



SUSTAINABILITY-RELATED DISCLOSURES **CARMIGNAC CRÉDIT 2029**

PURSUANT TO ARTICLE 10 OF REGULATION (EU) 2019/2088 ON SUSTAINABILITY-RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR (SFDR)

Summary

This fund promotes environmental and/or social (E/S) characteristics in accordance with Article 8 of the regulation on sustainability-related disclosures in the financial services sector ("SFDR").

To promote these environmental and social characteristics, the fund uses "best-in-universe" and "best-effort" approaches to sustainable investing, combining 1) ESG integration, 2) negative screening and 3) bondholder responsibility and commitment, and 4) consideration of principal adverse impacts ("PAI") in investment decisions.

ESG integration, through ESG rating carried out via Carmignac's proprietary "START" ESG platform (*System for Tracking and Analysis of a Responsible Trajectory*), is applied to at least 90% of securities (excluding cash and derivatives). Extra-financial analysis is implemented in the investment strategy through the activities described below, which notably enable the fund's investment universe in corporate debt securities to be actively reduced by at least 20%.

Negative screening and exclusion of unsustainable activities and practices, evidenced by low ESG scores from START, MSCI and/or ISS ESG and research, are carried out on the basis of the following indicators: (a) controversies relating to the OECD's Guiding Principles for Business, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and the principles of the United Nations Global Compact, (b) controversial weapons, (c) coal mining activity, (d) electricity companies not pursuing any goal of alignment with the Paris Agreement, (f) companies involved in tobacco production, (g) companies involved in adult entertainment.

In terms of commitment as a bondholder, our engagements with companies on environmental and social issues aim to improve their sustainability policies (level of active engagement and voting policy, number of engagements...),

All of the fund's investments are screened against controversy filters to ensure compliance with global environmental, human rights, labor and anti-corruption standards. In addition, the fund undertakes to consider principal *adverse* impacts ("PAIs") in relation to 16 mandatory and 2 optional environmental and social indicators, as well as, where applicable, 2 indicators specific to sovereign issuers, as set out in Appendix 1 of Delegated Regulation 2019/2088 (supplementing the SFDR Regulation).

The fund uses the following sustainability indicators to assess the extent to which environmental and social characteristics are achieved:

- the scope of ESG analysis;
- the proportion in which the corporate debt universe is reduced (minimum 20%);
- indicators of the main negative impacts.

ESG analysis and rating is ultimately the responsibility of the investment team. The START score is calculated automatically using a proprietary formula that compares companies within 90 peer groups based on capitalization size, sector and region. This score can be revised upwards or downwards within the framework of the analysis and comments made by the financial or ESG analyst. The Sustainable Investment team monitors the frequency and consistency of START score statistics, and ensures that they are free from bias.

All sector and controversy exclusions are objective exclusions.

The fund uses data from several sources, which are aggregated in START. These sources are FactSet for revenue data, corporate legal documents for capital expenditure data, MSCI for carbon emissions data, TR Refinitiv for raw ESG data, as well as MSCI and ISS ESG for controversial behavior and filtering based on the standards set by the UN Global Compact and the OECD for governance and human rights. The proprietary sovereign debt rating tool is based on publicly available data on sovereign issuers, provided by institutions such as the World Bank and the IMF.

In terms of methodology, Carmignac's proprietary sovereign debt rating process (Global model) and the START platform are just two of the tools that can be used to highlight ESG risks and opportunities; others may reveal different results.

Compliance with environmental and social criteria is monitored on an ongoing basis, with monthly reports posted on the fund's website (www.carmignac.com).

The fund has not designated a benchmark to achieve environmental or social characteristics.

No sustainable investment objective

The fund promotes environmental and social characteristics, but does not aim for sustainable investment.

Environmental or social characteristics of the financial product

To promote environmental and social characteristics, the Fund uses best-in-universe and best-effort approaches to sustainable investing, based on four pillars: 1) ESG integration, 2) negative screening, 3) responsibility and commitment of bondholders, and 4) consideration of PAIs in investment decisions.

Investment strategy

To achieve its investment objective, the fund mainly applies a buy & hold strategy, the aim of which is to build and hold a diversified portfolio of financial instruments comprising different credit market classes. The discretionary choice of investments is based on an internal analysis carried out by the management company, and primarily on criteria of profitability, creditworthiness, recovery prospects, liquidity and maturity, as well as on diversification of the portfolio's financial risks in line with the fund's recommended investment horizon.

Negative screening of corporate bonds :

The management company is actively reducing the fund's bond and corporate debt investment universe. The initial investment universe for the purpose of universe reduction comprises around 2,500 issuers and consists of the ICE BofA Global Corporate, ICE BofA Global High Yield and ICE BofA Emerging Market Corporate Plus indices.

Initially, the fund applies the exclusions defined at management company level: (a) controversies concerning the OECD Guidelines, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the principles of the United Nations Global Compact, (b) controversial weapons, (c) thermal coal production, (e) energy producers (f) tobacco, (g) adult entertainment.

Secondly, companies with an overall START score of "D" or "E" (on a rating scale of "E" to "A") are excluded from the fund's investment universe. Portfolio companies with a START score of "E" (on a rating scale of "E" to "A") in the environmental or social pillars are excluded from the fund's investment universe. Companies with a global MSCI rating of "CCC" or "B" (on a rating scale of "C" to "AAA") are a priori excluded from the fund's investment universe. Companies with a global MSCI rating of "CCC" or "B" (on a rating scale of "C" to "AAA") that have obtained a START score of "C" or higher (on a rating scale of "A" to "E") may be reintegrated into the fund's investment universe, following an ad hoc analysis by the management company and a commitment from the company in question. The table below details the correspondence between numerical and START ratings used by the fund in negative filtering.

Low mark		START rating		High mark
8	≤	A	≤	10
6	≤	B	<	8
4	≤	C	<	6
2	≤	D	<	4
0	≤	E	<	2

At issuer level (corporate bonds and, where applicable, equities), investments that are not sustainable investments are screened for compliance with global standards on environmental protection, human rights, labor standards and anti-corruption, through controversy screening. These investments are subject to a minimum safeguards review to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

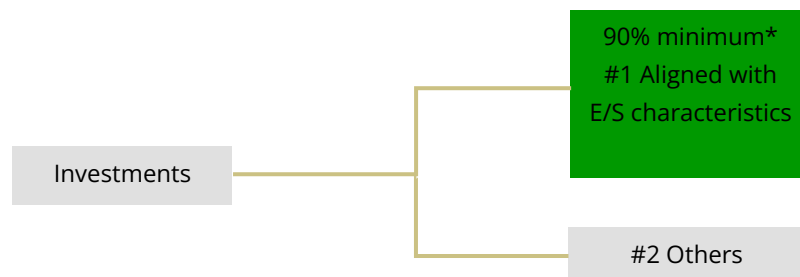
Sovereign bond screening :

- 1) Sovereign issuing countries are first screened for a macroeconomic view.
- 2) Applicable country exclusions based on regulatory standards and sanctions are applied.
- 3) Environmental, social and governance indicators are calculated using a proprietary ESG rating system based on publicly available data.

Negative screening of securitization instruments :

Securitization vehicles, particularly CLOs, are subject to an ad hoc extra-financial analysis by the management company. The manager carries out a systematic analysis of the extra-financial characteristics of eligible securitization vehicles, resulting in an ESG rating entered into Carmignac's proprietary ESG research system, "START". The manager's analysis is based on the vehicle's contractual sustainability commitments. This analysis includes, but is not limited to, the negative and/or positive filters applied by the securitization vehicle when selecting the underlying debt securities, such as the exclusion of controversial sectors (tobacco, arms, thermal coal production, etc.), the carbon intensity of the issuers of these securities, or human capital policies (non-exhaustive list). In the absence of such contractual conditions, the manager may need to carry out a transparent analysis of environmental and social characteristics, i.e. on the underlying assets of the securitization vehicle. Where appropriate, the manager may also carry out an ESG analysis on the securitization vehicle. This analysis results in a rating of these instruments in START on a scale from A to E. The fund only invests in securitization instruments with an ESG rating in START of "C" or higher.

Proportion of investments



At least 90% of the Fund's investments are subject to ESG analysis.

Investments outside the 90% may still include environmental and social characteristics that have not been subject to a comprehensive ESG analysis.

Monitoring of environmental or social characteristics

Several indicators are used to measure the environmental or social characteristics promoted by the fund.

Scope of ESG analysis: at least 90% of issuers are assessed against ESG scores via Carmignac START's proprietary ESG platform.

Proportion in which the corporate debt universe is reduced (minimum 20%): Negative filtering and exclusion of unsustainable activities and practices, evidenced by low START, MSCI and/or ISS ESG scores and research, is carried out on the basis of the following indicators: (a) practices harmful to society and the environment, (b) controversies relating to the OECD Guidelines for Business, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Global Compact principles, (c) controversial weapons, (d) coal mining activity, (e) electricity companies not pursuing any goal of alignment with the Paris Agreement, (f) companies involved in tobacco production, (g) companies involved in adult entertainment.

Exclusive sovereign debt rating tools, covering more than 100 countries, and including individual country scores for the ESG indicators applicable to them.

Indicators of major negative impacts. In accordance with Annex 1 of the Delegated Regulation (EU) 2022/1288, the fund tracks 16 mandatory environmental and social indicators, and 2 optional indicators for the purpose of measuring the impact of sustainable investments with regard to these indicators: greenhouse gas emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, Share of non-renewable energy consumption and production, energy consumption intensity per high impact climate sector, activities negatively affecting biodiversity-sensitive areas, emissions to water, hazardous waste and radioactive waste ratio, water usage and recycling (optional choice), violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap, board gender diversity, exposure to controversial weapons, excessive CEO pay ratio (optional choice).

Sovereign bond issuers are monitored for social violations and GHG intensity.

Bondholder responsibility and commitment: The following indicators are used to measure companies' environmental and social commitments that help improve their sustainability policies: (a) level of active engagement and voting policies, (b) number of engagements, and (d) participation in shareholder and debt holder meetings.

Methodologies

ESG analysis methodology. Carmignac START's proprietary ESG platform aggregates raw ESG data from 30+ indicators (where available) covering environmental, social and governance pillars. Global ESG scores are calculated for companies grouped by sector, capitalization and region. Members of the investment team are responsible for carrying out proprietary ESG analysis of companies, validating START scores and analyses by commenting on ESG risks, and integrating these analyses into investment decisions. The START platform is available via the internal Verity RMS database, accessible to all investment team members for investment research purposes.

ESG rating methodology for sovereign debt. Carmignac's proprietary global sovereign debt rating model (Global model) is applied to over 100 countries, which are assigned ratings between 1 (poor) and 5 (good), spread across the entire rating spectrum. Individual countries are ranked according to ESG criteria based on 1) current data and 2) recent trends/evolutions. These rankings are then converted into an overall rating, ranging from 1 to 5 (worst to best). The dynamic rating is overweighted for emerging countries (75%) and underweighted for developed countries (25%), to reflect recent ESG trends and mitigate the structural underinvestment of developing countries in ESG projects. Based on the ESG rankings, averages are calculated to obtain a score for each of the E, S and G pillars. Where necessary, this score is then adjusted upwards or downwards on the basis of a forward-looking qualitative analysis. The overall ESG score comprises the weighted averages of the three components E, S and G.

Negative screening and exclusion methodology. Carmignac applies ESG-related exclusions and fund-specific extended exclusions, as mentioned above. All are objective exclusions, implemented via the CMGR compliance monitoring tool, in conjunction with the BBG Aim Portfolio Management Order system. Each quarter, the Sustainable Investment team updates the exclusion lists to reflect new index weightings, revised data and income thresholds, and new investments. Updated lists are uploaded and monitored by the Risk Management team. For further information, please consult the exclusion policy, available in the "Sustainable Investment" section of www.carmignac.com.

Methodology for key negative impact indicators. For all funds covered by article 8 or 9 of the SFDR, Carmignac obtains the key negative impact indicators from data provider MSCI. Once the data point for each indicator has been obtained, a 4-quarter average is calculated before an annual report is published. The definitions taken into account for each of the 14 mandatory indicators and the 2 optional indicators relating to corporate-related IAPs, as well as, where applicable, for the 2 indicators specific to sovereign issuers, are those set out in Annex 1 of the SFDR 2019/2088 delegated regulation. Information and the full methodology will be published in the "Sustainable Investment" section of www.carmignac.com, in accordance with the aforementioned information publication requirements.

Active management and engagement methodology ESG and controversy-related engagements carried out by the Sustainable Investment team are planned on a quarterly basis, and the results are documented in the Engagement tool integrated into the Verity RMS database. For further information,

please consult the Active Management Report, available on the "Policy and Reports" page of the "Sustainable Investment" section of www.carmignac.com.

Data sources and processing

(a) **Data sources used to achieve the environmental and social characteristics of the financial product:** The fund uses data from several sources, which are grouped together in the proprietary ESG START system. These sources are FactSet for income data, corporate legal documents for capital expenditure data, MSCI for carbon emissions data, TR Refinitiv for raw ESG data, as well as MSCI and ISS ESG with regard to controversial behavior and filtering based on the standards set by the UN Global Compact and the OECD on governance and human rights. The Global sovereign debt rating model draws on information from the World Bank, the IMF, The Heritage Foundation and Oxford University, among others. For a full list of information sources, please consult the ESG Integration Policy document available in "Sustainable Investment" section of www.carmignac.com.

(b) **Measures taken to ensure data quality :** The Sustainable Investment team is made up of ESG data experts, who are responsible for carrying out automated checks aimed at identifying outliers, among other things, as well as checking data from alternative sources.

(c) **Data processing method:** As described in the Methodologies section above.

(d) **Proportion of data estimated :** ESG START scores and income data are not estimated. On average, 30% of data relating to PAIs correspond to estimates, it being specified that all PAIs reported are consolidated for all eligible Carmignac funds as at 30/09/2022. Data on carbon emissions (scopes 1 and 2) come from companies' detailed emissions declarations, and include few estimates.

Limitations to methodologies and data

The 20% reduction in the corporate debt universe is based on an ESG risk assessment using the MSCI and START ESG rating systems, but other methodologies and data sources may have been used. The ESG model for sovereign issuers uses both quantitative and qualitative elements to identify current risks and opportunities, as well as dynamic forward-looking trends, but they may not systematically reflect the latest ESG developments or progress. The aim, however, is to limit qualitative adjustments to exceptional situations, such as a high-impact policy change, in order to preserve the model's impartiality.

Due Diligence

More than 90% of the funds' assets (listed equities, corporate and sovereign bonds, as appropriate) are assessed in terms of their ESG score and risk profile. To this end, a proprietary analysis is combined with the ESG rating process of Carmignac's proprietary START system and, where applicable, the sovereign bond model.

ESG analysis and rating is ultimately the responsibility of the investment team. The START score is calculated automatically using a proprietary formula that compares companies within 90 peer groups based on capitalization size, sector and region. This score can be revised upwards or downwards as part of the analysis and comments made by the financial or ESG analyst. The Sustainable Investment team monitors the frequency and consistency of START score statistics, and ensures that they are free from

bias. Periodically, the proprietary ESG START rating models applied to sovereign and corporate issuers are subjected to an ex-post check to identify potential improvements.

With regard to exclusions, Carmignac's company list and Fund-specific exclusion lists, where applicable, are updated quarterly to reflect new index weightings, revised revenue data and their impact on revenue thresholds, as well as new Fund positions. These exclusions are applied via the compliance monitoring tool. All sector and controversy exclusions are objective exclusions.

As far as the ESG rating model for sovereign debt is concerned, the risk of error is greatly reduced as both data collection and the establishment of country scores are automated.

Engagement policies

Carmignac implements voting and engagement policies that reflect relevant environmental, social and governance themes. The voting objective is to participate in 100% of possible votes. An engagement plan is defined in order to take the necessary steps with the companies in which we invest that present a lack of ESG risk management, in which Carmignac has identified a specific theme or with regard to which it is necessary to seek possible improvement or analyze a controversy.

For further information, please refer to the engagement and voting policy available under "Policies and reports" in the "Sustainable Investment" section of www.carmignac.com.

- **Fund:** CARMIGNAC CREDIT 2029
- **Management:** Fixed income strategy
- **Legal form:** *Fonds commun de placement* (FCP)
- **ISIN code (share class A EUR acc) :** FR001400KAV4
- **Minimum recommended investment horizon:** 5 years
- **Fund launch date:** October 20, 2023
- **Reference indicator:** N/A

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