CARMIGNAC
INVESTING IN YOUR INTEREST

SUSTAINABILITY-RELATED DISCLOSURES
CARMIGNAC PORTFOLIO TECH SOLUTIONS

IN ACCORDANCE WITH ARTICLE 10 OF REGULATION EU 2019/2088 OF 29 NOVEMBER 2019 ON SUSTAINABILITY- RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR

Please refer to the KIID/prospectus of the fund before making any final investment decisions

Summary

The sub-fund Carmignac Portfolio Tech Solutions (the "**Sub-Fund**") invests in sustainable investments in accordance with Article 9 of the Regulation (EU) 2019/2088 of 29 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**").

The Sub-Fund's sustainable objective is to invest at least 80% of its net assets in (i) shares of companies that are considered aligned with relevant United Nations Sustainable Development Goals (the "**SDGs**"), or (ii) indices (or equity baskets) deemed sustainable. The minimum levels of sustainable investments with environmental and social objectives are respectively 30% and 5% of the Sub-Fund's net assets

The investment universe is assessed for ESG risks and opportunities recorded in Carmignac proprietary ESG platform "START" (System for Tracking and Analysis of a Responsible Trajectory). The extra-financial analysis is implemented in the investment strategy by undertaking the following hard exclusions:

(i) Firm-wide: Negative screening and exclusions of unsustainable activities and practices are identified using an international norms and rules-based approach on the following: (a) controversies against the OECD business guidelines, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and UN Global Compact principles, (b) controversial weapons, (c) thermal coal mining, (d) power generation companies, (e) tobacco, (f) adult entertainment.

(ii) Sub-Fund specific: Extended activity or stricter exclusion criteria cover oil and gas extraction and companies involved in gambling.

All sectorial and controversy exclusions are hard exclusions.

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

All the investments of the Sub-Fund are examined for adherence to global norms on environmental protection, human rights, labor standards and anti-corruption, through controversy screening. Furthermore, this Sub-Fund is committed to considering principal adverse impacts of investment decisions on sustainability factors ("**Principal Adverse Impacts**" or "**PAIs**") whereby 14 mandatory and 2 optional environmental and social indicators (and, if relevant, 2 additional sovereign-related PAIs) are monitored, reported and acted upon, as detailed in the Annex 1 to the Commission delegated regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR.

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

- Proportion of sustainable investment (minimum 80% of the net assets);
- Coverage rate of the ESG analysis (minimum 90% of the net assets);
- Indicators for Principal Adverse Impacts;
- Active stewardship voting participation rate

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

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

made during the proprietary analysis and commentary by the financial or ESG analyst. The START score statistics are monitored for bias, frequency, and coherence by the sustainable investment team of Carmignac.

The Sub-Fund uses several data sources that are aggregated into START. The sources are FactSet for revenue data, corporate filings for CAPEX data, MSCI for carbon emissions data, TR Refinitiv for raw company ESG data, MSCI and ISS ESG for controversial behaviours, UN Global Compact principles and OECD Business and Human Rights Norms screening and MSCI ESG for operational alignment.

The Sub-Fund's sustainability risk may differ from the sustainability risk of its reference indicator. In terms of methodology, the SDG Framework developed by Carmignac is one of several possible frameworks that can be used to illustrate positive outcomes; other frameworks may yield different results.

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

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

No significant harm to the sustainable investment objective

All of the Sub-Fund's investments (not only the sustainable investments) are examined for adherence to global norms on environmental protection, human rights, labor standards and anti-corruption, through controversy screening. More precisely, the investments are subject to a screening of minimum safeguards to ensure that their business activities are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

Furthermore, this Sub-Fund is committed to considering Principal Adverse Impacts whereby 14 mandatory and 2 optional environmental and social indicators (and, if relevant, 2 additional sovereign-related PAIs) are monitored to show the impact of such sustainable investments against the following indicators: Greenhouse gas emissions, Carbon footprint, GHG intensity (investee companies), Exposure to companies in fossil fuel sector, Non-renewable energy consumption and production, Energy consumption intensity per high-impact climate sector, Activities negatively affecting biodiversity-sensitive areas, Emissions to water, Hazardous waste ratio, Water usage and recycling (optional choice), Violations of UN Global Compact principles or OECD Guidelines for Multinational Enterprises, Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact and OECD Guidelines for Multinational Enterprises, Unadjusted gender pay gap, Board gender diversity, Exposure to controversial weapons, Excessive CEO pay ratio (optional choice).

Adverse impacts are identified for degree of severity. After discussion with the investment team concerned, an action plan is established including a timeline for execution. Company dialogue is usually the preferred course of action to influence the company's mitigation of adverse impacts, in which case the company engagement is included in the quarterly Carmignac engagement plan according to the

Carmignac Shareholder Engagement policy. Disinvestment may be considered with a predetermined exit strategy within the confines of this aforementioned policy.

Sustainable investment objective of the financial product

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

The Sub-Fund's sustainable objective is to invest at least 80% of the Sub-Fund's net assets in 1) securities related to companies that are considered aligned with relevant SDGs or 2) indices and baskets which are deemed sustainable as defined below. For attaining its sustainable objective, the Sub-Fund may invest directly in shares of such companies, or use derivatives to achieve synthetic exposure to such companies (or indices). The minimum levels of sustainable investments with environmental and social objectives are 30% and 5% of the Sub-Fund's net assets, respectively.

1) Alignment with the SDGs

Alignment with the SDGs is defined for each investment / (investee) company by meeting at least one of the following three thresholds:

- **a) Products and services:** the company derives at least 50% of its revenue from goods and services that are reated to one of the following nine SDGs: (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or
- **b) Capital expenditure:** the company invests at least 30% of its capital expenditure in business activities that are related to one of the following nine SDGs (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or
- **c) Operations:**
  - i. the company achieves an "aligned" status for operational alignment for at least three (3) out of all seventeen (17) of the SDGs, based on the evidence provided by the investee company of available policies, practices and targets addressing such SDGs. An "aligned" status represents an operational alignment score of ≥2 (on a scale of -10 to +10) as determined by the external scoring provider; and
  - ii. the company does not achieve a "misaligned" status for operational alignment for any SDG. A company is considered "misaligned" when its score is ≤-2 (on a scale of -10 to +10), as determined by the external scoring provider.

These thresholds represent a significant intentionality of the investee company in regard to the contributing activity to the SDGs. For further information on the United Nations Sustainable Development Goals, please refer to https://sdgs.un.org/goals.

2) Sustainable indices

An index or a basket is deemed sustainable when it meets the following two criteria:

- **a) Quality criteria:** The underlying assets of an index or basket must have an average ESG rating of at least BBB on MSCI or at least C on Carmignac's proprietary ESG platform "START"; and
- **b) Exclusion criteria:**
  - For indices or baskets with five or less constituents, an index will be excluded if it has any constituents presented in the exclusion list; or
  - For indices or baskets with more than five constituents, an index will be excluded if it has more than 20% of its constituents (weighted) presented in the exclusion list.

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

Investment strategy

The Sub-Fund's investment strategy is to invest in the information technology sector. The fund invests globally in companies in this sector, including, for example, companies active in software, computer manufacturing, communication equipment, semiconductors and IT services.

The Sub-Fund has an active investment strategy that concentrates on selecting companies, where regional and theme analysis are also important parts of the strategy. The Sub-Fund has a long-term investment horizon and select those companies we find have an attractive valuation in relation to portfolio manager's view of the company's future earnings potential.

In addition to the aforementioned sustainable investment objective, ESG integration is performed through the procedures detailed below.

The investment universe is assessed for ESG risks and opportunities recorded in Carmignac proprietary ESG platform "START". The extra-financial analysis is implemented in the investment strategy by undertaking the following activities described.

Negative screening and exclusions of unsustainable activities and practices reflected in low ESG scores from START, MSCI and/or ISS scores and research are performed based on the following indicators : (a) practices that are harmful to society and the environment, (b) controversies against the OECD business guidelines and UN Global compact principles, (c) controversial weapons (d) coal mining activity, (e) power companies that have not Paris alignment objectives in place, (f) companies involved in tobacco production, (g) companies involved in adult entertainment. Extended exclusions include the oil and gas, conventional weapons, and gambling sectors.

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

In order to assess good governance practices, the Sub-Fund applies Carmignac proprietary ESG research system START, which gathers key governance indicators automated for over 7000 companies, including:

1) the percentage of Audit Committee Independence, Average Board Tenure, Board Gender Diversity, Board Size, and Compensation Committee Independence, as it relates to sound management structures; and
2) Executive Compensation, Executive Sustainability Incentive, and Highest Remuneration Package, as it relates to remuneration of staff.

Employee relations are covered within Carmignac Social Indicators (namely through employee satisfaction, gender pay gap, turnover of employees) within START.

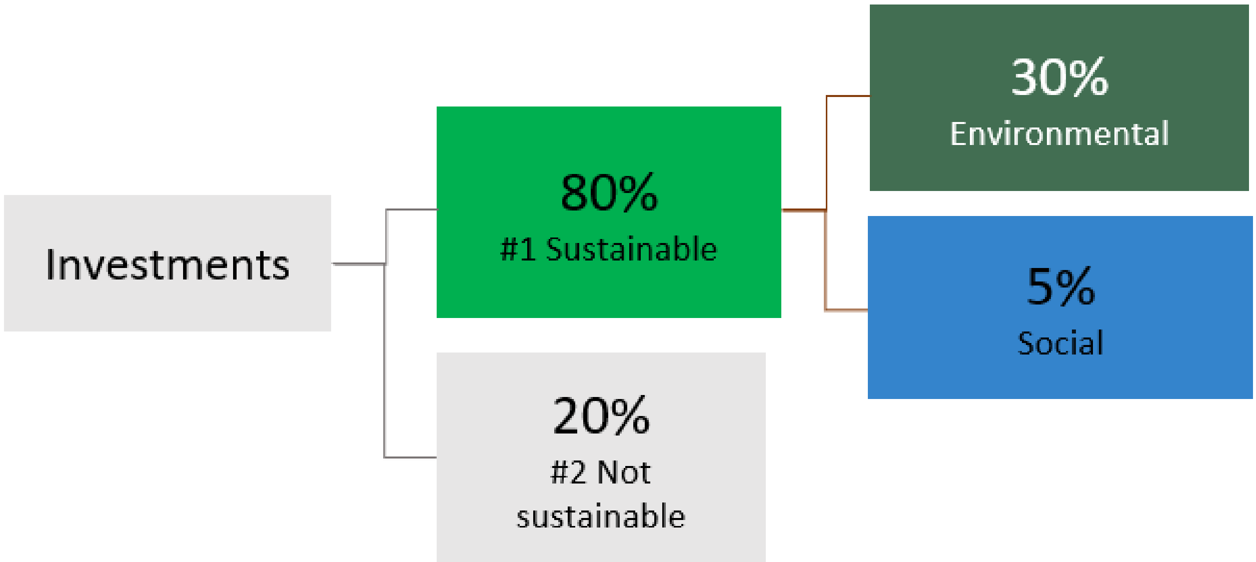
As for taxation, the Sub-Fund recognises companies in its investment universe which adhere to the OECD Guidelines for multinational enterprises on taxation and push for disclosure where necessary.

In addition, as signatory of the Principles for Responsible Investment ("PRI"), Carmignac would expect from the companies it invests in to:

- Publish a global tax policy that outlines the company's approach to responsible tax;
- Report on tax governance and risk management processes; and
- Report on a country-by-country basis (CBCR).

This is a consideration Carmignac increasingly integrates into its engagements with corporates and votes in support for more transparency via for example support for shareholder resolutions.

Proportion of investments



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

The "#2 Not sustainable investments" include cash and derivative instruments for hedging, i.e., derivatives instrument used for a purpose other than attaining the sustainable investment (e.g. foreign exchange forwards/futures used to hedged currency risk). Those investments included under "#2 Not sustainable" abide by Carmignac's firm-wide negative screening framework for minimum safeguards.

Monitoring of sustainable investment objective

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

Alignment with Sustainable Development Goals / Financial indices deemed sustainable

The Sub-Fund's sustainable objective is to invest at least 80% of the Sub-Fund's net assets in either (i) shares of companies that are considered aligned with relevant United Nations SDGs, or (ii) in financial instruments giving exposure to finacial indices that are considered sustainabel. The minimum levels of sustainable investments with environmental and social objectives are respectively 30% and5% of the Sub-Fund's net assets.

The methodolgy used to assess alignment with the SDG and the sustainability of a financial index is descibed in the section “Methodologies” below.

The coverage rate of ESG analysis: ESG integration through ESG scoring using Carmignac's proprietary ESG platform “START” is applied to at least 90% of issuers.

Reduction of the investment universe:

i) Firm-wide: Negative screening and exclusions of unsustainable activities and practices are identified using an international norms and rules-based approach on the following: (a) controversies against the OECD business guidelines, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and UN Global compact principles, (b) controversial weapons, (c) thermal coal mining, (d) power generation companies, (e) tobacco, (f) adult entertainment.
ii) Fund-specific: Extended activity or stricter exclusion criteria cover oil and gas extraction and companies involved in gambling.

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

Active stewardship: Environmental and social related company engagements leading to improvement in companies sustainability policies are measured by folloiwng indicators: (a) level of active engagement and voting policies, (b) number of engagements, (c) rate of voting and (d) participation at shareholder and bondholder meetings.

Methodologies

SDG alignment methodology.

Alignment is defined for each investment / investee company by meeting at least one of the following three thresholds:

a) **Products and services:** the company derives at least 50% of its revenue from goods and services that are reated to one of the following nine SDGs: (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or

b) **Capital expenditure:** the company invests at least 30% of its capital expenditure in business activities that are related to one of the following nine SDGs (1) No Poverty, (2) No Hunger, (3) Good Health and Well Being, (4) Quality Education, (6) Clean Water, (7) Affordable and Clean Energy, (9) Industry, Innovation and Infrastructure, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production; or

c) **Operations:**

i. the company achieves an “aligned” status for operational alignment for at least three (3) out of all seventeen (17) of the SDGs, based on the evidence provided by the investee company of available policies, practices and targets addressing such SDGs. An “aligned” status represents an operational alignment score of ≥2 (on a scale of -10 to +10) as determined by the external scoring provider; and

ii. the company does not achieve a “misaligned” status for operational alignment for any SDG. A company is considered “misaligned” when its score is ≤-2 (on a scale of -10 to +10), as determined by the external scoring provider.

Secondly, in order to determine which companies are aligned for Operations, we use an external scoring methodology to create an indicative operational alignment screen. Each investee company is assessed on each of the 17 SDGs and their performance is rated from -10 to +10 for each SDG. To calculate this score, for each SDG, there are (1) Positive indicators linked to evidence of policies, initiatives and targets with specific KPIs which result in positive additions to the scores, (2) Negative indicators, linked to controversies or adverse impacts which results in negative subtractions to the score and (3) Performance indicators which assess trajectory of performance which can be additive or negative for the score. The above three assessments are aggregated into a final score for each SDG between the aforementioned -10 to + 10 range. This means that each company has 17 scores, one for each SDG, between -10 and +10.

The entire range scale is divided into five result categories as follows:
- >5.0: Strongly Aligned
- Score between 2.0 and 5.0, inclusive: Aligned
- Score less than 2.0 but higher than (-2.0): Neutral
- Score equal to or less than (-2.0) but higher than (-10): Misaligned
- Score equal to (-10): Strongly Misaligned

Once the threshold for alignment for the Products and Services, Capital expenditure or Operational is met, the full weight of the holding is considered aligned.

Financial indices deemed sustainable

An index or a basket is deemed sustainable when it meets the following two criteria:

a) Quality criteria: The underlying assets of an index or basket must have an average ESG rating of at least BBB on MSCI or at least C on Carmignac’s proprietary ESG platform “START”; and

b) Exclusion criteria:
- For indices or baskets with five or less constituents, an index will be excluded if it has any constituents presented in the exclusion list.
- For indices or baskets with more than five constituents, an index will be excluded if it has more than 20% of its constituents (weighted) presented in the exclusion list.

ESG analysis methodology. The Carmignac’s proprietary ESG platform “START” (System for Tracking and Analysis of a Responsible Trajectory) provides a platform that aggregates raw company ESG data of 30+ ESG indicators, if available, across Environmental, Social and Governance pillars. Overall ESG scores for companies grouped by sector, capitalisation and region are computed. The investment team members are responsible for company proprietary ESG analysis and confirms the START score and analysis by a commentary of ESG risks and integrates these analyses into the investment decisions. The START platform is available on the Verity RMS internal database for investment research accessible to all investment staff.

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

Principal Adverse Indicator (PAI) Impact methodology. Carmignac sources the PAI for all funds classified as Article 8 or 9 under SFDR from the data provider MSCI. Each indicator data point is sourced and averaged over 4 quarters before a yearly publication is made. The definitions for each of the 14 mandatory equity-related PAIs plus two optional (and additional two sovereign-related PAIs if relevant), are as indicated in the Annex 1 to the Commission delegated regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR. Publication and full methodology will be published on the Carmignac Sustainable Investment website in line with the aforementioned disclosure requirements.

Data Sources and Processing

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

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

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

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

Limitations to methodologies and data

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

Due diligence

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

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

Regarding exclusions, on a quarterly basis the Carmignac company exclusion list and the fund specific exclusion lists if relevant are reviewed including the following updates: index reweighting, revised revenue data and impact on revenue thresholds, fund new holdings. These exclusions are entered via the compliance tool. All sectorial and controversy exclusions are hard exclusions.

Engagement policies

Carmignac operates active voting and engagement policies that reflect their environmental, social and governance themes. The voting participation target is 100% of all possible votes. An engagement plan is established to identify engagements with companies in which we are invested that show poor management of ESG related risks, where Carmignac has identified a specific theme, or where a specific impact or investigation of a controversy is required.

Attainment of the sustainable investment objective

The attainment of the sustainable objective is ensured on a continuous basis through monitoring and controls and will be published monthly on the Sub-Fund’s webpage. The Sub-Fund has not designated a reference benchmark for the purposes of showing the attainment of the sustainable investment objective. The objective is an absolute target to invest a minimum of 80% of net assets into (i) companies that are aligned on a continuous basis to one of the SDGs according to the predefined revenue, CAPEX or operations thresholds, and/or (ii) financial instruments giving exposure to financial indices deemed sustainable.

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

Negative screening process: Negative screening and exclusions of unsustainable activities and practices reflected in low ESG scores from, MSCI and/or Controversy scores as well as Carbon emissions. The universe is further reduced by the number of companies deemed not aligned according to our SDG alignment assessment. This is monitored on a quarterly basis.

Active stewardship: Environmental and social related company engagements leading to improvement in companies’ sustainability policies are measured by following indicators: (a) level of active engagement and voting policies, (b) number of engagements, (c) rate of voting and (d) participation at shareholder and bondholder meetings).

- **Fund:** Carmignac Portfolio Tech Solutions
- **Management:** Equity strategy
- **Legal form:** sub-fund of a Luxembourg SICAV
- **ISIN code (A EUR acc share class):** LU2809794220
- **Recommended minimum investment horizon:** 5 years
- **Risk scale:** 5
- **Fund inception date:** 21/06/2021
- **Reference indicator:** MSCI ACWI Information Technology 10/40 Capped Index (Bloomberg code: NU723175)

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