green Patent Exposure and Climate Value at Risk.

Implied Temperature Rise

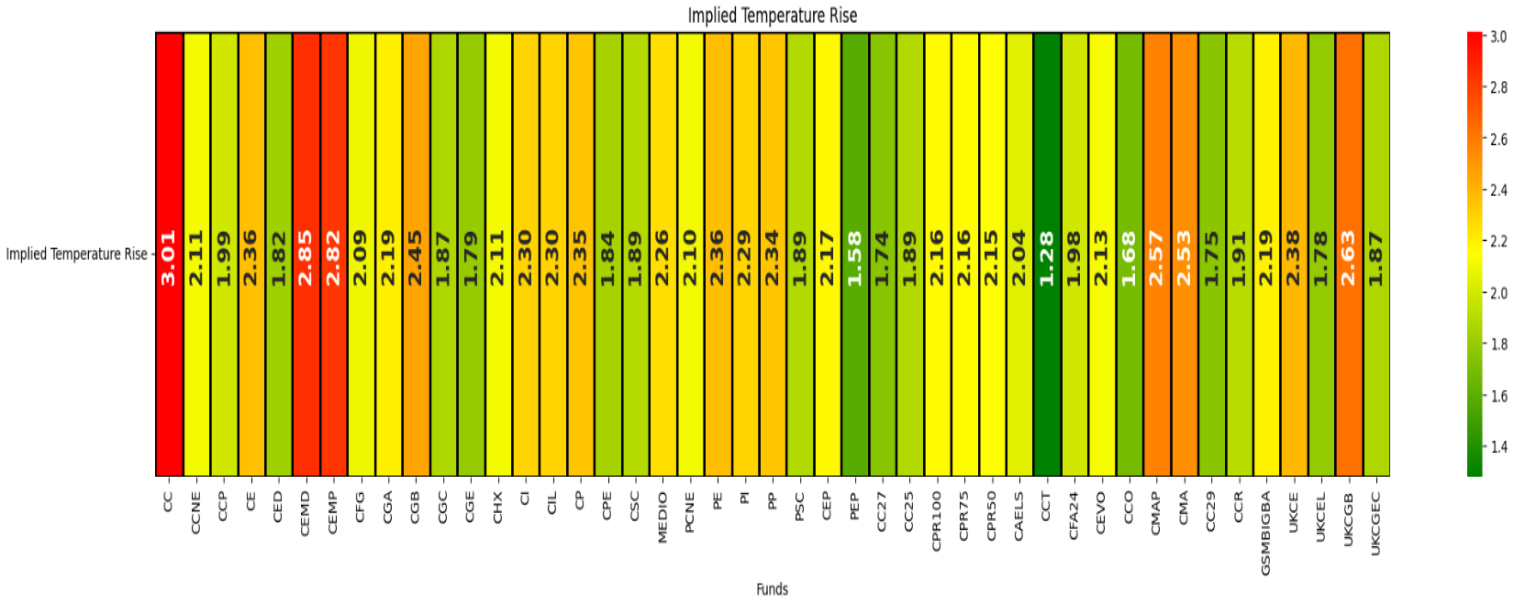
Implied Temperature Rise (ITR) is a forward-looking temperature alignment metric for companies and portfolios. Specifically, MSCI's ITR methodology evaluates if companies and portfolios are aligned with the Paris Agreement temperature goals — in particular, the maximal goal of limiting global mean surface temperature to an increase no more than 1.5°C in the year 2100 compared with preindustrial levels. The key to understanding ITR is the concept of a carbon budget, that is, how much the world can emit so that global warming doesn't exceed 1.5°C by 2100 and, by extension, how much a company can emit to take its fair share of global decarbonization.

The scenario used is the NGFS scenario. NGFS scenario outputs are produced with high-quality IAMs. They are open source, which adds transparency to sophistication in the ITR assessment. They provide decarbonization pathways differentiated by sector and region, supporting a nuanced ITR benchmarking in line with GFANZ recommendations. Lastly, they cover all greenhouse gases, which can potentially support further refinement of the ITR methodology. The REMIND scenarios are highly regarded as science-based transition scenarios. The Net Zero 2050 version is used in the ITR model to align with the GFANZ report recommendation to select a 1.5°C-aligned, low- or no-overshoot scenario.

Carmignac quantify transition risks using a climate scenario carbon budget analysis. Please find below tables describing the budget overshoot/undershoot of each fund's financed emissions relative to a certain alignment Gap scenario. A positive number infers a budget overshoot whilst a negative number infers a budget undershoot. Please find a full description of transition and physical risks methodology in the appendix section.

Question	Description
Type of Data built?	Single Scenario Approach
How are the scenarios selected?	REMIND NGFS Net Zero 2050
Are absolute emissions, production capacity, or emission intensity units used?	Absolute emissions
What scope of emissions are included?	Scope 1,2 and 3
How are emissions baselines quantified?	As of late 2019 data to match the January 1, 2020 start of the normalized NGFS pathway.
How are forward-looking emissions estimated?	Through MSCI's emissions projection model, all Scope 1, Scope 2 and Scope 3 emissions of the company are projected until 2050 based on climate targets stated by the company itself.
How is alignment measured?	N/A
How is alignment expressed as a metric?	Qyuantively and in Bands
How should counterparty-level scores be aggregated?	Company and Portfolio Level

Below is the implied temperature alignment for the fund range. The average coverage across the range is 89%[16].



Green Patent

The cumulative score of all low-carbon patents held by the firm. Green patents, also known as eco-patents or environmentally friendly patents, are patents granted for inventions that have environmental benefits or contribute to sustainable development. These patents cover innovations in various fields such as renewable energy, waste management, pollution control, sustainable agriculture, and more. The benefits of green patents are:

1. Encouraging innovation: Green patents provide incentives for inventors and companies to develop and commercialize environmentally friendly technologies. This promotes the development of new solutions to address environmental challenges.

2. Protection of intellectual property: Patents grant exclusive rights to the inventor, preventing others from using, selling, or manufacturing the patented technology without permission. This protection encourages investment in green technologies by ensuring that inventors can profit from their innovations.

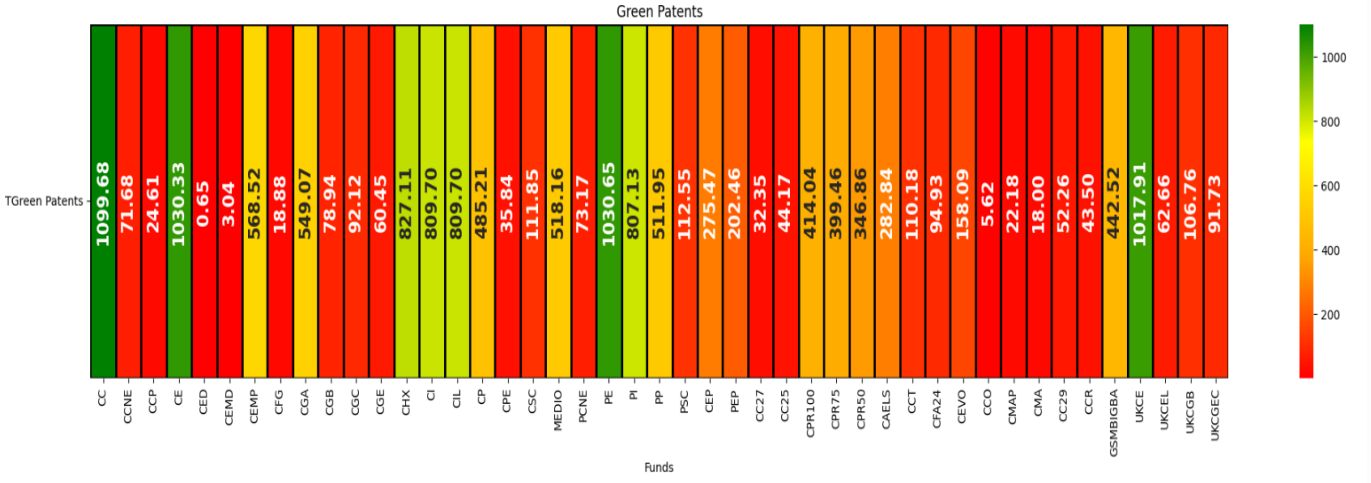
3. Market advantage: Having a green patent can give companies a competitive edge in the market. It allows them to differentiate their products or services as environmentally friendly, attracting environmentally conscious consumers and potentially increasing market share.

4. Collaboration and licensing opportunities: Green patents can facilitate collaboration between companies and researchers working on similar environmental technologies. Licensing agreements can be established, allowing the transfer of technology and knowledge, leading to further innovation and development.

[16] **Source:** MSCI data is as of 11/06/2024 with holdings data as of 29/12/2023

5. Environmental impact: Ultimately, green patents contribute to the development and adoption of sustainable technologies, which can have a positive impact on the environment. These technologies can help reduce greenhouse gas emissions, conserve resources, improve energy efficiency, and mitigate environmental pollution.

Not only does the climate transition pose risks but also upside and companies with high green patent exposure are necessary to enable the transition. We quantify our exposure below. The average coverage across the below range is 60%[17].



Climate Value at Risk

The Climate VaR metric is a measure used to assess the potential financial losses that could occur due to climate change impacts. It quantifies the potential economic value that is at risk under different climate scenarios. The metric does not describe the risk as the conventional mathematical Value at Risk metric would. It is a function of the Integrated Assessment Model (IAM) used as well as the chosen Shared Socioeconomic Pathways (SSP) adopted in either an orderly or disorderly transition.

The IAM we chose for analysis is the REMIND model (Regionalized Model of Investment and Development). It is designed to provide insights into the long-term impacts of different policy scenarios on greenhouse gas emissions, energy consumption, and economic development. Compared to other models, we chose this IAM as we believe it is a better representative of the regional differences, technological detail, socio-economic factors, and climate feedback that we regard as most realistic of the world today.

We choose to display the SSP2 also known as the "Middle of the Road" pathway which describes a future where the world follows a moderate development trajectory with a balanced focus on economic growth, social progress, and environmental sustainability. It assumes a gradual shift towards cleaner and more efficient technologies, but also acknowledges the continued use of fossil fuels. SSP2 envisions a world with moderate population growth, reduced inequality, and improved access to education and healthcare. It aims to strike a balance between economic development and environmental stewardship. We choose an Orderly transition which refers to a smooth and well-coordinated shift towards sustainable practices and policies as opposed to a disorderly transition which implies a lack of coordination and stability in global efforts.

[17] **Source**: MSCI data is as of 11/06/2024 with holdings data as of 29/12/2023)

We disclose a 2C Transition Risk Scenario below in combination with an Average (1.5-2C) Physical Climate Scenario for some select funds[18].

The numbers below are based on estimates (depending on the data coverage available) and not the exact measures of Climate VAR. Our analysis will evolve with the increase of data coverage overtime.

Funds	CE	CI	CP	CSC	UKCE	UKCEL	UKCGB	UKCGEC
Policy Risk Direct Emissions (Scope 1)	-0.98%	-0.30%	-2.12%	-9.27%	-0.99%	-0.03%	-16.50%	-0.02%
Policy Risk Electricity Use (Scope 2)	-0.27%	-0.18%	-0.30%	-0.32%	-0.28%	-0.03%	-0.53%	-0.04%
Policy Risk Value Chain (Scope 3)	-0.97%	-0.38%	-1.40%	-4.81%	-0.93%	-0.16%	-10.01%	-0.17%
Technology Opportunities	1.43%	0.22%	0.40%	3.80%	1.45%	0.05%	2.97%	0.02%
Transition Risk Total	**-0.79%**	**-0.64%**	**-3.41%**	**-10.60%**	**-0.75%**	**-0.17%**	**-24.07%**	**-0.20%**
Extreme Cold	0.58%	0.57%	1.37%	2.20%	0.57%	0.30%	5.41%	0.29%
Extreme Heat	-8.65%	-2.71%	-6.88%	-11.06%	-8.53%	-1.24%	-13.53%	-1.26%
Precipitation	-1.17%	-0.39%	-0.42%	-0.67%	-1.15%	-0.08%	-0.46%	-0.10%
Extreme Snowfall	0.00%	-0.01%	-0.03%	0.03%	0.00%	0.00%	0.02%	0.01%
Extreme Wind	0.00%	-0.01%	-0.14%	-0.20%	0.00%	-0.01%	-0.06%	-0.01%
Coastal Flooding	-0.36%	-0.07%	-0.23%	-0.52%	-0.35%	-0.01%	-3.13%	-0.11%
Fluvial Flooding	-8.25%	-0.02%	0.26%	-0.27%	-8.25%	0.00%	0.54%	0.00%
Tropical Cyclones	-0.16%	-0.16%	-0.39%	-0.60%	-0.16%	-0.05%	-0.85%	-0.06%
River Low Flow	-0.01%	0.00%	-0.01%	-0.01%	-0.01%	0.00%	-0.01%	0.00%
Wildfire	-8.46%	-1.74%	-5.90%	-11.59%	-8.49%	-0.89%	-26.48%	-0.66%
Physical Risk Total	**-26.48%**	**-4.55%**	**-12.36%**	**-22.70%**	**-26.37%**	**-1.98%**	**-38.54%**	**-1.90%**
Total Climate Risk	***-27.27%***	***-5.19%***	***-15.77%***	***-33.30%***	***-27.13%***	***-2.15%***	***-62.62%***	***-2.11%***
Average Coverage	***84%***	***88%***	***55%***	***42%***	***80%***	***88%***	***9%***	***89%***

[18] **Source:** MSCI data is as of 11/06/2024 with holdings data as of 29/12/2023

WHAT ARE CARMIGNAC'S FUTURE PLANS TO INCORPORATE THE FRENCH ENERGY CLIMATE LAW (ARTICLE 29) QUANTITATIVE ALIGNMENT TARGETS TO THE PARIS AGREEMENT?

- Apply a 12-month monitoring process, starting 30th June 2022, of Portfolio Paris Agreement alignment over different periods of market conditions, inflation, oil prices and portfolio construction. As of end of 2023, 23% of AUM of CGSA FCP Funds were aligned with the 1.5ºC scenario of the Paris Agreement.
- Extend the Paris alignment calculations measured in degrees for all Carmignac Group portfolios, which includes equities, fixed income and diversified funds.
- Implement the impact of Physical and Transitional Climate risks in carbon emissions alignment targets.
- Phase in the measurement of Scope 3 carbon emissions as data coverage and accuracy improves. As of end of 2023, the scope 3 emissions of the CGSA FCP funds were ~5.9m TCO2e, based on average data for Q4 2023.
- Document the Paris Agreement alignment targets, methodology and base year calculations intentions in the corresponding fund prospectuses and inform fund holders.
- Apply an entity level target approach for Carmignac Gestion SA accordingly, approved by its executive management.

In 2024, we have developed a new portfolio climate targets methodology across all funds in scope. This new framework reflects the companies' trajectories, using 2018 as a baseline, rather than the emissions at a single point in time. Full details of our portfolio climate targets methodology will be published in 2014.

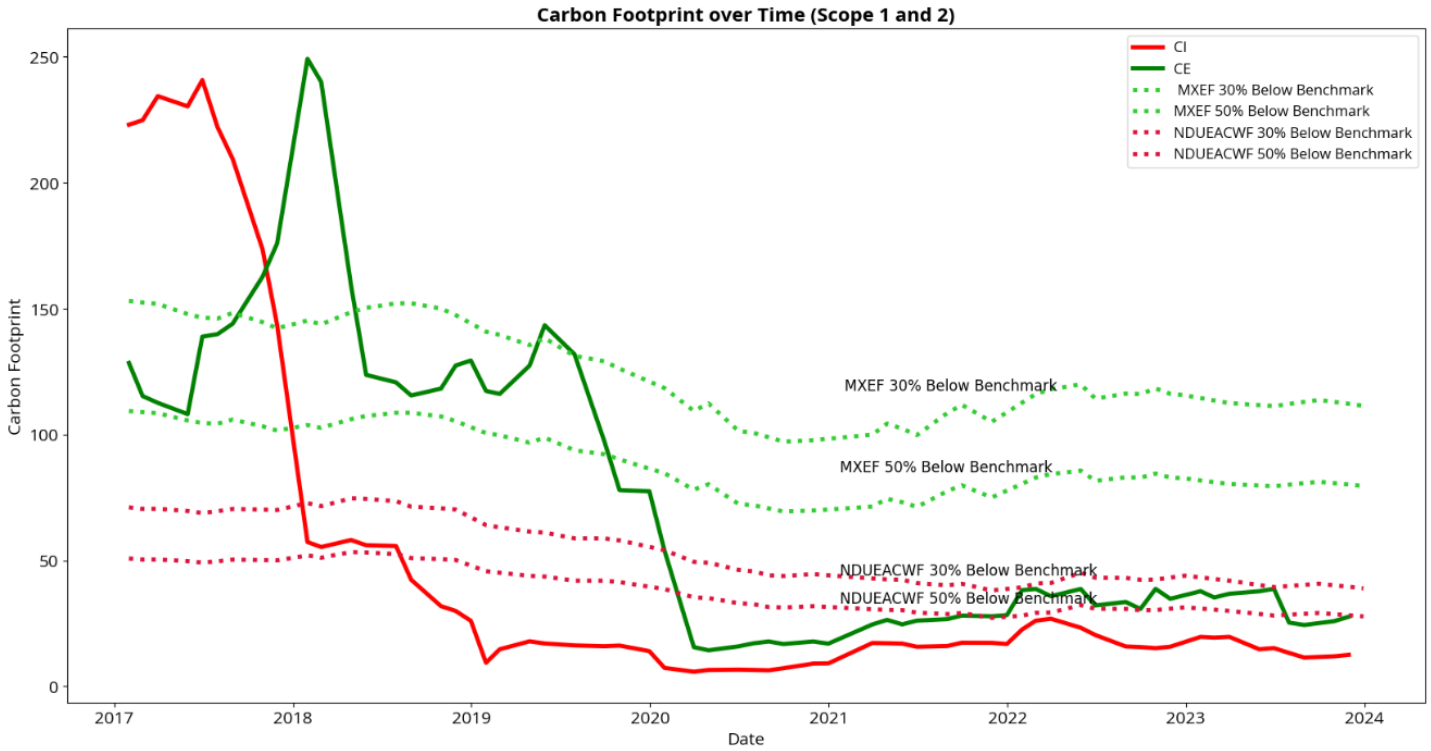
FRAMEWORK AND PROPOSED TARGETS

We have used the Paris Aligned Investment Initiative (PAII),the Climate Transition Benchmark (CTB) and Paris Alignment Benchmark (PAB) guidelines to structure our approach to Paris Agreement alignment targets in 2023.

OUR PROPOSED FUND-LEVEL TARGETS*
• Maintain a relative target of carbon emissions intensity reduction 30% (CTB) to benchmark for relevant equity funds in scope, with a potential increase to 50% (PAB) • Introduce an annual average absolute CO2 intensity reduction of 7%, resulting in a reduction in CO2e intensity of ~40% by 2030 • Disclose carbon emission reduction targets from 2030 for 2035, 2040, 2045 and 2050

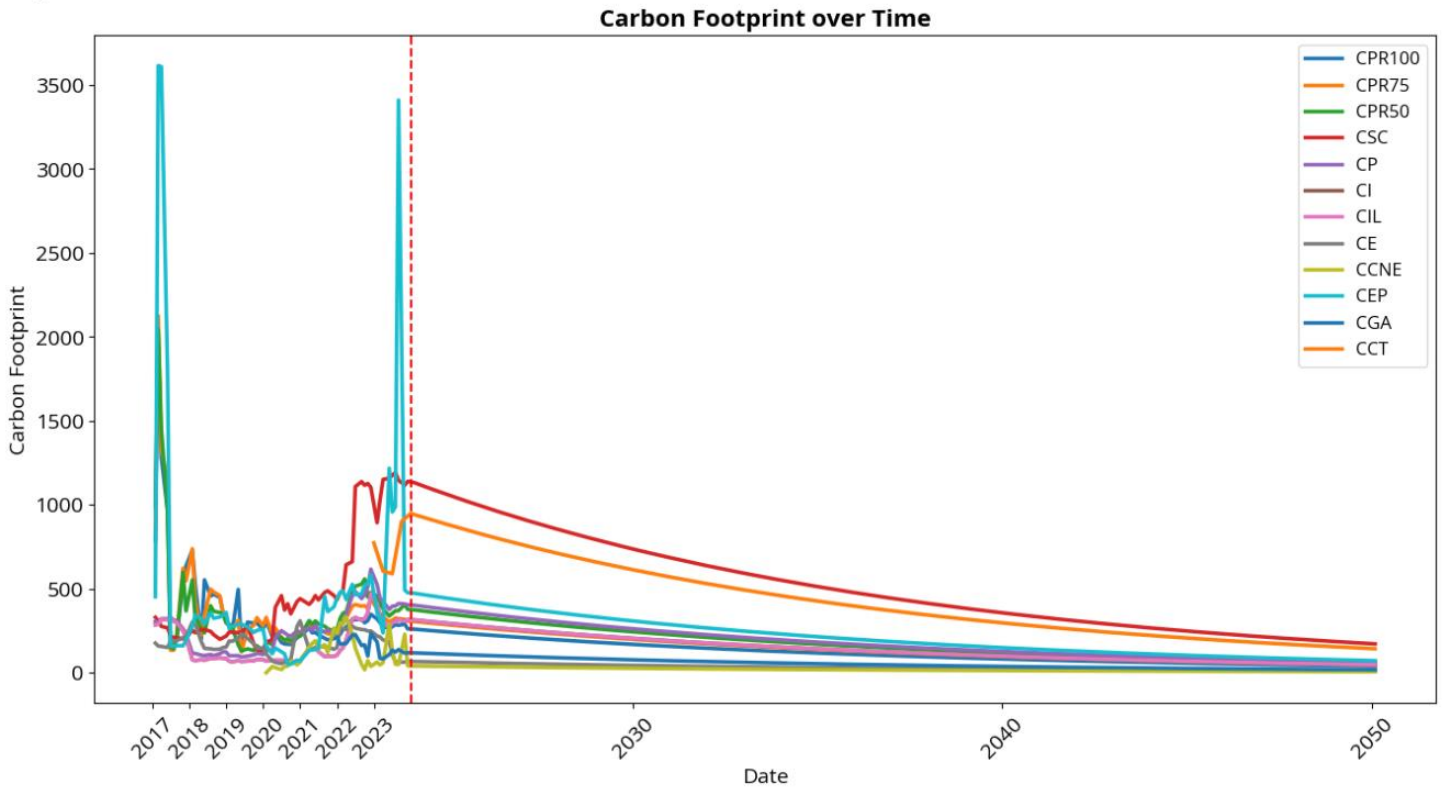
TARGET 1: Maintain a relative target of carbon emissions intensity reduction (30%(CTB)) compared to the benchmark for relevant equity funds, with a potential increase to 50% (PAB).

FIGURE 1: Example of Carmignac Investment (CI), AND Carmignac Emergents (CE) (Equity Funds) current carbon intensity relative to respective benchmarks (scope 1 and 2 emissions only).



TARGET 2: Introduce an annual average 7% decline in CO2 intensity resulting in a ~40% CO2e intensity reduction by 2030 for the funds of Carmignac Gestion SA.

FIGURE 2: Fund Carbon Intensity (all scopes) of the following FCP funds: Absolute Return Europe (CEP), Carmignac Profil Réactif 100 (CPR100), Carmignac Profil Réactif 50 (CPR50), Carmignac Profil Réactif 75 (CPR75), Carmignac China New Economy (CCNE), Carmignac Investissement Latitude (CIL), Carmignac Patrimoine (CP), Carmignac Investissement (CI), Carmignac Emergent (CE), Carmignac Sécurité (CSC), Carmignac Court Terme (CCT), Carmignac Global Active (CGA).



Fund Coverage as of 29 December 2023 (which we use as a proxy for Coverage End of Year 2023) where coverage is the % representing publicly available carbon emissions data.

The carbon emissions coverage for FCP funds was 90% at the end of December 2023.

TABLE 1: Carbon emissions coverage

Funds	Coverage
Carmignac Patrimoine	90%
Carmignac Investissement	99%
Carmignac Emergents	100%
Carmignac Securite	80%
Carmignac Absolute Return Europe	84%
Carmignac Profil Reactif 100	90%
Carmignac Global Actif	97%
Carmignac Court Terme	53%

Funds	Coverage
Carmignac Profil Reactif 50	81%
Carmignac Profil Reactif 75	85%
Carmignac China New Economy	91%
Carmignac Investissement Latitude	99%
Carmignac Credit 27	71%
Carmignac Credit 25	64%
Carmignac Credit 29	69%

TARGET 3:

Report on carbon reduction targets from 2030 for 2035, 2040, 2045 and 2050.

TABLE 2: FIVE-YEAR CARBON INTENSITY GOALS (2030-2050)

7% Carbon Intensity Decline	Estimated Emissions Intensity Targets			
Interval	**2030-2035**	**2035-2040**	**2040-2045**	**2045-2050**
Interval Reduction	18.3%	12.7%	8.86%	6.17%
Cumulative Reduction by Max Year in Interval	58%	71%	80%	86%

CARBON REPORTS: FOR CARMIGNAC FUNDS

EQUITY STRATEGIES

CARMIGNAC INVESTISSEMENT

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUNDS	**340.43**	**763.50**	**99.97**	**0.05%**
MSCI ACWI	424.61	927.59	99.68	0.11%

CARMIGNAC PORTFOLIO INVESTISSEMENT

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**339.4**	**761.24**	**99.96%**	**0.05%**
MSCI ACWI	424.61	927.59	99.68	0.11%

CARMIGNAC EMERGENTS

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**227.97**	**640.95**	**99.76%**	**0.04%**
MSCI EM (EUR) net dividends reinvested	752.91	1433.12	99.6%	0.10%

CARMIGNAC PORTFOLIO EMERGENTS

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**226.54**	**641.37**	**99.78%**	**0.04%**
MSCI EM (EUR) net dividends reinvested	752.91	1433.12	99.6%	0.10%

Source: MSCI data using Q4 2023 data average

CARMIGNAC PORTFOLIO EMERGING DISCOVERY

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**405.66**	**583.77**	**75.69%**	**0%**
50% MSCI EM SmallCap (EUR) + 50% MSCI EM MidCap (EUR) (Reinvested net dividends rebalanced quarterly)	829.95	1391.5	95.74%	0.06%

CARMIGNAC CHINA NEW ECONOMY

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**428.61**	**827.89**	**87.08%**	**0%**
MSCI CHINA (USD) net dividends reinvested	609.06	1062.77	99.44%	0.05%

CARMIGNAC PORTFOLIO CHINA NEW ECONOMY

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**426.49**	**827.89**	**86.96%**	**0%**
MSCI China (USD), net dividends reinvested*	609.06	1062.77	99.44%	0.05%

CARMIGNAC PORTFOLIO GRANDE EUROPE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**102.78**	**416.19**	**100%**	**0%**
Stoxx 600	605.52	926.49	99.7%	0.12%

CARMIGNAC PORTFOLIO GRANDCHILDREN

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**83.64**	**370.05**	**100%**	**0.01%**
MSCI World	386.14	868.33	99.7%	0.11%

Source: MSCI data using Q4 2023 data average

CARMIGNAC PORTFOLIO FAMILY GOVERNED

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**104.43**	**420.94**	**100%**	**0.0%**
MSCI ACWI	424.61	927.59	99.7%	0.11%

CARMIGNAC PORTFOLIO CLIMATE TRANSITION

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**712.56**	**1814.05**	**97.6%**	**0.34%**
MSCI ACWI NR USD Index	424.61	927.59	99.7%	0.11%

CARMIGNAC PORTFOLIO HUMAN XPERIENCE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**169.43**	**464.85**	**100%**	**0.03%**
MSCI World	424.61	927.59	99.7%	0.11%

Source: MSCI data using Q4 2023 data average

FIXED INCOME STRATEGIES

CARMIGNAC SÉCURITÉ

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUNDS	**1135.02**	**1316.37**	**90.12%**	**0.21%**
ICE BoFA ML 1-3 Year All Euro Gov index (coupons reinvested)	772.91	983.88	94.25%	0.20%

CARMIGNAC PORTFOLIO SÉCURITÉ

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**1124.74**	**1304.27**	**90.29%**	**0.22%**
ICE BoFA ML 1-3 Year All Euro Gov index (coupons reinvested)	772.91	983.88	94.25%	0.20%

CARMIGNAC PORTFOLIO FLEXIBLE BOND

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**815.93**	**1427.52**	**84.30%**	**0.13%**
ICE BofA Euro Broad Market Index (coupons reinvested)	776.38	992.91	93.80%	0.20%

CARMIGNAC PORTFOLIO GLOBAL BOND

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**1662.99**	**2367.52**	**80.92%**	**0.22%**
JP Morgan Global Gov Bond Index	457.96	1081.05	94.81%	0.14%

Source: MSCI data using Q4 2023 data average

CARMIGNAC PORTFOLIO EM DEBT

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**110.09**	**1589.91**	**76.90%**	**0.15%**
50% JP Morgan GBI- EM Global Diversified Composite Unhedged EUR Index (JGENVUEG) + 50% JP Morgan EMBI Global Diversified EUR Hedged Index (JPEIDHEU)	752.91	1433.12	99.60%	0.10%

CARMIGNAC CREDIT 2025

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**863.36**	**1324.71**	**80.97%**	**0.13%**
MSCI ACWI	424.61	927.59	99.67%	0.11%

CARMIGNAC CREDIT 2027

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**730.49**	**1095.24**	**82.88%**	**0.11%**
MSCI ACWI	424.61	927.59	99.67%	0.11%

CARMIGNAC CREDIT 2029

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**110.09**	**1589.91**	**76.90%**	**0.15%**
MSCI ACWI	752.91	1433.12	99.60%	0.10%

Source: MSCI data using Q4 2023 data average

DIVERSIFIED STRATEGIES

CARMIGNAC PATRIMOINE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUNDS	**556.46**	**1197.15**	**96.02%**	**0.13%**
MSCI ACWI	424.61	927.59	99.7%	0.11%

CARMIGNAC PORTFOLIO PATRIMOINE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**568.83**	**1202.28**	**95.93%**	**0.12%**
MSCI ACWI	424.61	927.59	99.7%	0.11%

CARMIGNAC PATRIMOINE EUROPE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**107.87**	**488.16**	**94.49%**	**0%**
Stoxx 600	605.52	926.49	99.72%	0.12%

CARMIGNAC PORTFOLIO PATRIMOINE EUROPE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**431.27**	**801.81**	**95.51%**	**0.09%**
Stoxx 600	523.59	892.71	99.73%	0.11%

CARMIGNAC PORTFOLIO EMERGING PATRIMOINE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**225.65**	**1149.74**	**95.29**	**0.15%**
MSCI EM	752.91	1433.12	99.6%	0.10%

Source: MSCI data using Q4 2023 data average

ALTERNATIVE STRATEGIES

CARMIGNAC PORTFOLIO LONG-SHORT EUROPEAN EQUITIES

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**183.87**	**420.38**	**80.20%**	**0.02%**
MSCI EU	523.59	892.71	99.73%	0.11%

CARMIGNAC INVESTISSEMENT LATITUDE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**340.43**	**763.50**	**99.97%**	**0.05%**
MSCI ACWI	424.61	927.59	99.67%	0.11%

CARMIGNAC PORTFOLIO MERGER ARBITRAGE

	Carbon Footprint	GHG Intensity	Availability of carbon data	Fossil Fuel Revenues
FUND	**630.28**	**1861.66**	**86.25%**	**0.18%**
MSCI EU	386.14	868.33	99.68%	0.11%

Source: MSCI data using Q4 2023 data average

APPENDIX

PHYSICAL AND TRANSITION RISKS METHODOLOGY

PHYSICAL RISK

1. Firmwide Fund Holdings are loaded into respective tabs. This analysis is for 31/12/2023.
2. MSCI Physical Risk Data is imported in for 1.5C (REMIND NGFS Orderly Net Zero 2050), 2C (REMIND NGFS Orderly Below 2C) ,3C (REMIND NGFS NDC Current Policies) and 5C (IPCC SSP5-8.5) warming scenarios.

    - Coastal Flooding
    - Extreme Cold
    - Extreme Heat
    - Extreme Precipitation
    - Extreme Snowfall
    - Extreme Wind
    - Fluvial Flooding
    - River Low Flow
    - Tropical Cyclone
    - Wildfire

3. ISINS for the individual securities are mapped to a FACTSET Issuer ID and FACTSET PARENT ID.
4. Short positions are netted for the respective funds who mostly hold such positions. Allocation is rebased for Corporate instruments and entities with data.
5. Weighted Average Physical Risk is calculated as follows for the scenarios in question across all physical risk types for each fund:

$$\text{Weighted Average Physical Risk} = \sum_{i=1}^{n} \mathrm{w}_i(\text{Physical Risk Metric})$$

$$where\ w_i\ is\ Rebased\ Weights$$

6. An aggregated firmwide physical risk score by type is determined by totalling firmwide AUM, weighting each fund by its proportion in the total firmwide AUM and multiplying this figure by its respective physical risk score by type.

TRANSITION RISK

1. Firmwide Fund Holdings are loaded into respective tabs. This analysis is for 31/12/2023.

2. MSCI Implied Temperature Dataset/Green Patent/Climate Value at Risk is imported in.

3. Short positions are netted for the respective funds who mostly hold such positions. Allocation is rebased for Corporate instruments and entities with data.
4. ISINS for the individual securities are mapped to a FACTSET Issuer ID and FACTSET PARENT ID.
5. A weighted Average approach is used to calculate the respective transition risk metrics

$$\text{Weighted Average Transition Risk} = \sum_{i=1}^{n} \mathrm{w}_i(\text{Transition Risk Metric})$$

$$where\ w_i\ is\ Rebased\ Weights$$

6. An aggregated firmwide physical risk score by type is determined by totalling firmwide AUM, weighting each fund by its proportion in the total firmwide AUM and

TAXONOMY DATA[19]

Taxonomy data as of dec 29th 2023

	Revenue (company reported)		*CAPEX (company reported)*		*OPEX (company reported)*	
Fund Name	**Taxonomy Eligibility**	**Taxonomy Alignment**	**Taxonomy Eligibility**	**Taxonomy Alignment**	**Taxonomy Eligibility**	**Taxonomy Alignment**
Carmignac Alts ICAV-European Long Short	15.62%	1.15%	10.20%	3.16%	6.79%	2.14%
Carmignac Portfolio Climate Transition	52.31%	10.47%	10.03%	4.83%	4.69%	3.41%
Carmignac Credit 2025	2.83%	1.43%	1.69%	1.16%	1.13%	0.42%
Carmignac Credit 2027	2.52%	1.46%	3.00%	1.79%	2.03%	1.25%
Carmignac Credit 2029	1.89%	0.39%	2.49%	1.64%	1.49%	0.80%
Carmignac China New Economy	39.56%	7.33%	0.02%	0.00%	0.00%	0.00%
Carmignac Portfolio Flexible Bond	2.77%	0.66%	3.10%	1.51%	1.86%	1.05%
Carmignac Emergents	35.87%	1.43%	0.00%	0.00%	0.00%	0.00%
Carmignac Portfolio Emerging Discovery	23.77%	3.76%	0.00%	0.00%	0.00%	0.00%
Carmignac Portfolio EM Debt	0.02%	0.00%	0.01%	0.00%	0.00%	0.00%
Carmignac Portfolio Emerging Patrimoine	12.42%	0.33%	0.01%	0.00%	0.00%	0.00%
Carmignac Absolute Return Europe	11.47%	2.17%	18.18%	3.89%	8.74%	2.30%
Carmignac Portfolio Family Governed	18.27%	0.00%	12.12%	0.69%	2.03%	0.01%
Carmignac Global Active	11.44%	0.45%	3.17%	0.52%	0.47%	0.34%
Carmignac Portfolio Global Bond	1.97%	0.01%	0.83%	0.24%	0.67%	0.15%
Carmignac Portfolio GrandChildren	33.32%	0.95%	9.19%	1.13%	2.43%	1.31%
Carmignac Portfolio Grande Europe	19.51%	2.21%	20.45%	3.13%	8.13%	4.17%
Carmignac Portfolio Human Experience	24.63%	0.00%	7.10%	0.37%	0.24%	0.00%
Carmignac Investissement	25.82%	0.38%	6.60%	0.42%	0.28%	0.01%
Carmignac Investissement Latitude	24.91%	0.36%	6.37%	0.40%	0.27%	0.01%
Carmignac Portfolio Merger Arbitrage	0.85%	0.01%	0.39%	0.00%	0.22%	0.00%
Carmignac Portfolio Merger Arbitrage Plus	4.36%	0.97%	1.58%	0.00%	0.90%	0.00%
Carmignac Patrimoine	11.94%	0.46%	3.99%	0.76%	0.89%	0.39%
Carmignac Portfolio Patrimoine Europe	7.12%	0.80%	8.18%	1.77%	3.52%	2.15%
Carmignac Sécurité	8.16%	2.75%	9.37%	6.04%	7.67%	4.26%
Carmignac Portfolio China New Economy	39.54%	7.36%	0.02%	0.00%	0.00%	0.00%
Carmignac Portfolio Emergents	35.38%	1.40%	0.00%	0.00%	0.00%	0.00%
Carmignac Portfolio Long-Short European Equities	14.75%	0.44%	11.23%	1.07%	5.87%	1.03%
Carmignac Portfolio Investissement	25.92%	0.38%	6.58%	0.42%	0.28%	0.01%
Carmignac Portfolio Patrimoine	11.36%	0.42%	2.46%	0.54%	0.80%	0.34%
Carmignac Portfolio Sécurité	9.10%	2.99%	9.96%	6.56%	8.28%	4.60%

[19] Source: Factset data as of 29/12/2023

GLOSSARY OF FUNDS

CE	**Carmignac Emergents**
PE	**Carmignac Portfolio Emergents**
CGC	**Carmignac Portfolio Grandchildren**
CGE	**Carmignac Portfolio Grande Europe**
CHX	**Carmignac Portfolio Human Xperience**
CCNE	**Carmignac China New Economy**
CCT	**Carmignac Court Terme**
CC27	**Carmignac Credit 2027**
CC29	**Carmignac Credit 2029**
CI	**Carmignac Investissement**
CIL	**Carmignac Investissement Latitude**
CARE / CEP / CLSEE	**Carmignac Absolute Return Europe**
CP	**Carmignac Patrimoine**
CSC	**Carmignac Securite**
CC	**Carmignac Portfolio Climate Transition**
PCNE	**Carmignac Portfolio China New Economy**
CEMD	**Carmignac Portfolio Emerging Markets Debt**
CEMP	**Carmignac Portfolio Emerging Patrimoine**
CFG	**Carmignac Portfolio Family Governed**
CFB /CCP	**Carmignac Portfolio Flexible Bond**
CGB	**Carmignac Portfolio Global Bond**
PI	**Carmignac Portfolio Investissement**
PEP	**Carmignac Portfolio Long-Short European Equities**
PP	**Carmignac Portfolio Patrimoine**
CPE	**Carmignac Portfolio Patrimoine Europe**
PSC	**Carmignac Portfolio Securite**
CMA	**Carmignac Portfolio Merger Arbitrage**
CMAP	**Carmignac Portfolio Merger Arbitrage Plus**
CED	**Carmignac Portfolio Emerging Discovery**
UKCE	**FP Carmignac Emerging Markets**
UKCEL	**FP Carmignac European Leaders**
UKCGB	**FP Carmignac Global Bond**
UKGCEC	**FP Carmignac Global Equity Compounders**

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