

APPENDIX

Pre-contractual disclosure for the financial products referred to in Article 8(1), (2) and (2a), of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: CARMIGNAC SECURITE Legal entity identifier: 969500EBHL0T9UB25E97

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes No

It will make a minimum of **sustainable investments with an environmental objective:**

___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

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

The fund applies a “best-in-universe” approach (identifying companies whose activities are sustainable) and a “best-efforts” approach (consisting in favouring issuers that exhibit an improvement or strong prospects in terms of ESG practices and performance over time) in order to invest sustainably via a strategy based on four pillars: 1) ESG integration, 2) negative screening, 3) positive screening and 4) active stewardship to promote environmental and social characteristics.

The “positive screening” pillar entails at least 10% of the fund’s net assets being invested in sustainable investments. Sustainable investments are defined as:

- 1) Bonds such as green, social or sustainable bonds issued by public or corporate issuers, and bonds linked to sustainable development (“sustainability-linked bonds”)
- 2) Bonds issued by companies deriving at least 50% of their income from goods and services linked to business activities that positively align with at least one of the nine United Nations Sustainable Development Goals selected for this fund, out of 17, or investing at least 50% of their CapEx in such activities: (1) No poverty, (2) Zero hunger, (3) Good health and well-being, (4) Quality education, (6) Clean water and sanitation, (7) Affordable and clean energy, (9) Industry, innovation and infrastructure, (11) Sustainable cities and communities and

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



(12) Responsible consumption and production. To find out more about the United Nations sustainable development goals, please visit <https://sdgs.un.org/goals>.

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

This fund uses sustainability indicators derived from its four-pillar approach to measure the attainment of each of the environmental or social characteristics it promotes:

- 1) **Coverage rate of ESG analysis:** ESG integration, through ESG rating via Carmignac's proprietary "START" (System for Tracking and Analysis of a Responsible Trajectory) platform, is applied to at least 90% of securities (excluding cash and derivatives).
- 2) **Reduction of the investment universe:** negative screening and exclusions of unsustainable activities and practices, reflected in low ESG scores from START, MSCI and ISS ("Institutional Shareholder Services") ESG, are carried out based on the following indicators: (a) practices that are harmful to society and to the environment, (b) controversies concerning the OECD guidelines and the UN Global Compact principles, (c) controversial weapons, (d) thermal coal production, (e) energy producers that have not set a target for alignment with the Paris Agreement, (f) companies involved in tobacco production and (g) companies involved in adult entertainment.
- 3) **Positive screening:** at least 10% of the fund's net assets are invested in sustainable investments, as defined above. The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.
- 4) **Active stewardship:** companies' environmental and social engagement efforts leading to an improvement in companies' sustainable development policies are measured using the following indicators: (a) level of active engagement and voting policies, (b) number of engagement efforts, (c) voting rate and (d) participation in shareholder (or bondholder) meetings.

Moreover, as regards monitoring principal adverse impacts ("PAI"), and in accordance with Annex 1 to Commission Delegated Regulation (EU) 2022/1288, the fund monitors 16 mandatory environmental and social indicators, and 2 optional indicators to demonstrate the impact of sustainable investments with respect to these indicators: greenhouse gas (GHG) 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 pay ratio (optional choice). Sovereign issuers are monitored for violations of social norms with respect to their GHG intensity.

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

The fund invests at least 10% of its net assets in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine United Nations Sustainable Development Goals

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

("SDGs"), out of a total of 17, selected for this fund: (1) No poverty, (2) Zero hunger, (3) Good health and well-being, (4) Quality education, (6) Clean water and sanitation, (7) Affordable and clean energy, (9) Industry, innovation and infrastructure, (11) Sustainable cities and communities and (12) Responsible consumption and production.

A company is considered "aligned" if it derives at least 50% of its revenue from activities that are deemed to contribute to one or more of the nine SDG above, or if at least 50% of its CapEx is invested in such activities. These 50% thresholds indicate significant commitment from the company with respect to its contribution and growth projects.

In order to determine which companies are aligned, the management company has identified a robust company classification system and mapped 1,700 different business activities. Furthermore, the management company uses the "SDG Compass", a resource created by the GRI ("Global Reporting Initiative"), the United Nations Global Compact and the World Business Council for Sustainable Development, to identify the business activities that contribute to each SDG. Carmignac has also created "investable themes" corresponding to business activities. The management company filters each business activity in the classification system based on these themes, sorting the relevant business activities into Carmignac's "investable themes" and using SDG targets to verify their suitability. Once the 50% revenue or investment threshold is reached for a given issuer, the total weight of that holding is considered aligned.

The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.

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

All the fund's investments (not just sustainable investments) are assessed for compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures, through controversy screening. Specifically, the investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

In addition, the fund ensures that these activities do no significant harm to the environmental objectives.

The aim of engagement on controversial behaviour is to put a stop to companies violating the UNGC Guiding Principles and/or OECD Guidelines for Multinational Enterprises and to establish suitable management systems to prevent such breaches from recurring. Where engagement efforts are unsuccessful, the company is considered excluded. Cases warranting enhanced engagement are selected every quarter based on need. The emphasis placed on the engagement process may differ depending on the level of exposure.

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

Indicators for adverse impacts are monitored on a quarterly basis. Adverse impacts are identified based on severity. After discussion with the investment team concerned, a plan of action including an execution schedule is drawn up.

In general, dialogue with the company is the preferred plan of action in order to influence the mitigation of adverse impacts by the company concerned. In such cases, engagement with the company is included in Carmignac's quarterly engagement plan,



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

in accordance with Carmignac's engagement policy. Divestment may be an option, with an exit strategy determined in advance within the limits of this policy.

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

The management company applies a screening process for controversies regarding the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights to all of the fund's investments.

The management company acts in accordance with the principles of the United Nations Global Compact (UNGC), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the Organisation for Economic Co-operation and Development (OECD) guidelines allowing multinational enterprises to assess the standards applicable to them, including, but not limited to, violations of human rights, employment law and standard practices relating to climate.

The fund applies a controversy screening process to all its investments. Companies implicated in major controversies regarding the environment, human rights and international employment law, among other infractions, are excluded. The screening process identifies controversies on the basis of the OECD Guidelines for Multinational Enterprises and the principles of the United Nations Global Compact. This is generally referred to as "standards-based screening" and it includes restrictive screening controlled and measured using Carmignac's proprietary ESG system "START". Company controversies are researched and rated using data extracted from the ISS ESG database.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

'The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

- ✘ **Yes**, the management company is committed to applying the regulatory technical standards ("RTS") referred to in Annex 1 to Commission Delegated Regulation (EU) 2022/1288, which describes 16 mandatory environmental and social indicators, and 2 optional indicators to demonstrate the impact of sustainable investments with respect to these indicators: greenhouse gas (GHG) 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 pay ratio (optional choice). Sovereign issuers are monitored for violations of social norms with respect to their GHG intensity.

The principal adverse impacts of investment decisions on sustainability factors are set out in table 1 (in accordance with Annex 1 to Commission Delegated Regulation (EU) 2022/1288) of Carmignac's policy on this subject. This information is disclosed in the annual reports.

 No

What investment strategy does this financial product follow?

The fund invests at least 10% of its net assets in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine United Nations Sustainable Development Goals ("SDGs"), out of a total of 17, selected for this fund: (1) No poverty, (2) Zero hunger, (3) Good health and well-being, (4) Quality education, (6) Clean water and sanitation, (7) Affordable and clean energy, (9) Industry, innovation and infrastructure, (11) Sustainable cities and communities and (12) Responsible consumption and production. The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.

Non-financial analysis is applied as part of the investment strategy through the following processes, which actively reduce the fund's equity and corporate bond investment universe. The initial investment universe prior to the reduction includes around 2,500 issuers and is made up of the ICE BofA Global Corporate, ICE BofA Global Non-Financial High Yield, and ICE BofA Emerging Market Corporate Plus indices. The investment universe and the fund are periodically reviewed to maintain their alignment for the purposes of reducing the universe.

The investment universe is assessed in light of the ESG risks and opportunities recorded in Carmignac's proprietary ESG platform, START.

Negative screening of corporate bonds:

The fund applies standards-based, restrictive negative screening at company level to exclude certain sectors and activities.

negative screening and exclusions of unsustainable activities and practices are carried out based on the following indicators: (a) practices that are harmful to society and to the environment, (b) controversies concerning the OECD guidelines and the UN Global Compact principles, (c) controversial weapons, (d) thermal coal production, (e) energy producers that have not set a target for alignment with the Paris Agreement, (f) companies involved in tobacco production and (g) companies involved in adult entertainment.

Companies with high ESG risk, reflected by their respective ESG ratings, are also excluded. Companies with an MSCI rating for the environmental or social pillars of below 2.5, or with an overall MSCI rating of "B" or "CCC", are excluded from the fund's investment universe. Companies with a START score of "C" or above (on a rating scale of "A" to "E") may re-enter the fund once the management company has carried out ad-hoc analysis and engaged with the company in question.

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

The aim of engaging with companies on environmental and social matters is to improve their sustainability policies (in terms of active engagement and voting policies, number of engagements, voting percentage and proportion of objectives fully achieved during shareholder/bondholder meetings).

At issuer level (for equities and corporate bonds), investments that are not sustainable investments are assessed to ensure compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures through controversy screening ("standards-based" approach). These investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

Screening of sovereign bonds:

- 1) Government issuers are first examined from a macroeconomic angle.
- 2) Applicable exclusions of countries 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.

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

The binding elements of the investment strategy used to select investments, and to attain each of the environmental or social characteristics promoted by this financial product, are:

- 1) At least 10% of the fund's net assets are invested in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine sustainable development goals ("SDGs") listed above.
- 2) The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.
- 3) The investment universe is actively reduced.
- 4) ESG analysis is applied to at least 90% of securities.

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

The fund is not required to comply with any minimum rate to reduce the equity investment universe prior to the application of its investment strategy.

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

To assess good governance practices, the fund uses Carmignac's proprietary ESG system ("START"), which collates automated key indicators on governance for over 7,000 companies, including: 1) percentage of independent members of the audit committee, average term of office for members of the board of directors, gender diversity on the board of directors, size of the board of directors, independence of the remuneration committee as regards sound management structures, and 2) director remuneration, sustainability incentives for directors, and the highest remuneration in terms of staff remuneration. Human resources are covered by Carmignac's "S" indicators (in particular staff satisfaction, the gender pay gap and staff turnover) within "START".

As regards tax, the fund recognises the companies in its investment universe that adhere to the OECD Guidelines for Multinational Enterprises on tax matters and encourages transparency where necessary.

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

Furthermore, as a signatory to the Principles for Responsible Investment (“PRI”), the management company expects the companies in which the fund invests to:

- 1) Publish a comprehensive tax policy describing the company’s approach to tax responsibility;
- 2) Report on their tax governance and risk management processes to the competent authorities; and
- 3) File appropriate returns in each of the countries in which they operate (country-by-country reporting, “CBCR”).

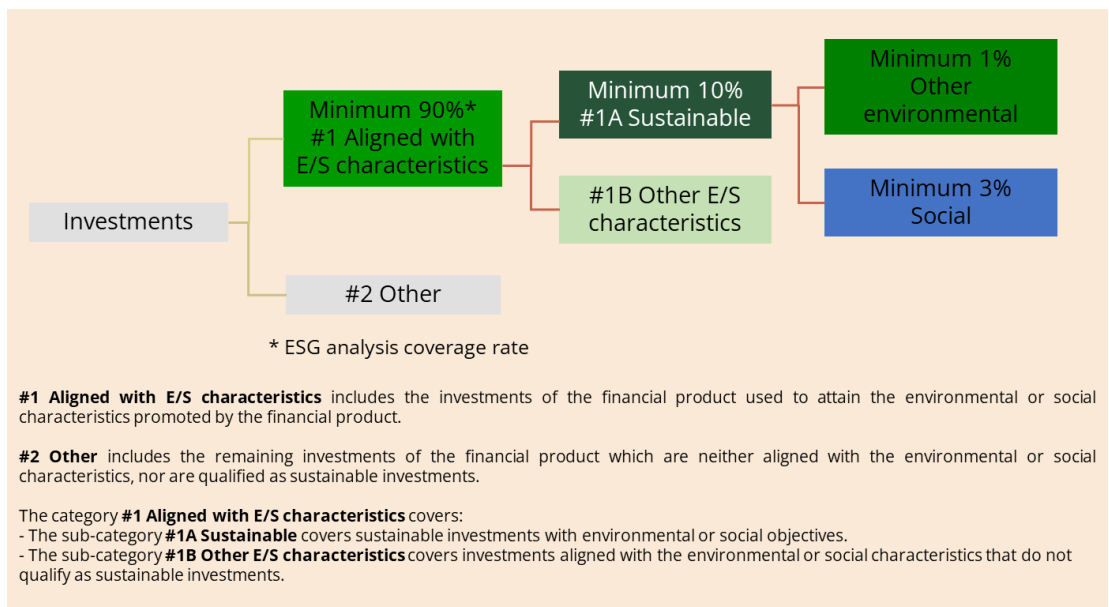
These considerations inform the management company’s actions with respect to companies and its votes in favour of greater transparency, for example via support for shareholder resolutions.

As regards sovereign issuers, the following governance criteria are assessed: ease of doing business, tax positioning, debt ratio expressed per year of tax receipts, current account balance and economic freedom.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

At least 90% of the fund’s investments are intended to attain the environmental or social characteristics it promotes, in accordance with the binding elements of the investment strategy.

The fund invests at least 10% of its net assets in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine United Nations Sustainable Development Goals (“SDGs”), out of a total of 17. The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund’s net assets, respectively. As well as making sustainable investments accounting for at least 10% of the net assets, the fund may target companies deriving less than 50% of their revenue, or even none of their revenue, from activities aligned with the United Nations SDGs.

In addition to cash and derivatives (which may be used for the purposes of efficient portfolio management and/or hedging and/or exposure, as applicable), this category includes investments in corporate bonds or in sovereign bonds that are not classed as sustainable investments. Such

investments are carried out in strict compliance with the fund's investment strategy and in order to implement the fund's investment strategy. All these investments are subject to ESG analysis (including via our proprietary ESG model for sovereign bonds). For corporate bonds, minimum safeguards are assessed to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. These instruments are not used to attain the environmental or social characteristics promoted by the fund.

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

The use of derivatives does not contribute to the attainment of the fund's environmental and/or social characteristics.

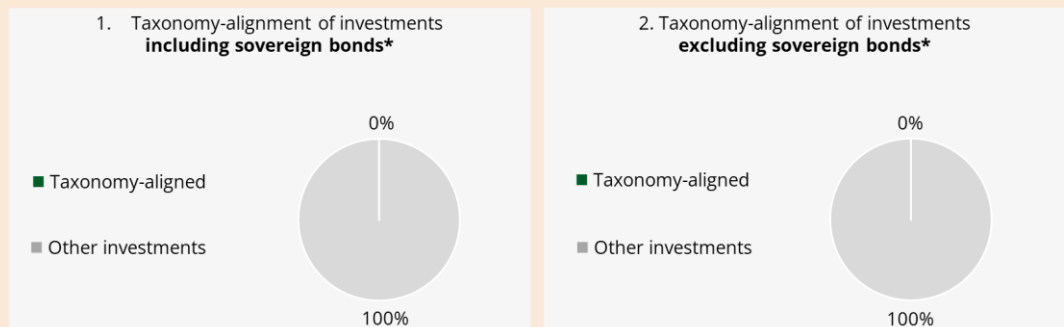
To the extent that the fund uses derivatives linked to a single underlying, exclusions defined at management company level apply. Moreover, the fund applies a netting calculation (netting a long position against short positions in an equivalent issuer in the form of derivatives) with a view to illustrating the portfolio's ESG rating and carbon emissions and measuring adverse impacts.



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

The minimum level of alignment with the Taxonomy, i.e. the minimum share of the fund's investments deemed to contribute on an ongoing basis to the above environmental objectives, is 0% of assets. The actual level of alignment with the Taxonomy is calculated and published annually.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

The minimum share of these investments is 0% of assets.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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



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

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the net assets.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 3% of the net assets.



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

The remainder of the portfolio (i.e. beyond the minimum share of 90%) may also promote environmental and social characteristics but is not systematically covered by ESG analysis. These assets may include securities for which ESG analysis may be carried out after the financial instrument in question is acquired by the fund. Cash (and equivalent instruments) and derivatives (used for hedging or exposure purposes) are also included under “#2 Other”.

At corporate issuer level, investments that are not sustainable investments are assessed to ensure compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures through controversy screening (“standards-based” approach). These investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.



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

N/A.

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

N/A.

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

N/A.

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

N/A.

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

N/A.

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



Where can I find more product specific information online?

More product-specific information can be found online on the website: www.carmignac.fr, in the “Funds” and “Responsible Investment” sections.