



CARMIGNAC
INVESTING IN YOUR INTEREST

2024 STEWARDSHIP REPORT



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REPORTING ACCORDING TO THE UK STEWARDSHIP CODE PRINCIPLES

REPORTING IN LINE WITH THE PRINCIPLES OF THE 2020 UK STEWARDSHIP CODE BY THE FINANCIAL REPORTING COUNCIL

Carmignac's 2024 Stewardship Report is our most comprehensive report detailing our approach to stewardship and recent ESG-related activity. This report seeks to align with best practice reporting and the expectations of the Financial Reporting Council (FRC) 2020 UK Stewardship Code. For ease of reading and identification of our alignment with the Principles of the 2020 UK Stewardship Code, we have summarised in the table below the 12 Principles as well as the sections of this report which evidence our alignment with the Principles of the Code.

Principles of the UK Stewardship Code 2020	Carmignac's alignment with the Principles of the Code
PRINCIPLE 1 – Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	• Foreword by Edouard Carmignac • Our approach to stewardship - About Carmignac
PRINCIPLE 2 – Signatories' governance, resources and incentives support stewardship.	• Our approach to stewardship – Our structure and governance • Integration – Use of external data providers
PRINCIPLE 3 – Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	• Our approach to stewardship – Conflicts of interest policy: identification, mitigation and management
PRINCIPLE 4 – Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	• Our approach to stewardship – Carmignac, risk managers • Engagement • Collaborations • Voting
PRINCIPLE 5 – Signatories review their policies, assure their processes and assess the effectiveness of their activities.	• Our approach to stewardship – Our structure and governance • Our approach to stewardship – Our ESG policies • Engagement – Carmignac's approach to engagement
PRINCIPLE 6 – Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	• Foreword by Edouard Carmignac • Our approach to stewardship - About Carmignac - Our ESG policies • Engagement – Carmignac's approach to engagement • Carmignac's advocacy and industry participation
PRINCIPLE 7 – Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.	• Our approach to stewardship - About Carmignac • Integration • Engagement
PRINCIPLE 8 – Signatories monitor and hold to account managers and/or service providers.	• Integration – Use of ESG external data providers • Voting – Voting policy and processes
PRINCIPLE 9 – Signatories engage with issuers to maintain or enhance the value of assets.	• Engagement • Collaborations
PRINCIPLE 10 – Signatories, where necessary, participate in collaborative engagement to influence issuers.	• Collaborations
PRINCIPLE 11 – Signatories, where necessary, escalate stewardship activities to influence issuers.	• Engagement • Collaborations • Voting
PRINCIPLE 12 – Signatories actively exercise their rights and responsibilities.	• Voting



Edouard CARMIGNAC

Carmignac CEO

FOREWORD

2024 saw a continuation of our commitments towards sustainable investing. This commitment took the form of new product launches, the creation of new and innovative frameworks and publishing new analysis. For the fourth consecutive year, more than 90% of our assets were in funds classified as SFDR Article 8 & Article 9, with application to UK SDR labels also underway.

Our commitment to sustainable investment isn't merely a regulatory tick-the-box exercise, nor is it a commercial push. Rather, it stems from the fundamental belief that a company that does not function in harmony with its environment is doomed to failure. It may achieve short-term gains, but ultimately negative impacts and poor governance will catch up. As long-term investors, we must take a long-term view and naturally, this means embracing sustainability.

In this regard, we developed a new framework to align our in-scope funds with the objectives of the Paris Accords. Our differentiated methodology focuses on the long-term trajectory of the investee companies, taking into account the various twists and obstacles in the net zero journey, as opposed to the traditional linear annual carbon reduction. This methodology is not only a pragmatic and realistic implementation of Net Zero, but it also provides the flexibility needed to achieve our dual-objectives of risk-adjusted returns and sustainability.

The innovation in our sustainable investment methodology had a particular focus on fixed income in 2024. We launched our new ESG sovereign model, which combines both quantitative and qualitative analysis and aims, amongst other things, to reduce income bias linked to emerging market economies. We have also developed a new framework to integrate environmental, social and governance considerations into our Collateralised Loans Obligations (CLO) exposure.

As active asset managers, we use our voice to create value for our clients as well as positive outcomes for the environment and society. In 2024, we conducted 70 engagements with 54 companies, one quasi-sovereign and one sovereign entities. We voted in more than 98% of the meetings we were eligible to vote for, of which, 58% had at least one vote against management. We also continued our collaborative engagement efforts in the context of our involvement in Climate Action 100+ and Nature Action 100 industry partnerships. We are particularly proud of our transition engagement work with PEMEX, which features as a case study in this report.

In order to keep our clients informed of our thinking, throughout the year, we also published a series of detailed and timely articles. These ranged from proprietary research into the inflationary impact of the energy transition, to analysis of the impact of a Trump 2.0 administration and a retrospective view of the main market events in 2024 and their respective ESG implications.

This will be our fourth Stewardship Report; I encourage you to read it to see what we have achieved in 2024 as a testimony of our strong conviction in sustainable investing.

2024 HIGHLIGHTS

In 2024 we continued to strengthen our approach to sustainable investment. Notably, we reached the following milestones:



VOTING IN 2024:

- We voted on 5117 resolutions at 491 meetings.
- We voted in 98.15% of all meetings in which we had the right to vote¹.
- At 198 meetings (40% of voted meetings) we voted against ISS recommendations at least once.
- 58.21% of our meetings had at least one vote against management.

ENGAGEMENT IN 2024:

- We held 70 engagements with 54 companies, including 1 quasi-sovereign entity and 1 sovereign entity.
- 56% of our engagements were focused on companies based in Europe. 24% focused on companies based in North America, and 20% focused on companies in the rest of the world.
- Co-Lead for engagement for PEMEX, as a part of the Climate Action 100+ collaborative engagement programme.
- We conducted 4 engagements as part of the Nature Action 100 collaborative engagement programme.

NET ZERO BY 2050 FRAMEWORK:

Developed a framework to align our funds in scope with the commitments of the Paris Agreements.

ENHANCING OUR FIXED INCOME FRAMEWORK:

Introducing a process to integrate ESG characteristics into our Collateralised Loan Obligation (CLO) instruments.

DERIVATIVES FRAMEWORK:

Developed a new methodology to integrate ESG considerations for single name derivatives and index derivatives held for exposure purposes across our fund range.

(1) Unvoted meetings correspond to one adjourned meeting, one meeting where share blocking applied, and positions which we held at record date but no longer at the date of the shareholder meeting, for which we chose to cast a 'do not vote' instruction as per our policy on empty voting (please refer to our Voting Policy for more information) https://carmidoc.carmignac.com/SRIVP_FR_en.pdf



% OF ASSETS CLASSIFIED AS ARTICLE 8 AND 9:

91.6% of our assets under management were classified as Article 8 or 9 funds under the EU's Sustainable Finance Disclosure Regime (SFDR). These funds either promote environmental and social characteristics or have a sustainable investment objective.

CORPORATE SOCIAL RESPONSIBILITY:

We published our first Carmignac's Corporate Sustainability and Responsibility (CSR) policy, setting out the high standards Carmignac expects of itself, its employees and its management.

THOUGHT LEADERSHIP:

During 2024, multiple flash notes were published to keep interested parties informed of evolving sustainable investment issues, ranging from ESG integration in fixed income instruments to the impact of geopolitical events on the economic outlook.



OUR APPROACH TO STEWARDSHIP

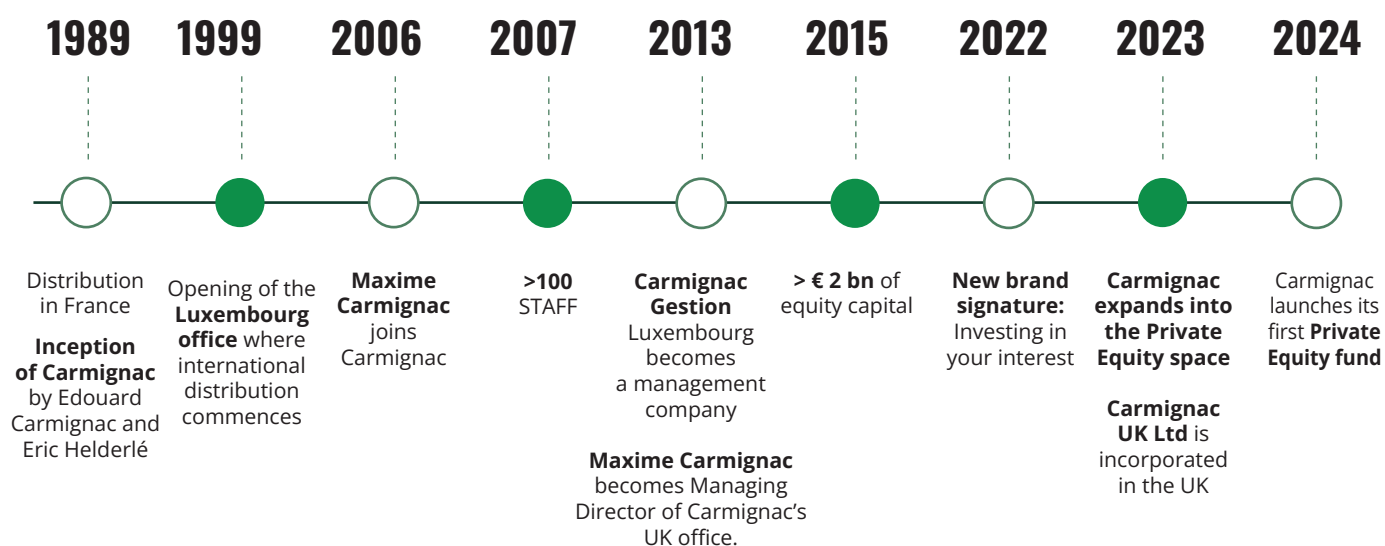
ABOUT CARMIGNAC

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.

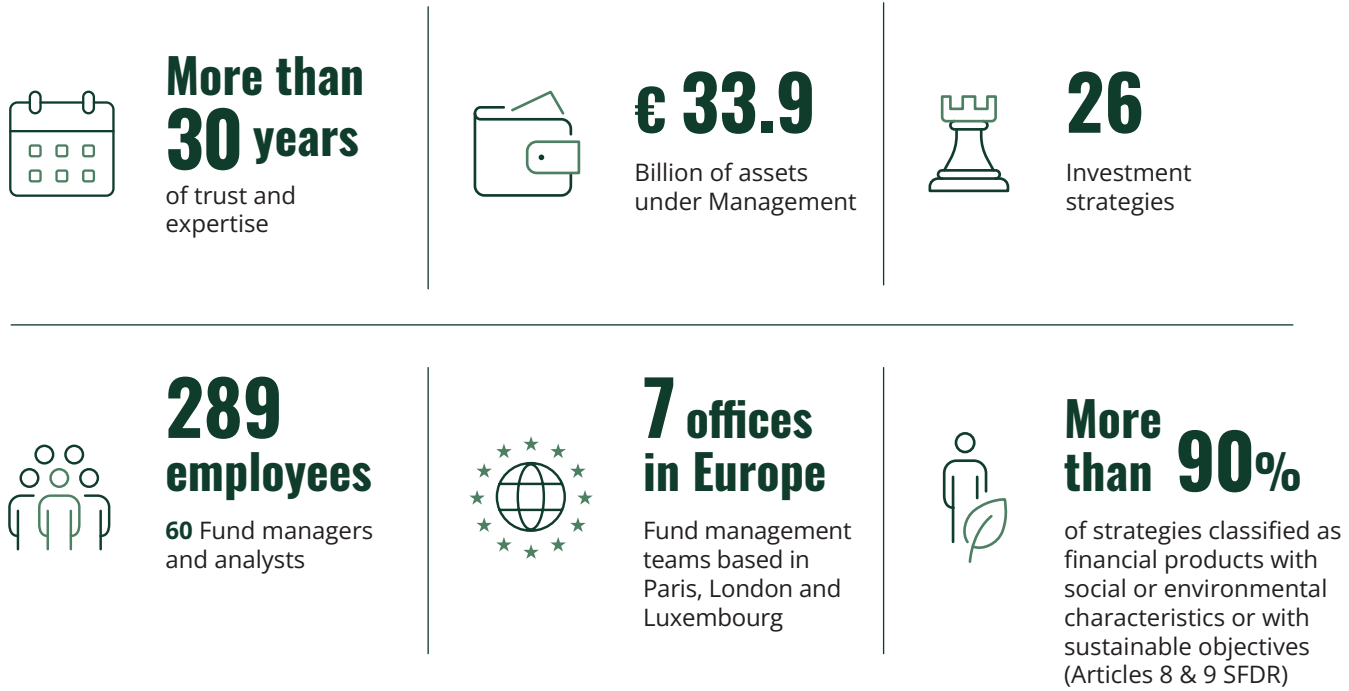
Our collaborative culture of debate, on-the-ground work and in-house research means we will always enhance data analysis with human-driven insight to better manage complexity and evaluate hidden risks.

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.

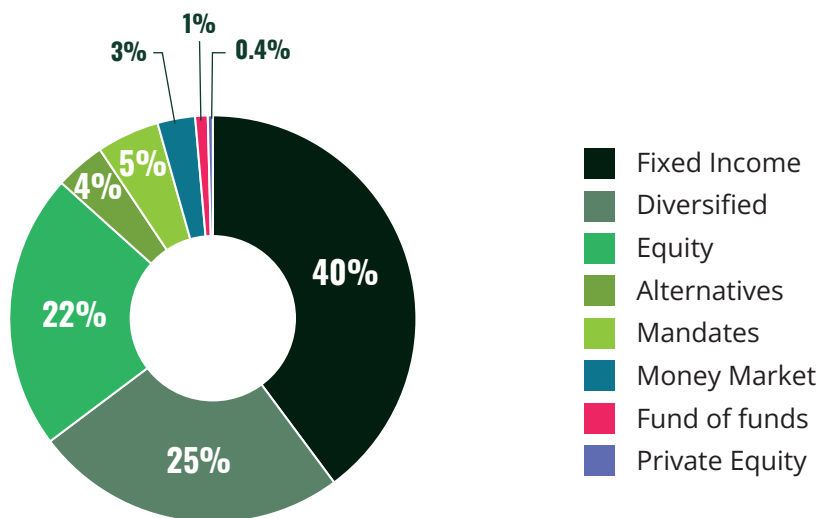
Today, as throughout our history, we are committed to trying harder and better to actively manage our clients' savings over the long term.



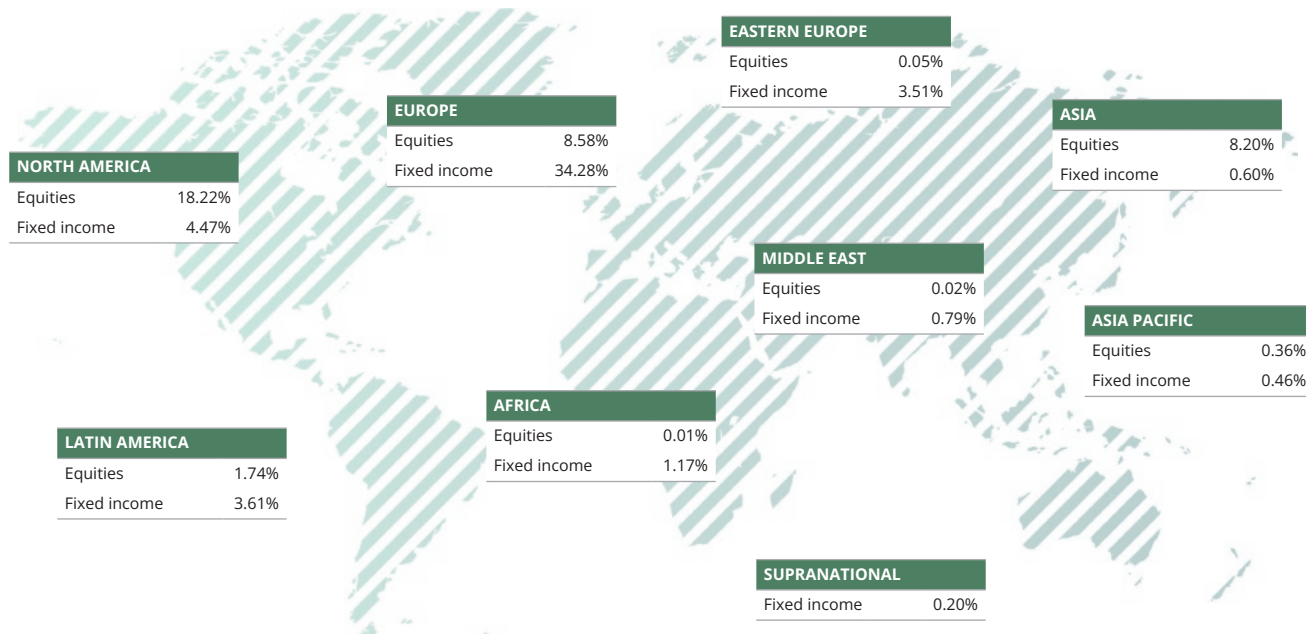
CARMIGNAC IN BRIEF



ASSETS UNDER MANAGEMENT BY STRATEGY²



OUR ASSETS UNDER MANAGEMENT BY GEOGRAPHY³



OUR INVESTMENT BELIEFS AND STRATEGY

Our mission is to create value for our clients and positive outcomes for society and the environment. As active investors, we use our shareholder rights to drive companies to improve their governance, climate and environmental strategy and human capital management. We are independent and not constrained by short-term results, we go beyond the current state of play and consider their trajectory. We couple this freedom with discipline, through proprietary quantitative analysis, enriched with PMs and analysts' insights.

Our focus is to actively manage our clients' savings, as they are the ultimate client of our distributor networks. To meet our clients' long-term savings objectives, we implement a conviction-based investment approach within a concentrated number of strategies.

EQUITY STRATEGIES

**INVESTISSEMENT
GRANDCHILDREN
GRANDE EUROPE
EMERGENTS
ASIA DISCOVERY
CLIMATE TRANSITION
CHINA NEW ECONOMY
HUMAN XPERIENCE
TECH SOLUTIONS**

DIVERSIFIED STRATEGIES

**PATRIMOINE
PATRIMOINE EUROPE
EMERGING PATRIMOINE
MULTI EXPERTISE**

PRIVATE EQUITY

PRIVATE EVERGREEN

FIXED INCOME STRATEGIES

**SECURITE
FLEXIBLE BOND
GLOBAL BOND
EM DEBT
CREDIT
CREDIT 2025
CREDIT 2027
CREDIT 2029
CREDIT 2031
COURT TERME**

ALTERNATIVE STRATEGY

**ABSOLUTE RETURN EUROPE
LONG-SHORT EUROPEAN EQUITIES
INVESTISSEMENT LATITUDE
MERGER ARBITRAGE
MERGER ARBITRAGE PLUS
CREDIT OPPORTUNITIES**

ARTICLE 8 FUNDS

Carmignac China New Economy
Carmignac Credit 2027
Carmignac Credit 2029
Carmignac Credit 2031
Carmignac Investissement
Carmignac Investissement Latitude
Carmignac Absolute Return Europe
Carmignac Portfolio Absolute Return
Carmignac Patrimoine
Carmignac Sécurité
Carmignac Portfolio Climate Transition
Carmignac Portfolio China New Economy
Carmignac Portfolio Emerging Markets Debt
Carmignac Portfolio Emerging Patrimoine
Carmignac Portfolio Flexible Bond
Carmignac Portfolio Global Bond
Carmignac Portfolio Investissement
Carmignac Portfolio Long-Short European Equities
Carmignac Portfolio Patrimoine
Carmignac Portfolio Patrimoine Europe 
Carmignac Portfolio Sécurité
Carmignac Portfolio Merger Arbitrage
Carmignac Portfolio Merger Arbitrage Plus
Carmignac Multi Expertise
Carmignac Portfolio Evergreen
Carmignac Portfolio Asia Discovery
Carmignac Global Active
Carmignac Court Terme

ARTICLE 9 FUNDS

Carmignac Emergents 
Carmignac Portfolio Human Xperience 
Carmignac Portfolio Emergents 
Carmignac Portfolio Grandchildren 
Carmignac Portfolio Grande Europe 
Carmignac Portfolio Tech Solutions 

Article 8 funds as % of AUM: 83.0%*

Article 9 funds as % of: 8.6%*



ISR Label



Towards
Sustainability Label

Our fund marketing materials clearly define the recommended minimum investment horizon and risk scale, in order to aid distributors and clients in matching investment product profiles with their preferences. Given the higher volatility of equity prices, equity strategies generally have a minimum investment period of five years, and our mixed asset strategy funds three to five years, depending on the fund universe as emerging markets require a longer investment period.

OUR APPROACH TO THE INCORPORATION OF ESG CONSIDERATIONS INTO STEWARDSHIP AND SUSTAINABLE INVESTMENT

Since we became a signatory of the United Nations-supported Principles for Responsible Investment (PRI) in 2012, Carmignac has developed and strengthened its approach to sustainable investing and active ownership. As an investment management boutique and steward of our clients' assets, we recognise the important role we can play in helping to improve the ESG standards of the companies in which we invest and the beneficial impact this can have on their many stakeholders, including shareholders, staff, customers and society. It is for this reason that we prioritise a highly active approach to investing, including aiming to influence companies through engagement and voting.

We also acknowledge that the range of topics covered by the ESG umbrella is extensive and evolving. As an investment management boutique, we have chosen to prioritise our ESG efforts, including stewardship (engagement and voting) on three core themes important to our business and for which we feel we can make a tangible difference:



CLIMATE

We believe that climate change poses an existential threat and is a source of systemic risk for our economies and the financial markets.



EMPOWERMENT

Companies cannot successfully operate without appropriately balancing the interests of their stakeholders.

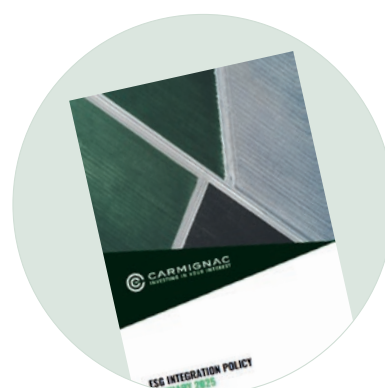


LEADERSHIP

We believe that a robust leadership underpins the long-term performance and success of any corporation.



Carmignac's ESG Integration Policy



OUR MANAGEMENT PHILOSOPHY

1. ACTIVE PORTFOLIO MANAGEMENT

This is achieved through:



ENTREPRENEURIAL SPIRIT

As an asset management boutique, we are built on an entrepreneur-minded culture.



FLEXIBLE AND ACTIVE MANAGEMENT

We bring the best of active and alternative asset management to investors to fulfil their long-term goals.



CONVICTION-BASED APPROACH

We perform independent risk analysis and translate the results into strong convictions.

We provide transparency on our investment decisions and are always accountable for them.



PROPRIETARY RESEARCH AND CROSS-FERTILISATION OF IDEAS

We enhance data analysis to better manage complexity.

We nurture a collaborative culture of debate and we favour in-house research and 'feet on the ground' experience.

2. ESG CONSIDERATIONS INTEGRATED IN OUR INVESTMENT APPROACH



AVOID: We avoid companies and sectors that conflict with our principles and values, for example, tobacco producers or coal miners. For more information, please refer to our Exclusion Policy⁴.



ANALYSE: ESG analysis complements conventional financial analysis with a coverage of above 90% of corporate bond, sovereign and equity holdings. For more information, please refer to our ESG Integration Policy⁵.



ENGAGE & VOTE: As an active owner, we use our voice in regular engagements with our investee companies on material risks. These engagements can take place individually with the investee company, or in collaboration with other investors. We also use our voting rights to vote against the management of a company following an engagement where we decide to escalate our approach, or where a company's policy or behaviour does not meet our minimum ESG expectations under our Voting Policy. For more information, please refer to our Engagement Policy⁶ and Voting Policy⁷.



COMMUNICATION: We communicate our actions and achievements with our clients. We provide full transparency on ESG issues primarily through our website, where we publish fund documentation, reports, policies and insights from our experts.

INVESTING IN OUR CLIENTS' INTERESTS

At its inception, Carmignac worked with French financial investment advisers to distribute its products. Today, Carmignac's predominant distributor client base is composed of large independent advisers, retail and private banks, insurance networks as well as institutional clients. These distribution networks are established mainly in core continental European countries, and in the United Kingdom, where we make use of a well-established third-party distribution model.



SERVICE & PROXIMITY

Being at our clients' side.
Confidentiality, responsiveness, and reactivity.
One-to-one interactions with our in-house experts and fund managers.
Exclusive and local events (investment seminars, roadshows, webinars).



TRANSPARENCY & INFORMATION

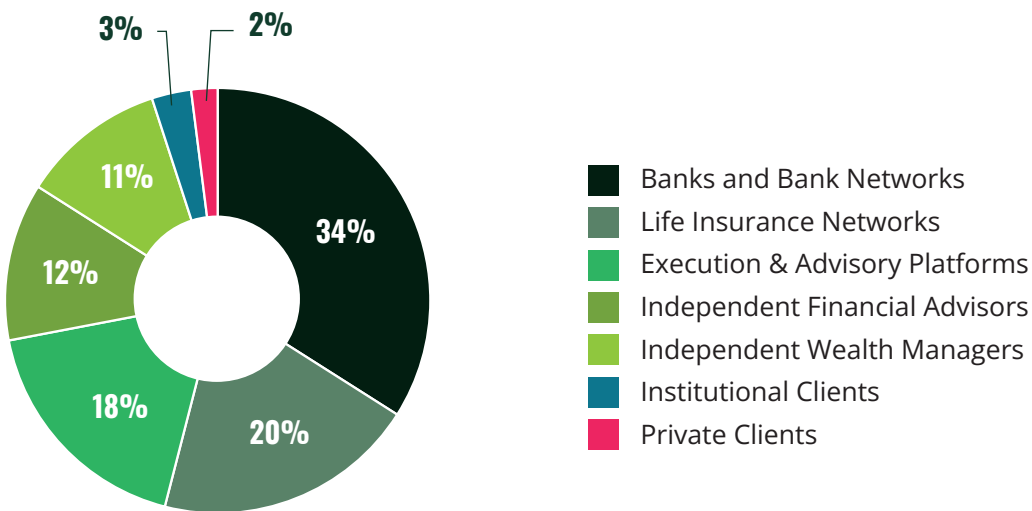
Regular updates on strategy. Weekly & monthly reports.
Comprehensive quantitative data on performance, ESG data, and risks.



THOUGHT LEADERSHIP

Notes on market events.
Regular and non-consensus macroeconomic view.

ASSETS UNDER MANAGEMENT BY CLIENT TYPE⁸



(8) Source: Carmignac, as of 31/12/2024

At Carmignac, we have the strong conviction that client-focused organisations thrive in the long term. It has always been essential to listen to our clients – professionals and private investors alike – in order to create a level of proximity that makes us unique in their eyes. Our independence and the fact that we are not linked to a banking or insurance network has made this proximity a business imperative over the years. We have always provided easy access to senior management, PMs, experienced members of the sales team and, increasingly, new interactive platforms. All this feeds into the customer experience. In parallel, we are identifying levers of improvement that will continuously increase our clients' level of satisfaction and optimise their experience.



We are an independent — family and employee owned — European Investment Management boutique, built on rich craftsmanship heritage, unique talents and an entrepreneur-minded culture.

We strive to bring the best of active and alternative asset management to investors, helping them to fulfil their long-term goals whilst contributing towards building a more sustainable world.

We are committed to delivering premium products with consistent long-term performance, providing high-quality customer service for both distributors and investors, and embedding ESG focus into what we do. “

CARMIGNAC'S ADVOCACY AND INDUSTRY PARTICIPATION

As an active manager with strong convictions, we see it as crucial to play our part in shaping the future of our industry for the benefit of our clients. That's why Carmignac contributes to regulatory consultations and participates proactively in industry events and roundtables. For us, these activities give us the opportunity to represent our clients' interests to a wide audience, challenging any 'groupthink' that could arise amongst the largest players in our industry and bringing a range of points of view to the attention of our regulators.

In 2024, we were an active participant in a wider industry discussion about the revision of the UK Stewardship Code:

CARMIGNAC'S INDUSTRY ADVOCACY – CASE STUDY

The 2020 UK Stewardship Code – under which this report is published – is undergoing a consultation, with a new code expected to be implemented from 2026. Carmignac took a proactive approach to engaging with the FRC in the process of this consultation, by participating in roundtables organised by the FRC, and responding to the official consultation. Carmignac supports the revised definition of stewardship and the proposed approach to disclosures. These changes provide the necessary flexibility but maintain the focus on the key stewardship aspects of the report.

OUR STRUCTURE AND GOVERNANCE

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



A CLOSER LOOK AT OUR GOVERNANCE

Carmignac is a majority family-owned company; which ensures an entrepreneurial approach for its employees through a share ownership, structure creating a common alignment with our investors.

Carmignac Gestion is governed by the CEO and the General Manager under the supervision of the board of directors; and supported by an audit committee, a remuneration and appointments committee and the general assembly of the shareholders.

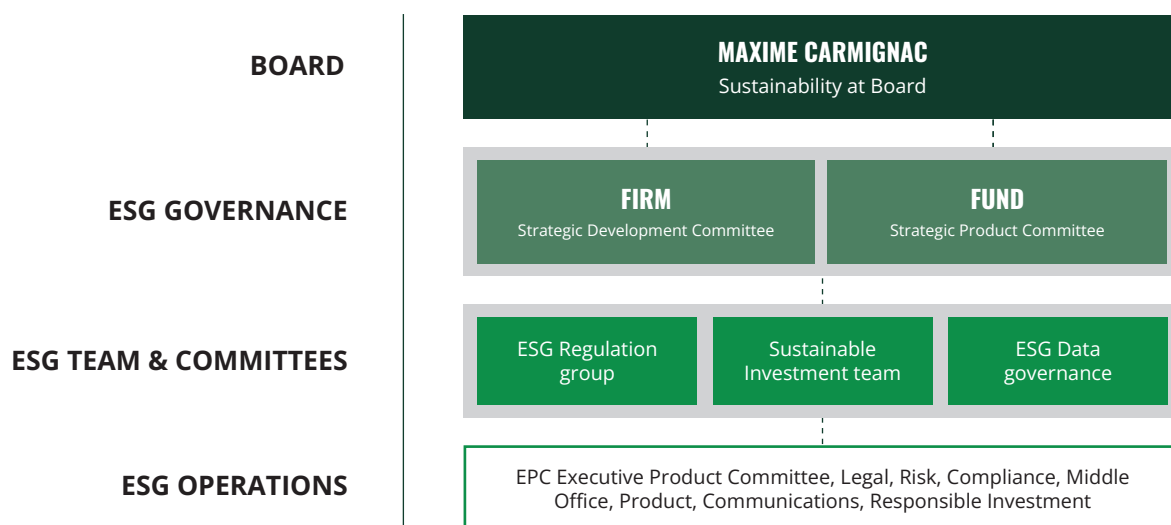
The board of directors of Carmignac Gestion is composed of 4 members. Edouard Carmignac, CEO of Carmignac, is the chairman of the board. The role of the board is to design and oversee the company's operating strategy. It meets at least twice a year as well as when necessary.



Please find more information on our governance in our website⁽⁹⁾.

PROMOTING STEWARDSHIP WITHIN CARMIGNAC – OUR GOVERNANCE

Our Sustainable Investment (SI) team reports directly to Maxime Carmignac, Chief Executive Officer and Director of Carmignac UK Ltd and Board Director. Meetings are regularly scheduled between the SI Team and Maxime Carmignac to provide updates on the implementation of the 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 firm; it ensures that this topic remains a priority for the Board and that there are sufficient resources allocated to it.



We highlight below two key committees which support our ESG activity.

The **ESG Governance Group** is composed of members from the Carmignac Group Strategic Development Committee including the Managing Director of Carmignac Gestion, the Heads of the Equities and Fixed Income Investment teams, the Chief Executive Officer of Carmignac UK, the Head of Sustainable Investment and the Global Head of Compliance. This group has the responsibility for all stewardship activities at the Carmignac Group firm level.

The **Strategic Product Committee** is equally as key in regards to ESG related policies at the fund level. Led by the Chief Executive Officer of Carmignac UK Ltd, Maxime Carmignac, it is also composed of key stakeholders including the Head of Sustainable Investment and General Management. Significant fund-level decisions are made by the committee such as the implementation of new ESG frameworks, or new fund launches.

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 Sustainable Investment team as well as members of the Legal, Compliance and Risk teams. This working group is chaired by the Head of Sustainable Investment and meets on a monthly basis to understand the scope of the various regulations and develop project plans for their implementation.

The **ESG Data Governance Group** is composed of members of the Sustainable Investment team, Technology and Risk teams. This working group is also chaired by the Head of Sustainable Investment and meets on a monthly basis to develop data-driven tools which enable efficient access to ESG data used for both reporting and investment process.

OUR SUSTAINABLE INVESTMENT (SI) TEAM

Carmignac has a dedicated Sustainable Investment (SI) Team led by Lloyd McAllister, who reports directly to Maxime Carmignac, Chief Executive Officer of Carmignac UK Ltd and member of the Executive Board of Carmignac, who, in turn, leads the sustainable investment strategy at the Board level. The SI team oversees the implementation of our sustainable investment process and practices, investor communication, fund labelling process, affiliations, industry thought leadership and new product innovation. The SI team is also responsible for the development of our ESG frameworks, fund specific research, ESG thematic and targeted research, active investee company engagements, voting practices and industry thought leadership. The SI team at Carmignac also sits within the overall investment team, ensuring a direct link between our SI strategy and its integration into our investment process.

Our Sustainable Investment Specialist team forms an integral part of the wider SI team and is led by Imane Kabbaj, who reports directly to Lloyd McAllister. This sub-team of the wider SI team is responsible for delivering upon the growing demand for sustainable investment from clients, including engaging with prospects and clients regarding all sustainable investment matters as well as meeting Carmignac's various regulatory requirements, including firm- and fund-level reporting requirements, implementing our sustainable investment framework and maintaining appropriate governance and investment practice to support the application of our sustainability labelled funds.

LEADERSHIP



Maxime CARMIGNAC

- Chief Executive Officer of Carmignac UK Ltd
- Member of the Carmignac Executive Board
- Chair of the Strategic Product Committee



Llyod McALLISTER

- Head of SI joined in December 2022
- Formerly Head of ESG Research at Newton IM
- Sustainability Consulting Manager at KPMG LLP
- 16 years of experience in ESG

ESG ANALYSTS



William BENOIT

- ESG Analyst
- Equity Focus/ Environmental Topics
- 6 years of experience in ESG



Marion PLOUHINEC

- Senior ESG Analyst
- Fixed Income Focus / Governance Topics
- 10 years of experience in ESG



Cormac McKENNA

- ESG Data Analyst
- Climate Topics
- 4 years of experience in ESG



Rita WYSHELESKY

- Senior ESG Analyst
- Social Topics
- 5 years of experience in ESG
- 4 years of experience in Audit and consulting

SUSTAINABLE INVESTMENT SPECIALISTS



Imane KABBAJ

- Head of Sustainable Investment Specialists
- Focus on ESG Client Outreach/ESG Products/ ESG Marketing
- 12 years of experience in ESG



Thomas CROWE

- Sustainable Investment Specialist
- Regulatory reporting/ ESG documentation/ RFP & Client requests
- 4 years of experience in ESG
- 4 years of experience in audit and consulting



Margaux VILON

- Sustainable Investment Specialist
- RFP & client requests /Labels/Universe Reductions / ESG documentation
- 2 year of experience in ESG

ESG TRAINING

2024 was a continuation of the ESG training topics tackled in 2023, with the addition of certain events pertaining to the changes in the macro-economic picture. Topics covered included training for our investment teams on the integration of Carmignac's sustainable investment frameworks, including how ESG is integrated into sovereign debt, and the ESG landscape in emerging markets. Within our distribution teams, training topics covered included those on regulatory matters, such as the evolution of fund naming rules. We additionally provided training on the impact of macroeconomic events on sustainability and sustainable finance, as well as on our net zero framework for certain funds.

Training logs for all in-scope staff are maintained by the Sustainable Investment Specialists Team as part of our sustainability label obligations (French ISR fund label, Belgian "Towards Sustainability" label), and are available for consultation. Several employees completed the Chartered Financial Analyst (CFA) ESG certification as well as other online ad hoc ESG training.

REMUNERATION

A remuneration committee (the Committee) exercises its mission of reviewing the principles of the Remuneration Policy pursuant to the provisions of the UCITS V Directive. The objective of the Committee is to make proposals to the board of directors, in its oversight function, and to review the overall remuneration policy of the company. It meets at least twice a year to make proposals to the board of directors concerning the remuneration of policy and its application.

Further to Carmignac's sustainable investment commitments and initiatives, and in accordance with the regulation in force (Article 5 of the SFDR 2019/2088), the general management of Carmignac Gestion SA and Carmignac Gestion Luxembourg takes into consideration sustainability risks when determining the pool of the variable remuneration allocated to all staff members.

A qualitative sustainability objective was added to the performance evaluation of each investment analyst and portfolio manager. The achievement of this objective was reviewed at individual level as part of the year-end evaluation. The Carmignac Portfolio Management Handbook outlines the commitment to ESG-linked objectives in annual business objectives.

FOSTERING DIVERSITY AND INCLUSION

At Carmignac, our quest for excellence allows us to create diversity. By December 2024, 50% of our top management were women. We firmly believe that the asset management industry needs to look beyond gender when it comes to improving its deep lack of diversity. Consequently, we are proud to welcome almost 40 nationalities within our different offices and place a great focus on cognitive diversity.



The Asset Management industry needs to look beyond gender when it comes to improving its deep lack of diversity. Diversity has to be about more than ticking boxes."

Maxime Carmignac

We have encouraged female talent within Carmignac to take part in a leadership development programme. This is a bespoke programme created for female employees to help them in their career development. It builds on the leadership skills and experience that participants already have and shows them how to step up to the next level of leadership.

Moreover, Maxime Carmignac joined the Diversity Project steering board in 2016 as we believe such initiatives are helping to improve the situation for women within the asset management industry. We have conducted mandatory equality, diversity and inclusion training for employees.

Having high employee satisfaction is key to long term business performance. We are proud to conduct an employee satisfaction survey once every two years to understand and improve our organisation. In 2024, employees expressed their views on how Carmignac supports diversity in the workplace, as well as on the positive impact Carmignac makes on our communities. The outcomes of this survey are incorporated into action plans which are monitored by management.



Our commitment to diversity is also reflected in our approach to managing our corporate social responsibility. We recognise that high employee satisfaction is key to long term business performance. For more information, see our CSR policy¹⁰.

(10) https://carmidoc.carmignac.com/CSR_FR_en.pdf

RISK MANAGEMENT

Since its formation in 1989, Carmignac has had, at its core, a risk-managed approach.

OUR GOVERNANCE STRUCTURE:



1. WITHIN THE INVESTMENT TEAM

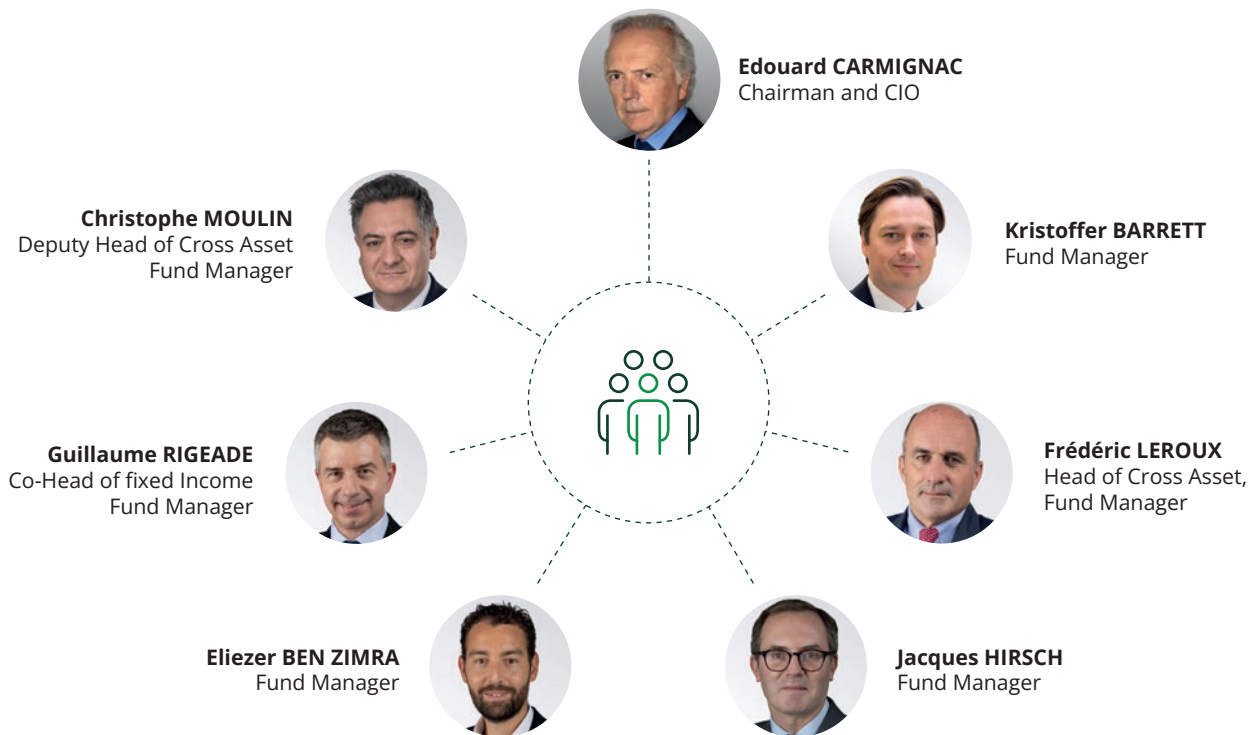
Front Office Risk Management team

There are two members of the investment team dedicated to monitoring portfolio risks across our funds. The front office risk management team, led by Guillaume Huteau, monitors the common risk factors as measured by beta and correlation of funds, such as:



Strategic Investment Committee (SIC)

The SIC is composed of the most senior members of the investment team as well as the Front Office Risk Manager, as secretary of the Committee.



The SIC meets every week and on an ad-hoc basis as required. It seeks to establish robust market convictions based on the micro and macroeconomic research produced by our analysts, for all asset classes. Every PM remains fully autonomous and accountable for the management of their funds. The SIC provides an additional tool to help strengthen the top-down component of investment strategies. Therefore, its input is most relevant for funds with a high degree of top-down decision making, such as our mixed-asset funds.

2. INDEPENDENT OVERSIGHT: THE RISK MANAGEMENT TEAM

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

The Risk Management team is independent of the investment team and reports directly to the General Manager of Carmignac Gestion, Christophe Peronin.

The Risk Management team currently comprises six people, led by Patrick Temfack who has more than 15 years of experience in this field. The team monitors compliance with the different investment constraints for each fund and provides investment teams with a detailed report. These constraints generally consist of:



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 system development and investment effort have 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 Management team participates in fund associations' specialist working groups to define and create best practices. For more information regarding our commitments to industry bodies and our affiliations, please see the Collaborations section of this report.

Identification and monitoring of market-wide and systemic risks:

As an asset manager, our risk analysis is focused ultimately on calculating the impact on our funds (and relative impact vs benchmarks).

	Market and systemic risk	Credit risk	Counter-party risk	Investment strategy non-compliance risk	Liquidity risk
RISKS IDENTIFIED	Risk of loss due to fluctuations in the portfolio's market value	Risk of an issuer defaulting and failing to repay its debt	Risk of a counterparty defaulting and being unable to meet its obligations	Risk of failure to respect investment constraints	Risk of temporary or permanent inability to sell one or more assets held in a portfolio
MAIN INDICATORS USED TO MEASURE THE RISKS	- Equity exposure - Currency exposure - Modified duration - Issuer or issue spread - Emerging market exposure - Volatility, Value At Risk, Expected Shortfall, Stress tests	- Credit rating - CDS spread and/or change in share price if listed - Debt instrument's structure	- Legal status - Credit rating - CDS spread and/or change in share price if listed - Counterparty news watch	- Number of breaches observed - Frequency of breaches observed - Nature of breaches	- Minimum size - Holding ratio - Free float percentage - Time required to sell assets - Number and weighting of the least liquid positions - Portfolio liquidity profile in normal and distressed market

A CLOSER LOOK: RESPONDING TO SYSTEMIC ESG RISKS

Climate, Empowerment and Leadership are the three core ESG themes of Carmignac's approach to ESG and sustainable investment. At Carmignac, we believe that 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.

As an investor, it is our role to ensure we seek to protect our clients' interests from the risks associated with climate change over the long term and to generate positive outcomes for the environment and society by:



1 - GIVING OUR CLIENTS THE TOOLS TO MITIGATE THIS RISK

- Principal Adverse Impact indicators, as defined by the EU SFDR regulation, form a key input into our investment process. We run quarterly reports on our Article 8 and Article 9 funds and discuss the appropriate action plan to mitigate the PAI risks with the relevant investment teams. In 2024, our fund-level annual reports provided practical information as to how we identified and responded to PAI-related risk indicators as part of our investment process, including where we engaged, escalated or divested in response to PAI indicators in line with our engagement policy¹¹.
- As part of our continued commitment to supporting TCFD and being a signatory, we publish a Climate-related Financial Disclosures report¹², that aligns with the TCFD recommendations. In our 2024 TCFD report we have introduced a Climate Value at Risk (VAR) calculation, and continue to include an Implied Temperature Rise calculation, and a Green Patent score. These data elements are provided at a fund level, allowing clients to understand the risk profile of their investments now and in the future. Our 2025 TCFD report will be available on 30 June 2025, in line with the regulatory deadline.
- We seek to align our investments with the objectives of the Paris Accords which is why in 2024 we introduced a Net Zero by 2050 target for 18 of our funds¹³.

(11) https://carmidoc.carmignac.com/ESGEP_FR_en.pdf

(12) https://carmidoc.carmignac.com/SRICA_FR_en.pdf

(13) Carmignac Emergents, Carmignac Portfolio Emergents, Carmignac Portfolio Grandchildren, Carmignac Portfolio Grand Europe, Carmignac Portfolio Human Xperience, Carmignac Portfolio Tech Solutions, Carmignac China New Economy, Carmignac Investissement, Carmignac Investissement Latitude, Carmignac Absolute Return Europe, Carmignac Portfolio Absolute Return, Carmignac Patrimoine, Carmignac Sécurité, Carmignac Portfolio Climate Transition, Carmignac Portfolio China New Economy, Carmignac Portfolio Investissement, Carmignac Portfolio Patrimoine Europe, Carmignac Portfolio Sécurité



2 - ACTING ON OUR RESPONSIBILITY AS AN INVESTOR

- At an issuer level: our investment approach encourages 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 engagement is done individually or in collaboration with other investors.

We measure physical and transitional risk metrics in the analysis and monitoring of our funds and underlying securities. On an individual issuer basis, these additional metrics have already become a key complementary piece to other sources of extra-financial information used in investment rationales and ESG due diligence. Additionally, they help inform our investment and SI teams in the exercise of their stewardship activities. Climate VaR was an integral part of our analysis in 2024. Further information will be available in our next TCFD report, to be published in June 2025.

- At a portfolio level, Carmignac measures the carbon emissions (total emissions, carbon intensity and % fossil fuels) of each of its portfolios (equity and corporate bond holdings). The results are disclosed in the annual reports of the funds in scope. Carmignac funds' emissions have been consistently lower than the equivalent amount invested of its relevant benchmarks since 2019. This relatively low carbon footprint has been achieved partly by the carbon emission targets put in place for the majority of the equity fund range, including a new Net Zero framework introduced in 2024 for selected funds.
- Carmignac's annual TCFD report¹⁴ provides physical and transition risk metrics, including an Implied Temperature Rise metric and green patents. In 2024, we introduced Climate VAR for the first time. Our Climate VAR KPIs measure the potential financial losses that could occur due to climate change impacts for 8 of our funds, including our 4 UK funds.
- Carbon emissions of the funds with CO2 targets versus their respective benchmarks can be found in the monthly factsheets of each fund, which are published on the Carmignac fund webpage¹⁵.

Please refer to the Integration, Engagement, Collaborations and Voting sections of this report for more information on our stewardship activity related to the systemic risk of climate change.

(14) https://carmidoc.carmignac.com/SRICA_FR_en.pdf

(15) https://www.carmignac.fr/en_GB/our-funds

CONFLICTS OF INTEREST POLICY: IDENTIFICATION, MITIGATION AND MANAGEMENT

Identifying, managing and mitigating both actual and perceived conflicts of interest is essential to Carmignac's business, so that clients understand their interests are always put first. Additionally, the management of conflicts is important in building long-term relationships with the companies in which we invest. We believe that in order to drive change and have an impact on the market, we need to be seen as a trusted, fair and transparent investor.

There are a number of potential conflicts inherent in the corporate governance activity undertaken at Carmignac. We have a Conflicts of Interest Management Policy which is available on our website¹⁶. This policy is commensurate with the size, structure, nature, importance and complexity of Carmignac's business. Additionally, through engagement and voting, we believe the management of conflicts is important in building long-term relationships with companies that Carmignac invests in.

Our Conflicts of Interest Policy was reviewed in 2024 to ensure that it remains current and is able to respond to the expectations of our clients, investee companies and our regulators, as well as remain relevant to the activities Carmignac is conducting. Further details are available in the paragraphs below.



IDENTIFICATION OF CONFLICTS

The early identification of potential conflicts of interest is essential in order to implement effective mitigation strategies and processes to help manage conflict before it is realised. Potential conflict identification measures include but are not limited to the following:

- Staff training to identify and manage conflicts of interest adequately
- Annual review by the Compliance department to identify any new conflicts and to review controls around existing conflicts
- Our SI team meets regularly with the investments team (Equity, Fixed Income and Multi-asset), Compliance and the Carmignac Group senior management to assist in the identification of potential future conflicts.



MITIGATION OF CONFLICTS

Carmignac has implemented a number of structures and processes to avoid potential conflicts, to reduce the risk of an actual conflict arising, and to mitigate the impact of such conflicts where they do arise.



STRUCTURE OF THE SI TEAM

The SI team is structured to mitigate and manage potential internal conflicts of interest. The Head of the SI team reports directly to UK Chief Executive Officer, who is a member of the Carmignac board. The SI team does not share reporting lines with any of the investment teams, including the equity or fixed Income teams. The independence of the reporting line allows the team to form views that are in the long-term interests of Carmignac clients, notwithstanding the investment time horizon and strategy of the underlying portfolio.



TRANSPARENT AND FAIR IMPLEMENTATION OF POLICIES

As signposted throughout this report, Carmignac's ESG policies are publicly available on the Carmignac website¹⁷. All policies have been approved by key stakeholders of the Carmignac Group as detailed in our ESG policy section of this document and are regularly reviewed. The transparency and governance of these policies ensures they are fairly and consistently applied, thereby assisting in the mitigation of potential conflicts.

Additionally, conflict of interest policies and descriptions are outlined in the Portfolio Management Handbook which is updated regularly and signed by each member of the Investment and SI teams. Regarding our stewardship activities more specifically, it includes the potential for conflicts of interest during engagements: while engaging in company dialogue, any conflicts of interest or the receipt of privileged or confidential information are dealt in accordance with relevant procedures to avoid the potential for market abusive behaviour.



MANAGEMENT OF CONFLICTS

When the organisational and administrative measures taken by Carmignac to manage conflicts of interest are not sufficient to avoid the risk of damaging investors' interests with a reasonable degree of certainty, the company will clearly inform investors of the general nature and/or source of these conflicts of interest.

1. The company records all situations in which theoretical conflicts of interest could arise in the course of its activities in the form of risk mapping.
2. Wherever an actual conflict of interest is identified (either through the internal control system or in the event of ad-hoc escalation by a relevant person), the Compliance and Internal Control departments ensure that appropriate steps are taken to manage it and that the conflict of interest is recorded in the dedicated register.
3. If it becomes apparent that the measures needed to adequately manage the conflict cannot be taken, the Compliance and Risk Managements department will refer the matter to General Management, which decides that not managing the conflict is acceptable or makes the necessary decisions so that adequate measures can be implemented.
4. If it becomes apparent that the conflict cannot be adequately managed, clients are informed of the circumstances.



CONFLICTS OF INTEREST RELATED TO OUR STEWARDSHIP ACTIVITY

A conflict of interest could result in the Carmignac having an unfair advantage over a client, or between one client and another client. This policy focuses purely on the conflicts that may arise in the conduct of our stewardship activities. Other potential conflicts are illustrated in further detail in our Conflicts of Interest Policy¹⁸.

On occasion, we may encounter conflicts of interest related to our stewardship activities. It is incumbent on the Carmignac investment team and the SI Team to identify and manage such conflicts, in line with the wider Group Conflicts of Interest Policy. In all such instances, our objective is to ensure that these conflicts are identified and managed appropriately to ensure our clients' best interests are served. Some non-exhaustive examples of conflicts that may arise in relation to stewardship activities are provided below:

- Contrasting objectives and investment horizons of different asset classes of the same issuer (e.g., bonds or equity) and/or different holdings across the capital structure;
- Funds' and investment mandates' respective interests diverging from each other;
- Voting recommendations from the SI Team against the management of companies held in our portfolios may impact the Investment team's interaction with investee companies;
- Differences between the Group's Stewardship Policy and investors' stewardship policies.

Carmignac has implemented procedures which seek to prevent any conflicts of interest occurring. Where we are not able to prevent a new conflict of interest between us and our clients or conflicts between our clients, our procedures and the Conflicts of Interest Policy detail how we identify and review them.

Further details about how we identify stewardship-related conflicts of interest and how we deal with them are detailed in our policy, which is available on our website¹⁹.

In 2024, we identified, managed and mitigated the following stewardship-related conflict of interest:

1 

CASE 1: INTERNAL CONFLICT OF INTEREST: INDEPENDENCE OF THE BOARD CHAIR

Resolution topic: Independent board chair

Region: North America

Issue: A shareholder-led resolution was filed at the AGM of a financials company, which is contained in our equity portfolios.

The resolution requested that the board adopts a policy to separate the roles of chair and CEO. This policy could be phased in when there is a contract renewal for the current CEO or for the next CEO.

In line with our Voting Policy and ESG Expectations, Carmignac's SI team recommended a vote of support to the analyst and PM.

As explained in our ESG Expectations document, for strong leadership on the board of widely held companies, we generally expect the role of the CEO and board chair to be kept separate as their responsibilities differ. Keeping these two roles separate ensures there is no one individual in charge of the key board functions and helps ensure sufficient distribution of power on the board.

Members of the investment team raised concerns with regard to the negative signal this could send to management of the investee company and the potential impact this could have on the established dialogue between Carmignac and them over the years.

Outcome: The SI team presented Carmignac's Conflicts of Interest Policy to the members of the team that raised concerns. No escalation was necessary. The voting recommendation was approved by the investment team and executed by Carmignac's middle office team.

OUR SUSTAINABLE INVESTMENT POLICIES

Carmignac has been committed to transparency since its inception in 1989, through the publishing of portfolio inventories on a quarterly basis. ESG policies are no different to this important practice. These policies and associated reports can be found on our dedicated Sustainable Investment webpage²⁰.

Carmignac's ESG policies and other key operating policies are reviewed and approved by various stakeholders within the Carmignac Group. Stakeholders such as the Head of Sustainable Investment, the Global Head of Compliance and the Internal Auditor have the responsibility to conduct reviews on a regular basis to ensure independence and that the reporting is fair and balanced.

In 2024, we added 1 new policy, our Corporate Social Responsibility (CSR) Policy²¹. In addition, our ESG Integration Policy, our Exclusion Policy, our TCFD Report and our Voting Policy were updated, reflecting the evolution of our approach detailed in this document.

Carmignac Policy	Content
ESG Integration Policy ²²	Our commitment to the integration of ESG considerations within our asset classes and our policies at asset class level.
Exclusion Policy ²³	Description of firm-wide exclusions as well as process in place for application of the policy and monitoring.
Shareholder Engagement Policy ²⁴	Approach to engagement and processes including escalation.
Voting Policy ²⁵	Description of our voting processes, guidelines and reporting. This includes our policies on stock-lending and empty voting.
Climate Policy and Carbon Report ²⁶	Climate-related Financial Disclosures report which contains our climate policy as well as climate reporting at fund level.
ESG Outcomes Policy ²⁷	Our approach to outcomes, in line with the UN-supported Principles for Responsible Investment.
Principal Adverse Impact (PAI) Integration Policy ²⁸	Description of the policies to identify and prioritize PAIs, the definition and computation methodology for each PAI. This policy was published in 2023.
Conflict of Interest Policy Stewardship ²⁹	Description of our commitment to avoid and manage the risk of conflict of interests related to stewardship activities. This policy was published in 2023.
Corporate Social Responsibility Policy ³⁰	Our approach to corporate social responsibility and monitoring these issues.

We provide additional reporting on our dedicated Sustainable Investment webpage³¹. At fund-level, we also provide fund-level Sustainability disclosures on our fund webpage³².

(20) https://www.carmignac.fr/en_GB/sustainable-investment/policies-and-reports (21) https://carmidoc.carmignac.com/CSR_FR_en.pdf (22) https://carmidoc.carmignac.com/SRIIP_FR_en.pdf (23) https://carmidoc.carmignac.com/SRIEXP_FR_en.pdf (24) https://carmidoc.carmignac.com/ESGEP_FR_en.pdf (25) https://carmidoc.carmignac.com/SRIVP_FR_en.pdf (26) https://carmidoc.carmignac.com/PAICG_FR_en.pdf (27) https://carmidoc.carmignac.com/PAICGL_FR_en.pdf (28) https://carmidoc.carmignac.com/PAICG_FR_en.pdf and https://carmidoc.carmignac.com/PAICGL_FR_en.pdf (29) https://carmidoc.carmignac.com/COIP_UK_en.pdf (30) https://carmidoc.carmignac.com/CSR_UK_en.pdf (31) https://www.carmignac.co.uk/en_GB/sustainable-investment/overview (32) https://www.carmignac.co.uk/en_GB/our-funds





INTEGRATION

OUR APPROACH

We believe that by integrating ESG considerations into our investment process across all asset classes, we will be able to achieve long-term sustainable performance through risk mitigation, identifying growth opportunities and recognising the financial value of intangible assets, while striving to achieve positive outcomes for the environment and society.

We summarise below our approach to ESG integration around ESG exclusions and ESG analysis. **Our Exclusion Policy**³³ and **ESG Integration Policy**³⁴ provide more detail on our approach.

ESG EXCLUSIONS

We do not invest in companies that conflict with our principles and values due to their activity, standards and behaviour. Carmignac is fully committed to actively managing investments on behalf of investors through our proprietary analysis and company engagements. It is part of Carmignac's fiduciary duty to offer suitable investments which consider societal and environmental 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.

The exclusions below apply to all open-ended funds where Carmignac acts as investment manager.

FIRM-WIDE EXCLUSIONS



Controversial weapon manufacturers that produce products that do not comply with treaties or legal bans*.



Tobacco producers, wholesale distributors and suppliers with revenues over 5% from such products.



Thermal coal miners with over 10% revenues from extraction or more than 20 million tonnes from extraction per year.



Power generators that produce more CO₂/kWh than the defined threshold**.



Adult entertainment and pornography producers and distributors with over 2% revenues from such product.



International Global Norms violations including OECD Business Principle, ILO Principles and UNGC Principles.

(33) https://carmidoc.carmignac.com/SRIEXP_UK_en.pdf

(34) https://carmidoc.carmignac.com/SRIIP_UK_en.pdf

* Companies that do not comply with: 1) The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines; 2) The Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster munitions; 3) The Belgian Loi Mahoux, the ban on uranium weapons; 4) The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons; 5) The Treaty on the Non-Proliferation of Nuclear Weapons (1968), which limits the spread of nuclear weapons to the group of so-called nuclear weapons states (USA, Russia, UK, France and China); 6) Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons. ** In line with the 2-C scenario suggested by the IEA.

In 2024, we strengthened the threshold on power generation, by decreasing it to 326gCo2/kWh, from 366gCo2/kWh (2023).

In 2024 Carmignac added the rationale behind our exclusions to the updated version of our Exclusion Policy³⁵, which is available on our website.

FUND LEVEL EXCLUSIONS

Carmignac also has an extended Exclusion Policy which can be applied to funds that have made a further commitment to sustainability policies and practices such as the funds accredited with the Belgian Towards Sustainability label or the French ISR label. These exclusions include sectors such as conventional and unconventional energy, gambling, all weapons, animal protein processing alcohol, airlines and palm oil production.

In 2024 Carmignac added the rationale behind our exclusions to the updated version of our Exclusion Policy³⁶, which is available on our website.

MONITORING

An operational framework is also in place to manage our exclusion list. Exclusions are monitored by the investment management and the SI teams as a first line of defence. This is done through the portfolio management trading system where hard exclusions of sectors and processes mentioned in the Exclusion Policy are registered and cannot be traded. The compliance team acts as a second line of defence and ensures that the applied exclusion strategy complies with the various constraints (regulatory, statutory and internal), using the software Bloomberg Compliance Manager tool (CMGR).

ANALYSE

We analyse the ESG profile of our investments, alongside the other financial criteria, using our proprietary ESG research systems.

INTEGRATION OF ESG CONSIDERATIONS IN EQUITY AND CORPORATE BONDS



In 2020 Carmignac launched **START***, 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 regarding 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.

Our proprietary ESG analysis is not only 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 and 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 2024, we enhanced our START system by adding a significant number of E/S/G KPIs into the process and making other adjustments. These changes will be implemented in 2025.



IN PRACTICE: ENGAGEMENT AS A CORE PART OF THE ESG ANALYSIS PROCESS

Name: O'REILLY AUTOMOTIVES

Sector: Manufacturing

Objective: The investment team identified O'Reilly Automotives to be a potential investment target based on financial analysis, however, the company scored poorly on the third-party provided social KPIs used for the purpose of ESG analysis in our proprietary analysis tool, START.

Engagement overview: Carmignac had previously held a position in O'Reilly Automotives, but the position was exited prior to 2024. By June 2024, Carmignac had taken a small equity position in the holding again, and prepared to engage with the company to understand the reason for their poor performance on the social pillar. In August 2024, Carmignac held a call with O'Reilly Automotives' investor relations team to understand the reason for the poor performance. Carmignac noted that while the social pillar score for the company was low in our proprietary scoring system and via third party data, this was primarily due to poor levels of disclosure at O'Reilly Automotives. When comparing the company to its peers, it was noted that key performance indicators, for instance employee injury rates and employee turnover rates, were in line or better than industry averages. However, the company didn't disclose some social indicators, which was likely to be driving the poor social pillar score.

Engagement outcome: Carmignac determined that the social pillar score in START could be determined as a 'B' in light of these findings. While Carmignac has not undertaken to further engage to improve the levels of disclosure by O'Reilly Automotives, this decision could be revisited if Carmignac takes a larger equity position in the company. A 'B' rating indicates that flaws have been identified and that management are working on improving the situation. For more information on START ratings, see our ESG Integration Policy.

INTEGRATION OF ESG INTO SOVEREIGN BONDS

In 2024, Carmignac developed a new model to integrate ESG analysis into sovereign bonds. Our new proprietary model allows us to benefit from a tailored approach to the integration of ESG into investment decisions, enhancing our research process. In particular, our model reflects our conviction that the quality and stability of a country's governance is fundamental to the management of country credit risk. In addition, our model addresses income bias which is present in a number of third-party models.

In developing the new model, we have not sought to bias investments towards higher credit ratings or to influence the ESG rating towards values or judgements. In contrast, our approach considers the ESG factors that we believe can have a material impact on the risk and return profile of a sovereign, and informs our assessment of the investability of a country regarding their environmental and social outcomes.

Transparency is important to Carmignac, which is why we provide full information about our new approach to integrating ESG into sovereign bonds on our website. Our article³⁷ provides a detailed overview of how and why we have developed this new model.

Our new model enhances our approach in the following aspects:

MORE THAN JUST A SCORE

We are not just limited to quantitative scoring, but leverage the insights of our ESG analysts and the wider investment team to form country ESG convictions.

AN INNOVATIVE APPROACH

Tackling income bias in sovereign ESG analysis has consistently been a challenge. Our scoring methodology differentiates developed and emerging markets and considers the economic development of countries when performing analysis.

COUNTRY GOVERNANCE

Is a key factor in our scoring, more significantly weighted than the environmental or social pillars, reflecting our conviction that solid governance is fundamental to the management of country credit risk, and of effective E and S financial risks.

A TAILORED APPROACH

By not simply replicating the approaches taken by third-party providers, our sovereign ESG model is fully aligned with Carmignac's overall proprietary approach to ESG integration.

We consider these KPIs in our new ESG sovereign bond model:

Environmental factors		
Vulnerability to climate physical risks	Resource constraints, as well as the physical effects of climate change, can significantly impact the economies of sovereigns.	• University of Notre Dame Global Adaptation Initiative Vulnerability scores
Contribution to climate change and environmental degradation	We seek to assess the extent to which countries contribute to environmental pollution and climate change. This is important from a financial perspective, considering global efforts to reduce emissions and their implications on energy strategy, stranded assets, capital allocation, and carbon pricing. From an outcome lens, we tilt the scores of countries depending on the externalities they produce.	• Greenhouse gas emissions per capita (production-based), Our World in Data, Oxford University • CO2 emissions per capita (consumption-based), Our World in Data, Oxford University • Waste management, What a Waste, World Bank • Share of Coal in total installed capacity, Bloomberg New Energy Finance • Forest loss, Global Forest Watch
Preparedness and contribution to the climate transition	The climate transition is bringing about significant changes for economies. We seek to evaluate whether countries are well-positioned to benefit from this. From an outcome lens, we tilt the score of countries based on whether they demonstrate that they undertake sufficient action in response to this issue.	• Developed markets only: alignment of country climate action with Paris Agreement, Climate Action Tracker • Share of electricity generated by low-carbon sources, Our World in Data, Oxford University • Paris Agreement ratification, acceptance, approval, accession, United Nations Treaty Collection
Social factors		
Human capital performance	We believe this is a key determinant of economic growth and government revenues as well as political stability.	• Living standards: GDP per capita • Inequality: Gini index, World Bank • Health: Life expectancy at birth, World Bank • Basic needs: Share of population with moderate or severe food insecurity, International Monetary Fund (IMF) • Labour: unemployment % of total labour force, International Labour Organisation/ World Bank
Social development factors	Measure whether the country is set to improve its social development.	• Innovation: Research & Development expenditure as a % of GDP, UNESCO/ World Bank • Education: PISA, OECD / Literacy rate, OECD/ World Bank

Governance factors		
Economic strength	The assessment of a country's fundamentals allows us to ensure our ESG proprietary scoring also includes considerations related to the management debt levels in addition to considerations around the quality and stability of a country's governance.	• Fiscal position • Debt position • Current account These KPIs are provided by the IMF
Political stability	Inside and outside conflict or security-related risks can constitute material governance and regulatory risks.	• Global Peace Index, Institute for Economics and Peace • Human Rights and Rule of Law KPI in Fragile State Index, Fund for Peace
Institutional setting	Governance stability and quality underpins a solid economy.	• Voice and accountability • Government effectiveness • Regulatory quality • Rule of law • Control of corruption The KPIs used are the Worldwide Governance Indicators developed by the World Bank



Throughout 2024 we developed and tested our new sovereign bond model to ensure it delivered the necessary enhancements to our investment process. The model was approved by the Strategic Product Committee (SPC) in Q4 and was implemented for the majority of our funds by December 2024.

OUR APPROACH TO COLLATERALISED LOAN OBLIGATION (CLOs)

In 2024, we introduced a new element of our fixed income sustainability framework to explicitly encompass CLOs. Our analysis is performed by the investment team based on the relevant contractual sustainability commitments, including negative and/or positive screening applied by the securitisation vehicle when selecting the underlying assets, such as the exclusion of controversial sectors (tobacco, weapons, thermal coal production, etc.), the carbon intensity of the issuers of the underlying assets, and human capital policies amongst other factors.

Where the relevant CLO does not have such contractual obligations, the investment team may analyse environmental and social characteristics on a look-through basis (i.e. by assessing the securitisation vehicle's underlying assets) or by any other means available. It may also be appropriate to carry out ESG analysis on the manager of the CLO.

Our analysis may result in direct engagement or escalation with the CLO manager or issuer to improve the ESG characteristics of the securitised instruments, which can result in the inclusion of improved negative screening requirements applicable to the underlying assets. All engagement takes place within the framework of our engagement policy.

Our ESG analysis results in a rating for these instruments in START, our proprietary research platform, on a scale of 'A' to 'E' and can also be used as a part of the universe reduction process for eligible funds.

OUR DERIVATIVES FRAMEWORK

Our funds may have an exposure to derivatives. In 2024, in order to respond to feedback from the regulator of our French business, the AMF, and to maintain the integrity of our funds which have the French ISR sustainability label, we introduced a new framework governing the use of derivatives³⁸.

APPROACH FOR **ARTICLE 8 & 9 FUNDS** WITH THE ISR OR TOWARDS SUSTAINABILITY LABELS

SINGLE-NAME DERIVATIVES

Derivatives with a long exposure to a single underlying issuer are subject to the same ESG integration and exclusions as physical long equity and/or corporate debt positions. Net short positions are prohibited as per the French ISR Label rules.

INDEX DERIVATIVES

Index derivatives, whether with a long or short exposure, may be purchased by our funds for exposure to the extent they meet the following characteristics, if they are to be held for more than one month and less than twelve months:

- Concentrated index (5 or less components in the underlying index): The index must not have any of its components in the Fund's exclusion list.
- Broad-based index (more than 5 components): the index must be composed in significant majority (>80% in exposure) of companies that are not in the Fund's exclusion list.

In addition, the weighted average ESG rating of the index must be above BBB (MSCI) or C (START), and the ESG coverage of the index (either MSCI or START) must be greater than 90%.

The reference indicator of the eligible fund remains out of scope of this index derivatives framework and is not considered for ESG purposes.

APPROACH FOR ARTICLE 6, ARTICLE 8 AND ARTICLE 9 FUNDS WITH NO ISR OR TOWARDS SUSTAINABILITY LABEL

SINGLE-NAME DERIVATIVES

Derivatives with a long exposure to a single underlying issuer are subject to the same ESG integration and exclusions as physical long equity and/or corporate debt positions.

Derivatives with a short exposure to a single underlying security do not go through an additional ESG related checks. The underlying issuer may be present in the Sub-Fund's exclusion lists on the basis that signalling a lack of confidence in a business with poor ESG characteristics through shorting their security(ies) is considered reasonable in the pursuit of balancing shareholders' investment objectives. Such derivatives are not subject to a START rating.

INDEX DERIVATIVES

Index derivatives, whether with a long or short exposure, may be purchased by our funds for exposure to the extent they meet the following characteristics, if they are to be held for more than one month and less than twelve months:

- Concentrated index (5 or less components in the underlying index): The index must not have any of its components in the Fund's exclusion list.
- Broad-based index (more than 5 components): the index must be composed in significant majority (>80% in exposure) of companies that are not in the Fund's exclusion list.

In addition, the weighted average ESG rating of the index must be above BBB (MSCI) or C (START), and the ESG coverage of the index (either MSCI or START) must be greater than 90%.

The reference indicator of the eligible remains out of scope of this index derivatives framework and is not considered for ESG purposes.

DEVELOPING OUR NET ZERO FRAMEWORK FOR SELECTED FUNDS

As an active manager with a conviction-driven investment approach, Carmignac supports the ambitions of the Paris Agreement and in 2024 introduced a Net Zero framework for some of our funds. Our Net Zero framework has been implemented across a diverse range of funds comprising various, asset classes and fund sustainability objectives. Our Net Zero framework is underpinned by 4 key pillars of our investment framework:



The Net Zero framework shows the rate of decarbonisation of the fund in reference to its own historical information. We use 2018 as the reference year for the target. This baseline year provides enough historical data to ensure that the methodology can measure progress appropriately and sufficiently completely. As governments' policies, regulation, consumer behavior and technology evolve, our methodology may be updated to reflect best practice.

In addition to this Net Zero framework, 6 of our funds have carbon intensity 30%–50% lower than their reference benchmark.

These funds in scope aim to reduce their greenhouse gas emissions by 50% in 2030, 70% in 2040, and to achieve net zero by 2050. The target is monitored by aggregating the emissions of each company in the portfolio. The calculation uses this formula:

$$\frac{\text{Market value of the investment}}{\text{Value of the company (including cash)}} \times (\text{Scope 1 GHG emissions} + \text{Scope 2 GHG emissions})$$

USE OF ESG EXTERNAL DATA PROVIDERS

In our approach to stewardship (including integration, engagement and voting), Carmignac leverages on the following third-party data providers. The below is the full list of ESG external data providers that are used by Carmignac.

We also acknowledge that ESG data tends to be backward-looking and we are increasingly seeking to use forward-looking data in our proprietary analysis.

PROVIDER	SERVICE PROVIDED	ACTIVITY
REFINITIV	ESG factor company data	Since 2019
FACTSET	Company revenues per business activity to map SDG alignment. TVL Dataset.	Extended licence in 2021 to the Sustainable Investment team
MSCI	Comparative ESG rating to our internal proprietary START framework, exclusions and business involvement screening. Physical and Transition risk dataset. Biodiversity dataset	Since 2012
ISS	Controversy screening and proxy voting	Since 2015

The selection of these providers follows a strict tender process. A set of criteria for selection are defined and measured across potential vendors so that the most objective decisions are made from a business value, cost and servicing point of view. As innovation contributes significantly to refining our sustainable investment approach, we stay tuned to the market to offer the best outcomes possible for the investment teams and our clients.

The quality monitoring of data provided by external parties is constant to ensure the most current and correct information is communicated to our investment teams and clients. The SI team is regularly in touch with the data providers, and we provide feedback regarding their products as well as data needs on a continuous basis in our regular interaction with them.

In 2024, we switched from using Trucost to MSCI data for the purposes of compiling our client-facing ESG Factsheets, determining the companies excluded as part of our firm- and fund-level exclusions, and for information and data used for ad-hoc ESG analysis. The purpose of the change was to provide better coverage, to further emphasise our use of reported data (as opposed to estimated data), and to consolidate our data sources. In the case where we observed deficiencies in the offering of our ESG data providers, this would trigger a closer review by our data and performance management team. However, the SI team has taken steps to expand the data points made available for analysis and reporting purposes, and additional TR Refinitiv data was onboarded in the year to further refine our approach. Looking forward, this data will further enhance our START methodology.



ENGAGEMENT

Stewardship is an integral part of Carmignac's overall strategy and forms the foundation of our approach to investing sustainably. We strongly believe in a stakeholder management approach and, as an active owner, we engage with companies' management, boards, industry experts and other stakeholders across our equity and bond holdings.

CARMIGNAC'S APPROACH TO ENGAGEMENT

Our approach to engagement through dialogue with investee companies is twofold:

1.

GOING BEYOND THIRD PARTY ESG DATA

The primary goal to 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 either:

- **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 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 dialogue 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 promote 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 the 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 Chairman and CIO, Edouard Carmignac and Maxime Carmignac, Chief Executive Officer and Director of Carmignac UK Ltd.



WHO CONDUCTS THE ENGAGEMENT?

The SI team sets out the annual ESG engagement strategy under the oversight of Chief Executive Officer and Director of Carmignac UK, Maxime Carmignac. The team reports the engagements undertaken to Maxime Carmignac 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 INTO 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 ensure 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.

The case studies presented in this Engagement section of the report present our approach to engagement:

- To address whether management had adequately responded to a reported controversy in the supply chain.
- To monitor progress on engagement strategies that continued throughout 2024. This included assessing whether management had taken sufficient action in light of our agreed engagement monitoring approach, and reevaluating our proprietary ESG scoring in light of information received.
- To escalate a position: see below the escalation section of this report.



LVMH

Sector: Consumer discretionary

Region: France



Carmignac holding: The company is an equity and fixed income holding in a number of our funds³⁹.

Engagement objective: In line with our engagement policy, we engaged with LVMH in response to a reported controversy regarding labour laws. The engagement aimed to discuss how the company viewed and had reacted to these findings, and to request that LVMH publicly present the results of an audit conducted by a third party.

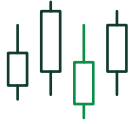
Engagement method: In July, September and November 2024, our ESG analysts met with the company's investor relations and sustainability teams, including as part of a meeting with a small group of other investors.

Engagement summary: Carmignac met with LVMH three times in 2024 to assess their response to the reported labour law violation. Overall, we considered that the company had responded in an effective manner but there was still more to do. In June we noted positively that the CEO had quickly responded to the controversy, making effective public statements and that the supplier relationship had been quickly terminated. However, the audits ordered by the company had failed to identify the root cause, and the business model and existing supply chain management were still susceptible to issues. Carmignac continued to engage with LVMH on these issues.

Carmignac continued to engage with LVMH in September, and in November attended a dedicated call with a small group of other investors where LVMH presented the actions taken and planned in response to the controversy. Carmignac provided feedback on the action and plan and further action Carmignac wished to be taken.

Outcome and next steps: As a result of the controversy, a judicial administrator had been assigned by the company to oversee its supply chain management, and as a result of Carmignac and other investors' engagement, LVMH had established a new group action plan and duty of care in response to audit findings. However, LVMH is reluctant to publicly disclose the results of its audits, citing industry practice and that the large number of audits conducted across the group make it impractical to disclose granular information on the results effectively at group level. It appears clear to Carmignac that LVMH has significantly responded to the supply chain risk management incident and that positive steps have been taken. Nonetheless, Carmignac will continue to monitor the issue and review the disclosures made by the company in a year's time. Given the response of management and steps taken, the START rating was not modified as a result of the engagement, and it was assessed that a 'B' rating was still appropriate. This rating represents that management is working on improving the situation but that flaws remain⁴⁰.

(39) As at 31/12/24, Carmignac Absolute Return Europe, Carmignac Portfolio Human Xperience, Carmignac Investissement, Carmignac Investissement Latitude, Carmignac Patrimoine, Carmignac Multi Expertise, Carmignac Sécurité, Carmignac Portfolio Long-Short European Equities, Carmignac Portfolio Investissement, Carmignac Portfolio Patrimoine, Carmignac Portfolio Sécurité.
(40) Read more about our ESG scores in our integration policy https://carmidoc.carmignac.com/SRIIP_FR_en.pdf



ENGAGEMENT MONITORING:

It is essential that engagement requests, responses from the issuer or other stakeholders, as well as the follow-ups or actions points are shared within the respective investment teams and the SI team at Carmignac.

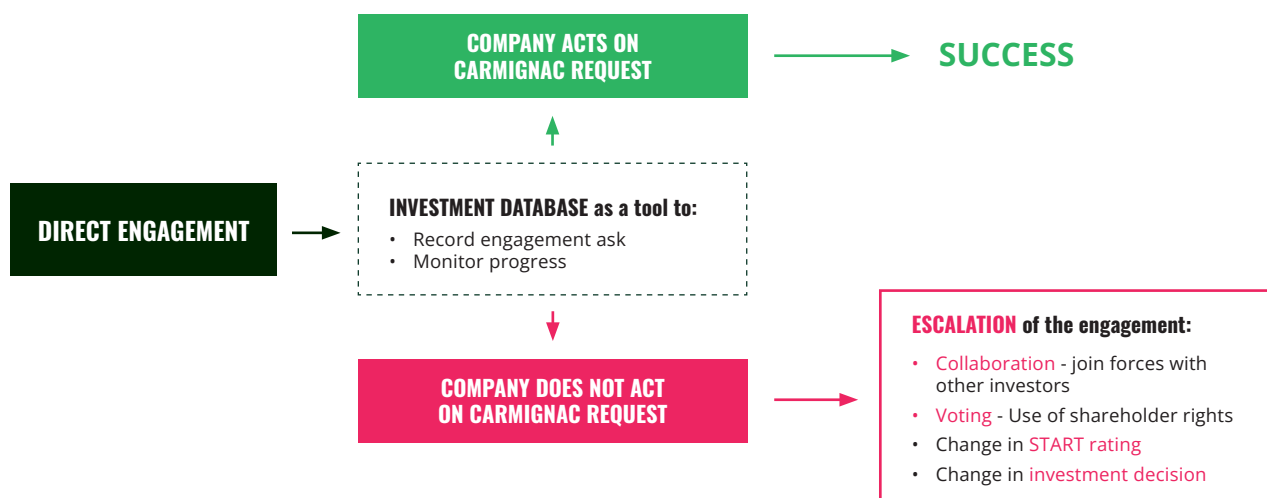
- On a weekly basis, summaries of company engagements undertaken by the SI team are shared with the investment team in order to highlight the main points of discussion and potential follow-ups.
- All company engagements are also recorded in a database and shared between the investment teams to monitor our investee companies. Information recorded includes the engagement notes, a summary of the engagement and the identified action points requested of the company.
- On a quarterly basis, the SI team provide updates on engagements with key holdings in our funds, made available on our website.



ENGAGEMENT WITH CONSEQUENCES: ESCALATION

For each company identified for engagement, we define a challenging but realistic threshold of objectives that we expect to be met at the end of the engagement timeframe. These objectives as well as the outcome are documented in our investment database which is accessed by the SI team as well as the investment teams. If the expected outcome has been met, we close the engagement case successfully.

We escalate the intensity of an engagement activity over time depending on the nature of the challenges each company faces and the attitude of the board towards our dialogue. The escalation strategy also needs to be tailored depending on the asset class. For example, we can escalate our engagement as a shareholder through a vote against management but not as a bondholder.



ESCALATION IN PRACTICE



PROCTER & GAMBLE

Sector: Consumer Goods

Region: North America

Carmignac holding: This company is an equity holding in our funds⁴¹.

Engagement objective: In July 2024 we held a videocall with the company's ESG and investor relations representatives. We asked the company for updates on their environmental targets and encouraged them to improve their disclosure on social and environmental audits and set targets for recycling wood pulp.

Engagement summary: We focused on the company's top commodities:

Regarding palm oil, Carmignac challenged the company on the appropriateness of their supply chain arrangements. P&G provided information as to the oversight and traceability of their milling, via their RSPO certification, and that they maintained their palm oil certification at 100% during the year. P&G acknowledged the complexity of the palm oil supply chain due to its size, and Carmignac noted that the company was reliant on certification mechanisms for compliance with upcoming anti-deforestation regulations (e.g. EUDR).

Regarding wood pulp, Carmignac engaged to understand the strategy for moving away from reliance on virgin wood use. P&G said that consumer demand for virgin wood pulp in toilet and tissue paper is high. They add that alternatives such as bamboo are still in trial phase, and they are unsure about the scalability of these products but are looking into it. The company once again mentioned their reliance on third-party certification for deforestation free wood pulp.

Outcome and next steps: Carmignac has been engaging over a long period with P&G and has not seen progress towards satisfactory goals over this time. Following the engagement, it was decided to downgrade P&G's environmental rating in our proprietary ESG analysis system, START, from 'B' to 'C'. A rating of 'C' indicates that management is aware of a future risk but does not have adequate systems to manage the impact of future risk⁴².

(41) As at 31/12/24, Carmignac Portfolio Grandchildren, Carmignac Portfolio Human Xperience, Carmignac Multi Expertise, Carmignac Global Equity Compounders

(42) For more information on START ratings, see our integration policy https://carmidoc.carmignac.com/SRIIP_FR_en.pdf



AUDITING OUR ENGAGEMENT RECORDS

At Carmignac, a number of our funds have been awarded the French ISR Label and the Belgian Towards Sustainability Label⁴³. In the context of the label audits, our engagement approach and records are audited several times per year by a third-party auditor (E&Y). This is an opportunity for us to learn about ways to improve our communication to clients; and it enables us to comply with the increased transparency expectations of the label. In November 2024 Carmignac was comprehensively audited by the Towards Sustainability labelling agency, with our funds retaining their labels. Our ISR-labelled funds additionally retained their labels in 2024.



ENGAGEMENT WITH SOVEREIGN DEBT HOLDINGS

Whilst we maintain the dialogue and our engagement efforts, the scale and effectiveness of engagement with sovereign debt holders can be limited on an individual basis. Collaborative engagement can increase the success rate of engagement.

Throughout 2024, Carmignac continued our role of co-lead investors as part of the collaborative investor initiative Climate Action 100+. As a result, we were able to undertake engagement in this asset class with the quasi-sovereign entity Petroleos Mexicanos (PEMEX) through the collaborative investor initiative Climate Action 100+. Carmignac is a bondholder in the oil and gas company, which is 100% owned by the Mexican state. In 2024, in response to Carmignac and CA100+'s engagement, PEMEX published a sustainability report and set a decarbonisation strategy for the first time. For more information, see our case study below.

We additionally engaged with the Mexican Ministry of Finance in October 2024. We discussed issues relating to the issuance of sustainable debt, including alignment of debt with the UN SDGs. The engagement informed our understanding of Mexico's overall sustainable debt framework and had relevance for our engagement with PEMEX.

OUR ENGAGEMENT ACTIVITY IN 2024

We focus on the quality of our engagement discussions with our investee companies rather than the quantity of these discussions.

Our engagement activity across our equity and corporate bond holdings was triggered by the following engagement objectives which are also identified in our Engagement Policy⁴⁴:

In 2024, we held **70** engagements with **54** companies, **1** quasi-sovereign and **1** sovereign entity⁴⁵

ESG risk-related engagement

These engagements are triggered by the E, S or G scores in our proprietary rating and research framework START or a low rating from a major third-party rating provider. We may engage to seek general information which helps us in our decision making.

Thematic engagement

These proactive engagements are focused on our three defined priority themes for engagement: Climate change, Empowerment and Leadership. More detail on these themes is provided later in the relevant section of this report.

Controversial behaviour engagement

These engagements can take place with companies violating the principles of the United Nations Global Compact (UNGC) and/or OECD Guidelines for Multinational Enterprises. They can also take place following a significant corporate event which can potentially be material for the investee company including its financials and reputation.

Proxy voting decision engagement

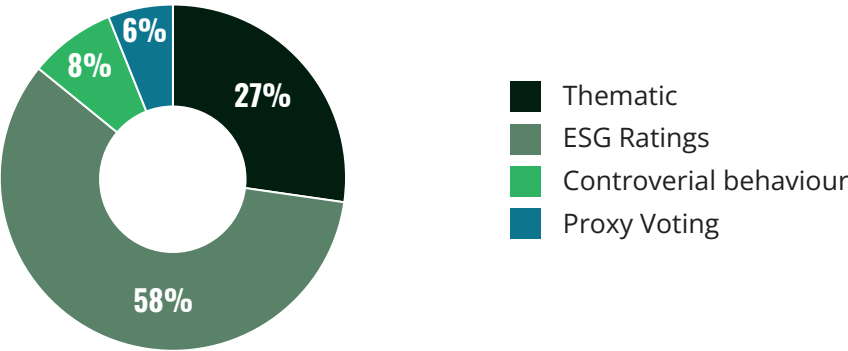
This refers to conference calls or in-person meetings conducted before and/or after a company's general meeting. The purpose of such engagement is to inform and discuss proxy voting decisions with the company.

(44) https://carmidoc.carmignac.com/ESGEP_UK_en.pdf

(45) Source: Carmignac 31/12/24

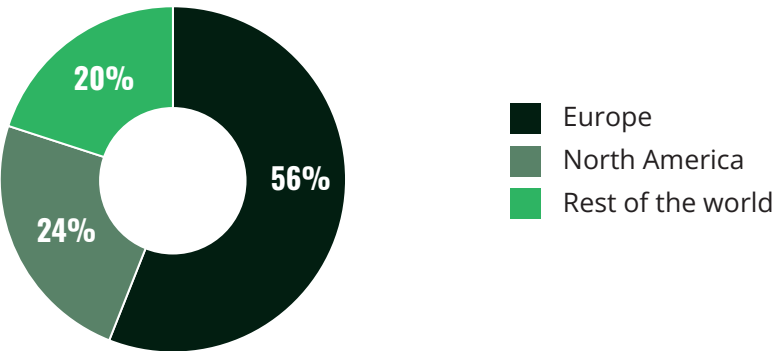
Most of our engagements in 2024 were focused on thematic and general information seeking topics.

ENGAGEMENT BY CATEGORY⁴⁶



Most of our engagements in 2024 were focused on companies based in Europe.

ENGAGEMENT BY REGION⁴⁷



ENGAGEMENT IN PRACTICE

In 2024, we continued to prioritise our engagement on three themes which are consistent with Carmignac's investment philosophy and long-term views to guide our engagement priorities and activity.



CLIMATE

We believe that climate change poses an existential threat and is a source of systemic risk for our economies and the financial markets.



EMPOWERMENT

Companies cannot successfully operate without appropriately balancing the interests of their stakeholders.

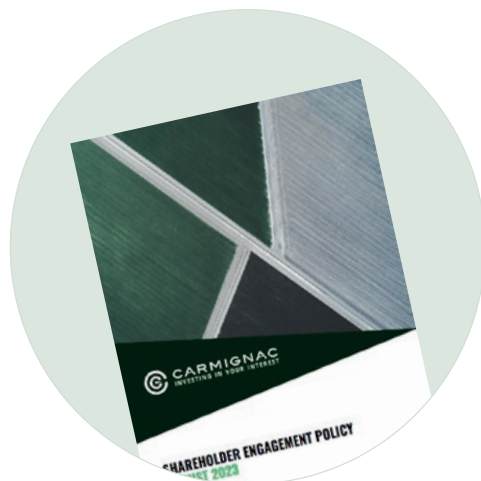


LEADERSHIP

We believe that robust leadership underpins the long-term performance and success of any corporation.



Our Shareholder Engagement Policy sets out how we engage with investee companies and how we manage the outcome of our engagements⁴⁸



(48) https://carmidoc.carmignac.com/ESGEP_FR_en.pdf

Please find below examples of engagement centred around these themes.

THEME - CLIMATE



EUROPCAR

Sector: Consumer Discretionary

Region: Europe

Carmignac holding: Carmignac is a bondholder in this company. We hold a sustainability-link bond (SLB) fixed income instrument in a number of our funds⁴⁹.

Engagement objective: Carmignac engaged for further information on the sustainability-linked bond, including the ambition driving its issuance, the choice of targets and penalties. In addition, we wanted to further understand Europcar's approach to setting a decarbonisation trajectory, including through their fleet of lower carbon-emitting vehicles.

Engagement method: In November 2024 Carmignac held a call with the treasury function of Europcar.

Engagement summary: Through the issuance of the SLB in 2021, the company linked its financing with the commitment to achieve the two following objectives by year-end 2024: Target 1: reduce average carbon emissions for the Group's fleet, cars and vans, to reach 93g CO₂/km for cars and 144g CO₂/km for vans by 2024. Target 2: increase the % of Green Vehicles (vehicles emitting less than 50g CO₂/km) to 20% of the Group's fleet by the end of 2024.

At Carmignac, we believe that SLBs can play an important role in incentivising issuers to align their behaviour and hold themselves accountable by linking KPIs and the cost of financing. We monitor SLB targets carefully and engage frequently with companies to which we have these exposures to ensure we are holding management accountable.

The engagement call helped us to understand the challenges associated with a greening of the rental fleet by Europcar and their competitors, including factors such as higher purchase costs, lower customer usage rates, customer expectations regarding pricing, and challenges regarding other aspects of consumer behaviour, such as high damage rates and higher maintenance.

Outcome and next steps: Carmignac continues to monitor Europcar and the progress of the SLB.

THEME - EMPOWERMENT



CENTRAIS ELETRICAS BRASILEIRAS S.A.

Sector: Utilities

Region: Brazil



Carmignac holding: Carmignac is an equity investor in the company across several emerging markets funds⁵⁰.

Engagement objective: In line with our engagement policy, we engaged with the company due to their involvement in legacy controversies tied to indigenous peoples' rights.

Engagement method: In October 2024, we hosted an in-person meeting with the CEO, CFO, and Sustainability VP alongside their investor relations representatives.

Engagement summary: The company has involvement in historic controversies tied to the development of hydroelectric dams in areas occupied by indigenous peoples. In addition, the company has failed to adequately disclose information regarding expenditure and projects which help maintain the quality and safety of their dam infrastructure.

Carmignac requested that the company continue to engage with affected communities, and to focus efforts with a range of stakeholders (including affected communities, ratings providers and investors) to concretely demonstrate the benefits of the measures that have already been put in place. We also asked the company to improve disclosures relating to their dam infrastructure upkeep and maintenance projects (similar to the standards shown by their peers). The company agreed to focus efforts with indigenous communities and resolve pending doubts about their efforts.

Outcome and next steps: In Q3 2024 reporting, the company published documents relating to their operational performance and said that they will be developing a new quarterly document which will include the requested information regarding modernization and maintenance projects at their facilities. As a result of the engagement we deemed that the overall START rating was suitable to remain as **A**.

THEME - LEADERSHIP



EssilorLuxottica

ESSILOR LUXOTTICA

Sector: Consumer Discretionary

Region: Europe

Carmignac holding: Carmignac is an equity investor in this company⁵¹.

Engagement objective: Carmignac engaged with Essilor Luxottica on the themes of protecting the stake of the controlling shareholder, and succession planning.

Engagement method: In February and March 2024, Carmignac held two direct calls with the company ahead of the AGM, which was held in April 2024.

Engagement summary: Our engagement focused on three topics. Regarding executive compensation, we provided feedback on a new remuneration policy. We communicated our expectations on management setting challenging targets under variable remuneration components of the package, specifically ESG metrics. We were pleased to note that a pro-rata principle in case of forced departure or retirement had been introduced, in line with our previous engagement with the company.

Regarding succession planning, we asked the Chair of the committee how the committee and the board had prepared the CEO succession plan. We additionally set out our expectations for the separation of the Chair and CEO functions, and for the role of a Lead Independent Director in case a non-independent chair of the board was to be appointed in the future.

Finally, we discussed our expectations regarding the evolution of the board's skills in line with the company's strategy.

Outcome and next steps: The results of this engagement provided Carmignac sufficient information to decide our voting strategy at the company's AGM, which was enacted with regard to our voting policy.

TRANSPARENCY

We seek to remain transparent in our engagement activity. Our Shareholder Engagement Policy is available on our website⁵². It includes information on our engagement process as well as details of our approach to formulating our annual engagement strategy.

In 2024, we continued to provide quarterly engagement activity reports on our website, under our 'A quarter of active stewardship illustrated' insight note series⁵³. This includes engagement statistics, as well as case studies across our equity and fixed income holdings and various regions.

Our annual Stewardship Report is also an opportunity to provide details on our approach to engagement. This includes information on how we have engaged individually and collaboratively with other investors, engagement statistics and case studies to illustrate our approach. It also importantly sets out how Carmignac escalates its engagements including through collaboration or use of our voting rights.

Lastly, and as mentioned above, we have also published our ESG Expectations guide⁵⁴ which provides details on our approach to our three ESG themes of focus: Climate, Empowerment and Leadership in our engagement with investee companies.

(52) https://carmidoc.carmignac.com/ESGEP_UK_en.pdf
(53) https://www.carmignac.fr/en_GB/markets-and-outlook/flash-note/2024-our-active-stewardship-illustrated-11104
(54) https://carmidoc.carmignac.com/ESGGUIDE_UK_en.pdf





COLLABORATIONS

WHY WE COLLABORATE

Carmignac sees value in both direct and collaborative engagement, and it is the combination of both which leads to the most influential and effective stewardship. It is by joining forces that investors can most effectively influence investee companies on material ESG issues, including on market-wide and systemic risks, and ultimately help improve the functioning of markets.

As an independent and active asset manager with EUR 34 bn of assets under management⁵⁵, joining forces with other, often larger, investors can prove especially useful to add more weight to our engagement with our investee companies.

Collaboration can also be a way to escalate our engagement. In cases where one-to-one engagement does not lead to the desired change from the investee company, joining forces with other investors can help put extra pressure on the company to act in line with a recommendation. Collaboration is increasingly becoming an important means for escalation in our engagement strategy.

OUR MEMBERSHIP TO AFFILIATIONS

Being a member of affiliations provides different levels of collaboration opportunities and involvement. When selecting affiliations, we make sure their purpose and mission enable them to tackle material ESG risks as well as identify market-wide or systematic risks such as climate change. Our policy is to seek collaboration where interests are aligned, and the objectives are based on material issues. Any collaboration is done in line with applicable rules on anti-trust, conflicts of interest and acting in concert.

Carmignac is
a member of
11 affiliations

ESG-SPECIFIC AFFILIATIONS

AFFILIATION NAME	OBJECTIVE	CARMIGNAC'S ROLE
 https://www.climateaction100.org/ Signature date: 27/10/2019	An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.	Signatory. In 2024 Carmignac was co-lead investor on one CA 100+ engagement.
 https://tobaccofreeportfolios.org/ Signature date: 01/12/2019	Its mission is to inform, prioritise and advance tobacco-free finance.	Supporter. In line with Carmignac's long-held practice to exclude tobacco producing companies, in 2018 we formalised our commitment to not invest in companies that are involved in the production of tobacco, those which have significant ownership in such companies, as well as those which are involved in the wholesale distribution of tobacco (>5% of firm revenues) or in the supply of cigarette components, such as filters (> 5% of firm revenue). For more details, please refer to our Exclusion Policy available on our website at: https://carmidoc.carmignac.com/SRIEXP_UK_en.pdf
	An investor-led initiative that engages companies in key sectors to reverse nature and biodiversity loss by 2030.	Global investor engagement initiative mobilising institutional investors to establish a common high-level agenda for engagements and a clear set of expectations to drive greater corporate ambition and action to stem nature and biodiversity loss
	In February 2024 Carmignac joined the World Benchmarking Alliance (WBA)'s Collective Impact Coalition for Ethical Artificial Intelligence – a coordinated engagement campaign aiming to push technology companies to advance ethical AI policies and practices.	
	The Institutional Investor Group on Climate Change (IIGCC): its mission is to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future.	
	PRI Advance initiative: this is a stewardship initiative for investors to take action on human rights and social issues. Carmignac is proud to be participating in the initiative as a collaborating investor.	

ESG FRAMEWORKS

AFFILIATION NAME	OBJECTIVE	CARMIGNAC'S ROLE
 https://www.unpri.org/ Signature date: 14/06/2012	The PRI is supported by, but is not part of, the United Nations. It encourages investors to use responsible investment to enhance returns and better manage risks. It also engages with global policymakers but is not associated with any government.	Signatory. The PRI requires annual disclosures concerning financing activities and integration of ESG. Carmignac is graded on sustainability criteria based on a self-completed report. Our latest PRI public transparency report is available on our website: https://carmidoc.carmignac.com/UNPRI_INT_en.pdf
 https://www.fsb-tcfd.org/ Signature date: 05/01/2020	The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information.	Supporter. In our engagements, Carmignac also encourages its investee companies to align their disclosures with the TCFD framework.

In addition to the affiliations described above, we are a member to the following other asset management-related affiliations:

The Investment Association (IA) 	Association Française de la Gestion Financière (AFG) 	Association of the Luxembourg Fund Industry (alfi) 
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Membership and active participation in affiliations allows us to build working relationships with essential players of the finance industry with the aim of ultimately improving how markets function. Whilst these organisations are not solely focused on ESG, they also play an important role in this space. For instance, Carmignac is represented at the Responsible Investing Committee and the UK's IA including its Sustainability and Responsible Investment Committee.

COLLABORATION IN PRACTICE:

OUR ENGAGEMENT WITH PEMEX ON CLIMATE CHANGE AS CO-LEADERS THROUGH CLIMATE ACTION 100+



PETROLEOS MEXICANOS (PEMEX)

Sector: Energy

Region: North America



Carmignac holding: Carmignac is a bondholder⁵⁶ of this company which is entirely owned by the Mexican State, making Pemex a quasi-sovereign entity. We have exposure in a number of fixed income funds.

Engagement objective: Since Q4 2023 Carmignac has been co-lead on a collaborative investor engagement with oil and gas company Petroleos Mexicanos (PEMEX). The engagement is part of our work in affiliation with Climate Action 100+. While PEMEX is an investable company in accordance with our proprietary ESG methodology, we also note the number of environmental and social controversies the issuer is involved in.

Engagement method: Dialogue with quasi-sovereign entities can present challenges as it can be difficult for investors to exercise effective influence over these entities due to their ownership. The engagement exercise needs to therefore be adapted. Leveraging on the combined weight of a group of international investors gathered under the structure of the Climate Action 100+ initiative is the approach we have chosen for our ESG engagement with the company. As well as engaging with PEMEX, we engaged with the Mexican Ministry of Finance, which informed our understanding of PEMEX.

Engagement summary: Carmignac continued to engage with PEMEX in 2024, resulting in the board approving and publishing its first sustainability plan, including a forward-looking decarbonisation strategy up to 2050. The 2024 sustainability plan was developed with input from lead investors, addressing climate specific and broader ESG concerns.

Key elements of the new report include quantified greenhouse gas emissions reduction targets and relevant CAPEX implications. In particular, methane emissions reductions were included in the plan, in response to investor concerns.

Outcome and next steps: 2024 was a successful year for Carmignac as engagement co-leads, with PEMEX publishing a sustainability plan for the first time, and making some changes to their business activities, such as setting a target to eliminate routine gas flaring and to lower their carbon emissions in response to CA100+ investor concerns. Looking forward, PEMEX has committed to aligning its disclosures with international sustainability reporting standards in 2025 and will also publish an English-language TCFD report. Carmignac will continue to engage with PEMEX as part of CA100+, monitoring these outputs as part of the strategy. We can expect further progress as we continue to leverage engagement group influence in our co-lead role.

Carmignac, and other CA100+ co-leads published this statement on CA100+'s website, marking the success of Carmignac's collaborative engagement in 2024:



As co-leads of the Climate Action 100+ engagement initiative, we are encouraged with the steps Pemex has taken so far in building a climate strategy, such as establishing a Sustainability Committee in 2023 and releasing its first Sustainability Plan in March 2024. This progress highlights the value of company-investor dialogue, through robust collaboration with the investor relations team but also, importantly, through access to the board.

Pemex's recent commitments mark a first important step in signalling its willingness to take action on climate change. As investors, we will continue to stay engaged by closely monitoring the execution of its sustainability strategy. We will continue to collaborate with the company and its stakeholders to encourage further efforts towards mitigating negative environmental externalities, as well as focusing on encouraging the company to seize the opportunities presented by the climate transition⁵⁷

Víctor Rodríguez Padilla, CEO of PEMEX reflected on the impact the engagement had had in 2024:



We have set clear goals and objectives, such as reducing greenhouse gas emissions, eliminating routine gas flaring in our exploration and production activities, and implementing clean energy and cogeneration projects. We highly value ongoing dialogue with society and our investors, and we are determined to continue advancing our sustainability strategy. Together we can tackle climate change and take advantage of the opportunities that the energy transition presents to build a more sustainable future for all.⁵⁸

(57) Climate Action 100+ investors welcome Pemex's climate commitments presented in the company's first sustainability plan | Climate Action 100+
(58) Climate Action 100+ investors welcome Pemex's climate commitments presented in the company's first sustainability plan | Climate Action 100+

OUR COLLABORATIVE ENGAGEMENT WITH SAMSUNG ON CLIMATE CHANGE



SAMSUNG

Sector: Consumer discretionary

Region: Asia

Carmignac holding: Carmignac has equity exposure to Samsung in a number of funds⁵⁹.

Engagement objective: Our involvement in CA100+'s engagement with Samsung took place throughout 2024, after we joined the engagement in November 2023. In response to prior engagement, Samsung had set scope 1&2 greenhouse gas emissions reduction targets for 2050. However, it was our objective in 2024 to respond to our that the company has not set interim GHG reduction targets, and that the targets set which had been set were not in line with the Science Based Targets Initiative, which indicates that the targets may not be achievable. In addition, scope 3 emissions targets had not yet been set. In 2024, Carmignac continued to engage with the company on these issues.

Engagement summary: The CA100+ group engaged again in May 2024, to follow up on the issues raised. Carmignac noted that the meeting was positive overall, but there was scope for improvement in Samsung's strategy. The group requested Samsung to publish interim emissions reduction targets by the end of December 2024, so that they can be monitored as part of the next year's reporting.

A third engagement took place in November 2024, with some progress made by Samsung. Interim scope 1 and 2 targets have been set, including a renewable energy target and a net zero target. However, Carmignac still has concerns over the viability of these targets, as they have not been made using the Science Based Targets Initiative framework. Samsung indicated that further supplier education was required, which was underway.

Outcome and next steps: Carmignac continues to engage with Samsung as part of our involvement with CA100+.

(59) As at 31.12.24, Carmignac Portfolio Climate Transition, Carmignac Emergents, Carmignac Portfolio Asia Discovery, Carignac Portfolio Emerging Patrimoine, Carmignac Global Active, Carmignac Portfolio Human Xperience, Carmignac investissement, Carmignac Investissement Latitite, Carmignac Patrimoine, Carmignac Multi Expertise, Carmignac Portfolio Tech Solutions, Carmignac Portfolio Emergents, Carmignac Portfolio Investissement, Carmignac Portfolio Patrimoine, Carmignac Emerging Markets.





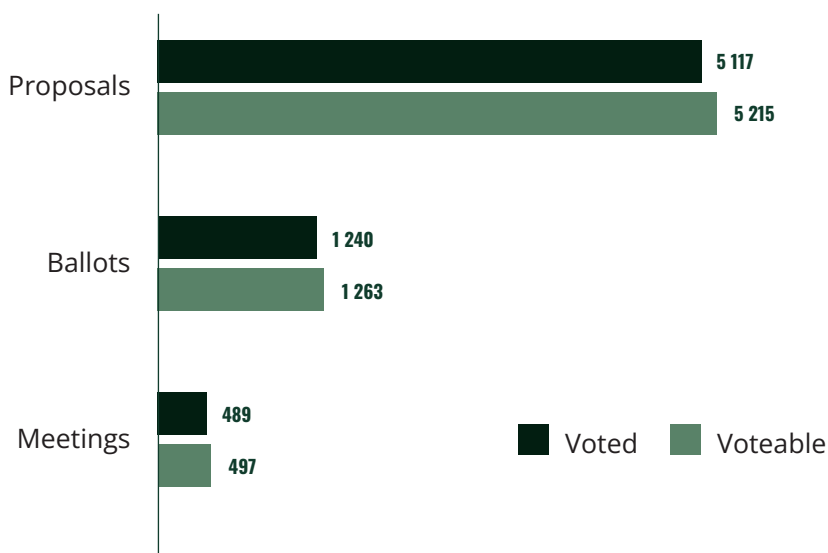
VOTING

The effective exercising of our stewardship responsibilities goes beyond dialogue with our investee companies. Proxy voting is a key component of our stewardship role and commitment. Exercising our voting rights, in line with the processes described in our Voting Policy, is an essential part of our engagement strategy.

OUR COMMITMENT TO EXERCISING OUR VOTING RIGHTS

Carmignac seeks to exercise all its voting rights by targeting a 100% voting participation rate across all our equity holdings. In 2024, Carmignac voted in 98% of the meetings which were voteable on **5,117** resolutions at **489** meetings⁶⁰.

VOTING ACTIVITY IN 2024⁶¹



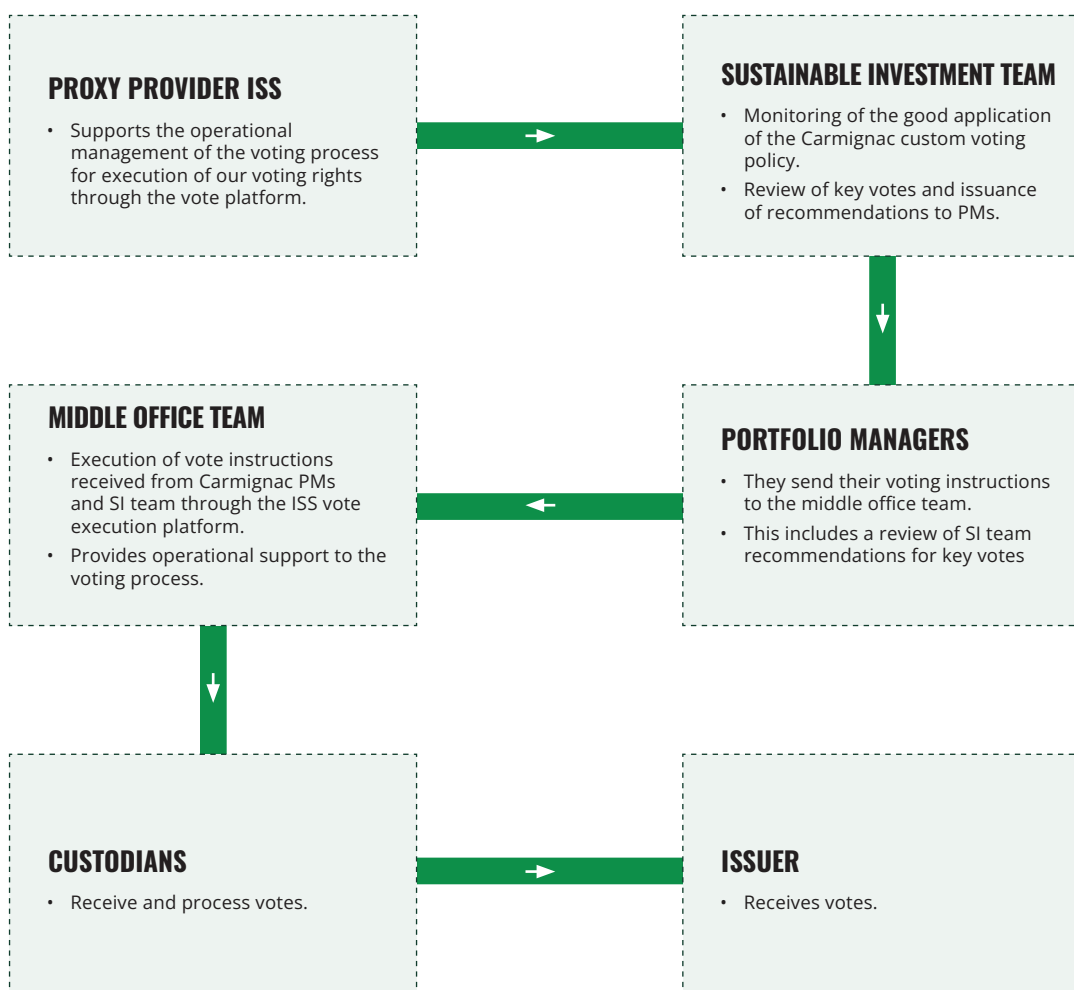
(60) Unvoted meetings correspond to one adjourned meeting, one meeting where share blocking applied, and positions which we held at record date but no longer at the date of the shareholder meeting, for which we chose to cast a 'do not vote' instruction as per our policy on empty voting (please refer to our Voting Policy for more information) https://carmidoc.carmignac.com/SRVP_FR_en.pdf

(61) Source: Carmignac using ISS data

VOTING POLICY AND PROCESS

Our Voting Policy⁶² applies consistently to Carmignac Group's two legal entities: Carmignac Gestion and Carmignac Gestion Luxembourg, as well as across all of our equity and bond holdings.

VOTING AT SHAREHOLDER MEETINGS



Our voting process shares responsibilities between the portfolio managers (PMs) and the SI team. The PMs remain involved in votes deemed 'key' by the SI team (in practice this refers to votes that are identified as potentially contentious by the SI team as well as all shareholder meetings where a shareholder-led resolution has been filed). For these votes, the SI team submits its voting recommendations to the PMs who have the final decision.

Votes not submitted to the PMs are voted in line with the Carmignac Voting Policy (including the guidelines described further below in this document). The SI team monitors the application of the Voting Policy and may override the policy on a case-by-case basis, in line with the comments made in the section above.

The PMs retain the ability to override the Carmignac Voting Policy for all votes but must justify the reason for doing so. The rationale for all votes is documented internally to ensure an appropriate audit trail is maintained.

For companies held across many portfolios, a consensus is established on the voting decisions, with the PM who has done the original lead investment analysis as the key driver to decision-making. If views differ, the Head of the Equity team takes the final decision.

Where a conflict is identified between the views of the SI team and of the PMs, the issue may be raised to Carmignac board member and director ultimately responsible for sustainable investment issues, Maxime Carmignac. For more information, please refer to our dedicated Stewardship Conflict of Interest Policy.

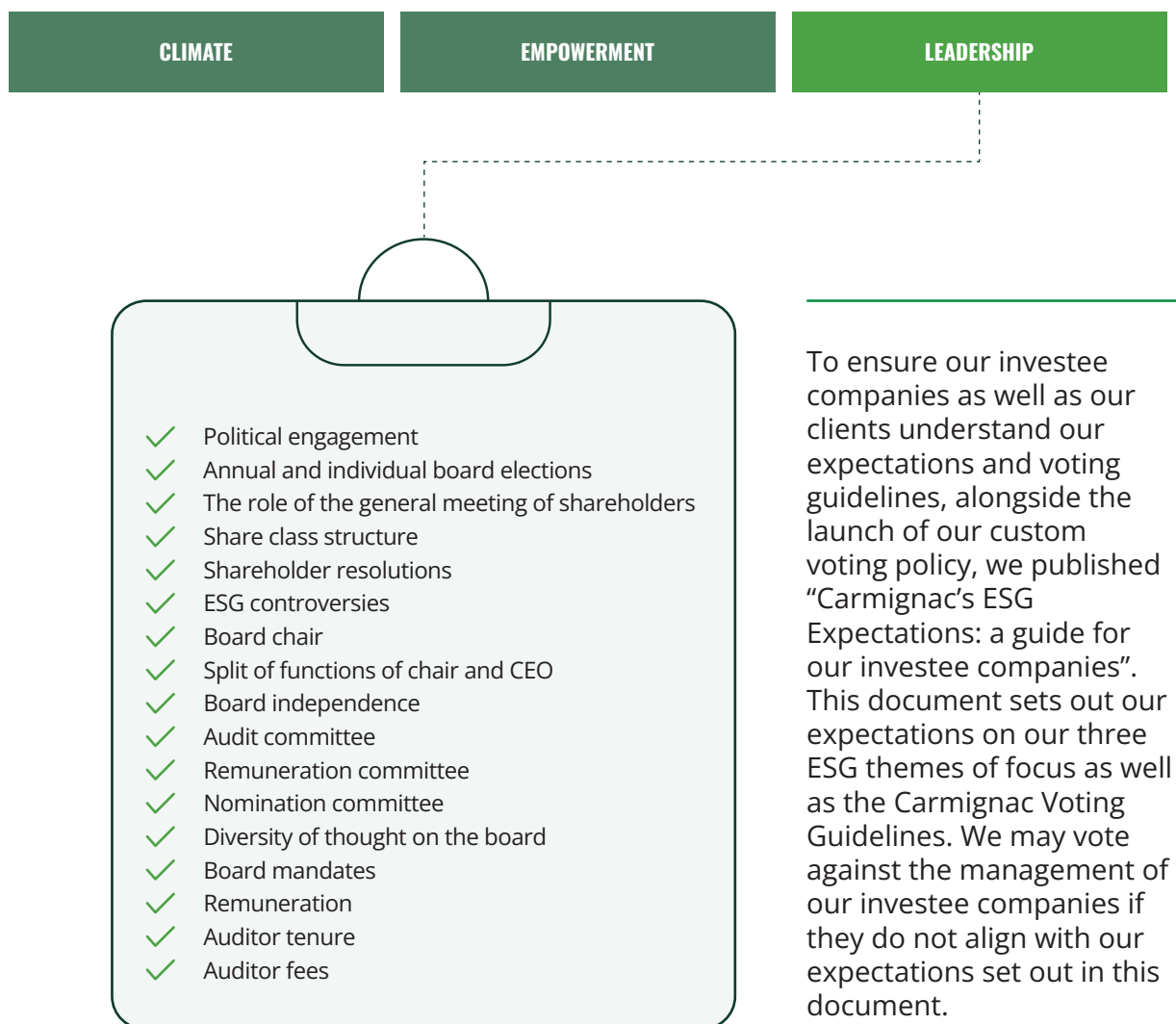
Our middle office team plays an important role in supporting the SI team in the setup of the voting process and the execution of votes. The middle office team is responsible for:

- Setting up the voting process for new funds as part of its involvement in fund launches.
- Ensuring the right processes are in place to allow for voting in all markets where we are eligible to vote. This includes for example the setup of power of attorney to allow for the votes to be cast.
- The execution of votes instructed by PMs. This is done through casting the vote instructions as well as inputting the vote rationales on the ISS ProxyExchange platform. For the few votes that cannot be cast electronically via the ProxyExchange platform, the Middle Office team send the vote instructions manually.
- The team delegates the monitoring of our shares and voting rights to our custodian. Our positions are sent by our custodian daily to ISS, to ensure that our positions are up to date. Our custodian certifies our positions and thus our number of voting rights.

CARMIGNAC'S VOTING POLICY

In line with our commitment to encourage our investee companies to have robust ESG policies and behaviours, Carmignac previously established a Voting Policy. This policy is aligned with our ESG expectations of listed companies which we set out in a separate document⁶³.

A summary of our voting guidelines is also contained in our Voting Policy. We detail below the topics for which we have set guidelines.



As explained in the guide, we do not take a rules-based approach to the application of our voting guidelines and take into account individual company circumstances.

USE OF PROXY PROVIDERS

Since 2015, Carmignac has been using the services of external proxy voting provider ISS for its voting-related research, analysis and execution of votes. As explained in this report and in our Voting Policy, Carmignac leverages the ISS Sustainability Policy but may not always follow its recommendations.

In 2024, **40%** (2023: 30%) of the meetings at which we voted had at least one vote against the ISS recommendations.

2024 MEETINGS WITH AT LEAST ONE VOTE AGAINST ISS RECOMMENDATIONS*



An annual review of our proxy provider's organisation (e.g. composition of research teams), its research quality and future developments around proxy voting data takes place in a due diligence meeting. These meetings are attended by representatives of our proxy provider, members of the Sustainable Investment team (including our Head of Sustainable Investment) and members of our middle office team who are responsible for the correct execution of our votes via ISS ProxyExchange platform.

We do not wait for our annual due diligence meeting to provide feedback to ISS. Our feedback is continuous during the year and takes place as issues arise. Identified issues can be for example the timing of the delivery of research or operational issues. In 2024, we provided feedback to ISS regarding our identification of errors in research and analysis, and to question the stance of ISS research analysts who had made voting recommendations.

STOCK LENDING

In order to manage the portfolios efficiently, generate capital or additional income for the funds, and/or protect its assets and liabilities, fund managers may use techniques and instruments involving transferable securities and money market instruments, such as securities lending and borrowing transactions.

Carmignac has implemented a model that generates additional revenues for the funds without any impact on the fund management side. In particular, a sell order coming from a portfolio manager initiates an automatic recall of the security lent in order to settle the trade in a timely manner. Hence, the fund can recall securities at any time. The monitoring of this activity remains under the supervision of the Middle-Office Funds and Trading Desk of Carmignac Gestion.

To ensure we vote on all our positions, Carmignac's policy is to recall all securities for voting on all ballot items. We can exercise daily recall on every position.

SEEKING TO MITIGATE EMPTY VOTING

As an active investor, we sometimes hold a position in an issuer until after the record date of a shareholder meeting but exit it prior to the meeting itself. While this remains a rare issue, our policy is for our Middle Office team to manually cast a 'do not vote' instruction via ISS' ProxyExchange platform and record the reason for doing so. This is to avoid 'empty voting', where we would be legally entitled to vote without an economic interest.

In 2024, Carmignac did not vote at **6 (1%)** of voteable meetings in line with our empty voting policy.

VOTING AT BONDHOLDER MEETINGS

While instances of bondholder meetings across our holdings are rare, Carmignac commits to targeting 100% voting participation in both equity and bondholder meetings. We are working with our proxy provider to ensure we exercise our rights at all bondholder meetings.

In 2024, **3** voteable bondholder meetings were submitted to us.

Bondholder votes tend to take place through extraordinary shareholder meetings and focus on financial topics. Therefore, we do not take a policy approach, and a case-by-case approach is used.

Regarding equity votes, the PMs are responsible for the voting decision. They may request the views of the SI team if deemed appropriate or the SI team may deem it necessary to assist the PM on the issue.

The execution of bondholder votes is undertaken by our Middle Office team and takes place via ISS' ProxyExchange platform.

In 2024, we voted at the bondholder meeting of Waldorf Energy Finance Plc. For this meeting, we were asked to vote on amendments to the terms of issued notes. The proposed amendments did not trigger any concerns for the PM. The PM agreed with the recommendation of the SI team to support the proposal. The vote was executed via the custodian portal by Carmignac's middle office team.

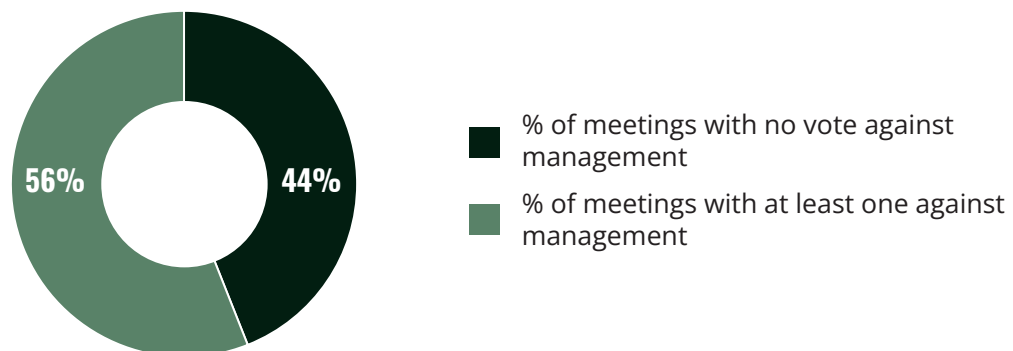
A CLOSER LOOK AT OUR VOTING ACTIVITY

In line with our commitment to active ownership, at Carmignac we take our responsibility to exercise our voting rights seriously. We may vote against the management of a company where:

- We have engaged with a company and we decide to escalate our engagement;
- A company's policy or behaviour does not meet our minimum ESG expectations under our voting policy.

In 2024, Carmignac voted against the management of our investee companies at least once at **56%** (2023: 52%) of meetings at which we voted.

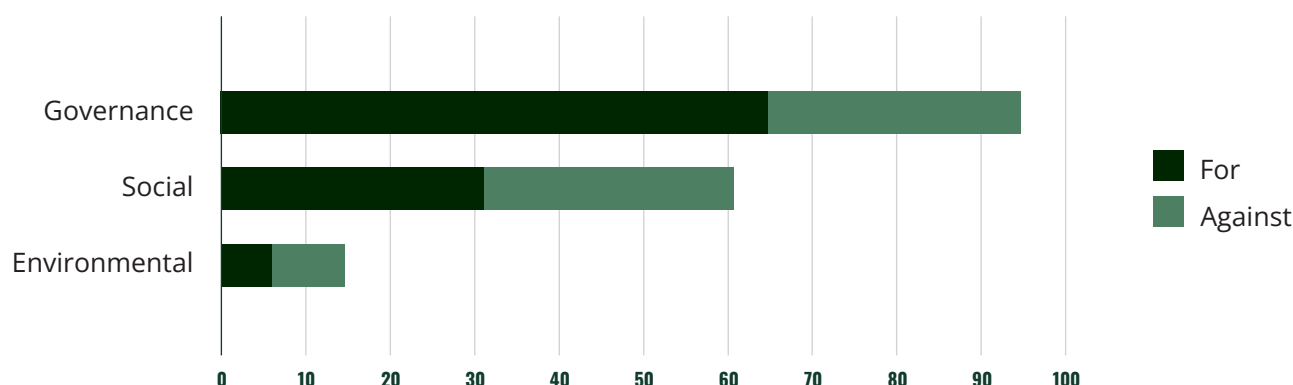
2024 MEETINGS WITH AT LEAST ONE VOTE AGAINST MANAGEMENT*



We continue to believe that the filing of resolutions by shareholders at Annual General Meetings (AGMs) is a fundamental tool in ensuring minority shareholders can hold boards accountable. Carmignac takes a case-by-case approach to voting on shareholder-led resolutions, in order to account for the variation in the quality of resolutions filed. In practice, this means that we only support resolutions that tackle relevant issues, do not introduce unnecessarily burdensome or prescriptive measures and are genuinely constructive on ESG issues.

Carmignac supported 102 of these resolutions in line with our voting policy in 2024. This represents a vote of support for **60%** (2023: 40%) of the shareholder resolutions on which we voted.

SHAREHOLDER RESOLUTIONS VOTED ON IN 2024



VOTING IN PRACTICE: CASE STUDIES

The case studies below were chosen based on a selection of shareholder meetings we consider as significant votes in 2024. They also allow us to illustrate in more detail the process behind our internal voting decision-making process. All our voting decisions including the instructions and vote rationales are documented on the voting execution platform of our proxy voting provider ISS, ProxyExchange.



Resolution topic: Climate change

Name of the company voted and sector: TotalEnergies, Oil & Gas

Region: Europe

Carmignac holding: Carmignac is an equity and fixed income investor in the company⁶⁴.

AGM date: 24/05/2024

Issue: As part of our ESG strategy and in line with our engagement focus on the topic of climate change, Carmignac monitors this oil & gas company's climate strategy. Carmignac has previously voted against TotalEnergies' report on their climate transition plan. In 2024, we continued to engage with TotalEnergies, through calls with their investor relations team. Carmignac acknowledges that the company has made progress on the following issues:

- Responsibility for scope 3 emissions
- Evolution of low-carbon energies capex
- The use of offsetting versus reliance on carbon emissions reduction technology for the tackling of scope 1 and 2 emissions
- Articulation of environmental benefits of the gas ex-pansion strategy using forward looking scenario analysis against other viable technologies.

Outcome and next steps: Carmignac voted against resolution 14, a resolution put forward by management and sought shareholder approval of their climate transition plan.

At the time of the vote, TotalEnergies was the only significant O&G extraction and production holding in our firmwide equity holdings. Carmignac had therefore a high bar and a demanding stance on this holding. Carmignac considered that the speed and magnitude of the company's transition plan was inadequate, and that CAPEX allocation to low carbon technologies was insufficient to meet future demand.

(64) As at 31/12/24, Carmignac Portfolio Climate Transition, Climate Credit 2025, Carmignac Credit 2027, Carmignac Credit 2029, Carmignac Portfolio Flexible Bond, Carmignac Portfolio Credit, Carmignac Portfolio Global Bond, Carmignac Patrimoine, Carmignac Multi Expertise, Carmignac Sécurité, Carmignac Portfolio Patrimoine, Carmignac Portfolio Sécurité, Carmignac Unconstrained Global Bond.



Resolution topic: Empowerment

Name of the company voted and sector: **Microsoft**, Communication Services

Region: United States

Carmignac holding: Carmignac is an equity investor in the company⁶⁵.

AGM date: 10/12/2024

Issue: Insufficient management of Generative Artificial Intelligence (GenAI) tools poses legal, financial and reputational risks for the company.

Carmignac considers the company's disclosures on the topic to be more advanced than their peers. They have published a responsible AI transparency report which describes the governance of responsible AI at the company, how they build generative applications responsibly, how they make decision about releasing generative applications, and how they support customers in building responsibly. The company has taken actions like co-founding the Coalition for Content Provenance and Authenticity (C2PA), which is a standards-setting body with a mission to develop an end-to-end open standard and technical specifications on content provenance and authentication. They have also joined the tech accord to combat deceptive use of AI in 2024 elections.

While Carmignac acknowledges that the company has published its first Responsible AI report, the report does not address the topic of misinformation or disinformation, a topic on which Carmignac is engaging with Microsoft.

Therefore, we supported resolution 8 which requested that the company report on risks related to AI generated misinformation and disinformation.

Outcome and next steps: Carmignac voted to support the resolution, in order to signal to the board our ex-pectations regarding the responsible development of AI by the company. Overall, the resolution received close to 19% support from shareholders.

A number of areas for further improvement have been identified and Carmignac will continue to engage with the company on this topic.

(65) As at 31/12/24, Carmignac Portfolio Climate Transition, Carmignac Absolute Return Europe, Carmignac Global Active, Carmignac Portfolio Grandchildren, Carmignac Portfolio Human Xperience, Carmignac Investissement, Carmignac Investissement Latitude, Carmignac Patrimoine, Carmignac Multi Expertise, Carmignac Portfolio Tech Solutions, Carmignac Portfolio Absolute Return Europe, Carmignac Portfolio Long-Short European Equities, Carmignac Portfolio Investissement, Carmignac Global Equity Compounders.



Resolution topic: Leadership

Name of the company voted and sector: **Meta Platforms Inc**, Communications Technology

Region: United States

Carmignac holding: Carmignac is an equity investor in the company⁶⁶.

AGM Date: 29/05/2024

Issue: The company is controlled by its founder who holds approximately 60% of the voting rights. We find that the filing of resolutions by shareholders in controlled companies is an essential tool for minority shareholders to signal their concerns to the board.

We supported the following resolutions aimed at improving the company's governance practices:

- Resolution 5 - Approve Recapitalization Plan for all Stock to Have One-vote per Share

Carmignac considers the existing structure to contribute to insulating management and leading to minority shareholders not being heard. We think this would provide more transparency on the concerns expressed by minority shareholders and help towards greater board accountability.

- Resolution 7 - Disclosure of Voting Results Based on Class of Shares

This resolution required the company to disclose the results of voting differentiated between shares which carry one vote, and shares which carry multiple voting rights. Carmignac supported this resolution to provide more transparency on the concerns expressed by minority shareholders towards greater Board accountability. In addition, the measure is not considered overly burdensome.

- Resolution 9 - Amend Corporate Governance Guidelines

In line with our voting policy, we supported this resolution which would enhance the role of the independent lead Director by giving them the authority to set the agenda of meetings of the Board. We believe that the broadening of the role of the Lead Director would contribute to enhancing independent oversight of management.

Outcome and next steps: The three resolutions were supported by 26%, 17% and 19% of shareholders. We believe these are significant levels of support, especially taking into account the controlling stake of the founder and signal shareholder support for improved governance practices.

INVOLVING OUR CLIENTS

Carmignac manages the voting activity for all our funds. This means our Voting Policy applies to all our votes in our two legal investment management entities: Carmignac Gestion and Carmignac Gestion Luxembourg.

We remain open to receiving feedback from our clients on how to improve our Voting Policy as well as discussing their preferences regarding our approach and expectations on ESG topics and AGM resolutions. As voting is key to the effective exercise of our stewardship responsibilities, we believe the exercise of our engagement strategy is more efficient if we retain the ability to vote at the shareholder meetings of the companies we are invested in. In addition, given our relatively small size (EUR 34bn AUM), it is logistically more efficient to cast all votes in the same direction. However, should a client express the wish to direct their own voting rights, we would review their request and seek to accommodate it on a best-efforts basis. Please note that currently all our clients vote in line with the Carmignac Voting Policy.

TRANSPARENCY

Another way to involve our clients in our voting activity is to be transparent. Investors and the public can access the following information on our website:

We detail in our Voting Policy our new Voting Guide-lines which may trigger a vote against the management of the companies we are invested in.

Throughout 2024 a dedicated voting disclosure webpage⁶⁷ hosting all our vote decisions on our website, was made available publicly. The webpage contains all our voting instructions are cast at resolution-level for all the shareholder meetings we voted since 2021. Note that the disclosure is made with a lag of 30 days following the date of the meeting. In 2024, we also added the voting rationale for all votes cast against management or against the Carmignac Voting Policy for all meetings held from 1st January 2023 onwards. Lastly, as per fund ESG Label rules, we continue to provide annual individual fund statistics on our relevant individual fund pages⁶⁸.

Periodic voting activity reports are made on our website, under our 'a quarter of active stewardship illustrated' insight note series⁶⁹.

At the end of the 2024 proxy voting season, the SI team published an Insight note ("*Takeaways from the 2024 voting season*") on our website to comment on the highlights of the voting season and report on how Carmignac voted at the shareholder meetings of our investee companies.

⁽⁶⁷⁾ <https://vds.issgovernance.com/vds/#/ODI40Q==> ⁽⁶⁸⁾ https://www.carmignac.fr/en_GB/our-funds
⁽⁶⁹⁾ https://www.carmignac.fr/en_GB/markets-and-outlook/flash-note/2024-our-active-stewardship-illustrated-11104

Selected Fund Level Engagement Reports



Engagement report – Carmignac Portfolio Grandchildren

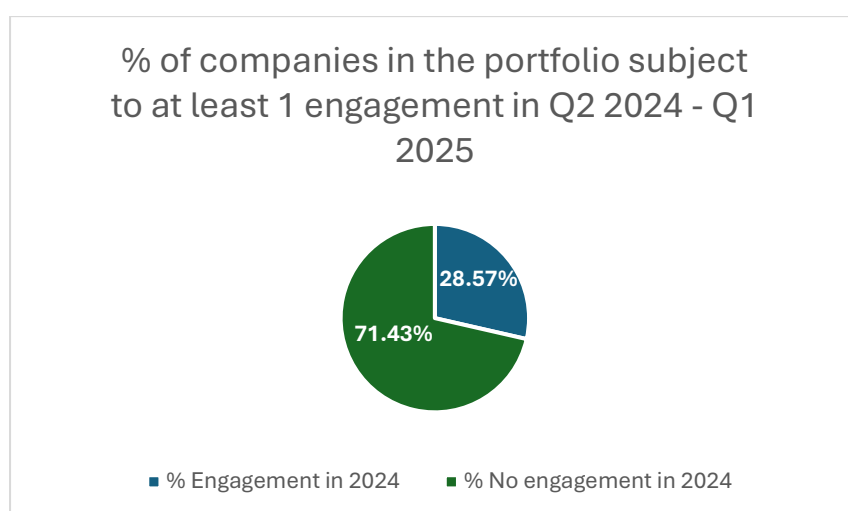
Reference date: 01/04/24 – 31/03/25

ESG Actions carried out over the year:

In the period 01/04/24 – 31/03/25 there were 56 different companies in the portfolio which were eligible for engagement. Eligibility is defined by Carmignac's capacity to engage with the holding – in practice this means that cash positions in Carmignac Portfolio Grandchildren were excluded from eligibility.

4.73% of the portfolio was comprised of cash in the year, measured as an average of the holdings at the end of each month.

In the year Carmignac engaged at least once with 16 companies in the portfolio, being 28.57% of the company names in the portfolio. 21 engagements were undertaken in the year.



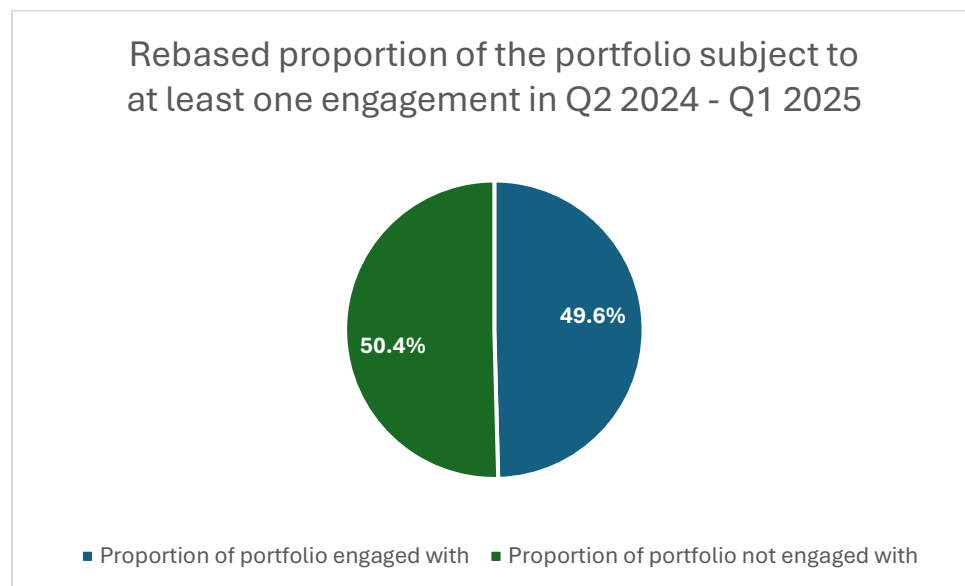
The above calculation measures the proportion of the companies in the portfolio that were engaged with at least once in the year. The calculation below measures the proportion of eligible assets subject to at least one engagement in the year.

Considering the rebased exposure of the portfolio to companies engaged with at least once in the year, Carmignac engaged with 49.6% of the portfolio. The calculation methodology is as follows:

$$\frac{\text{Exposure to companies subject to at least one engagement}}{\text{Portfolio exposure – assets ineligible for engagement}}$$

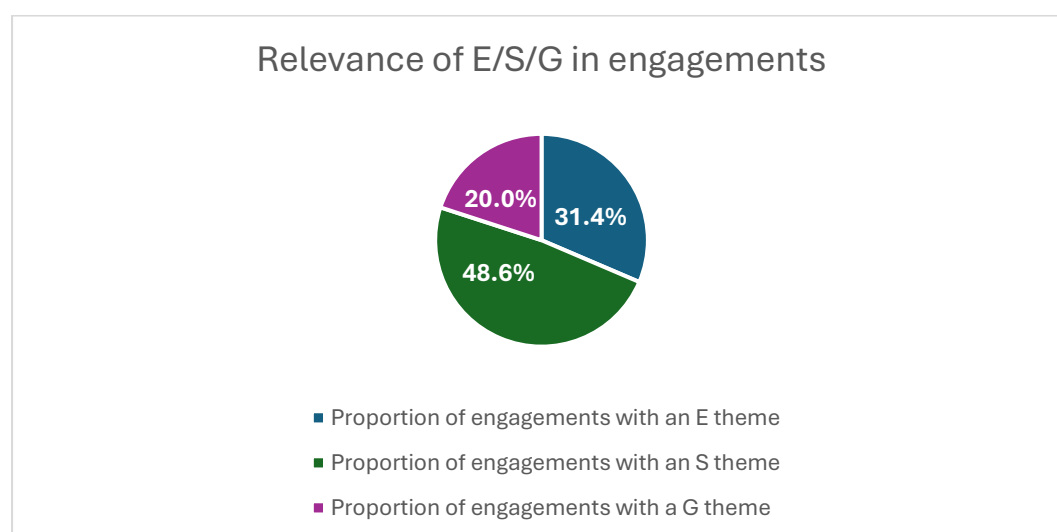
In the year, 49.6% of the eligible portfolio was engaged with.

The rebased proportion of the portfolio subject to at least one engagement in the year is higher than the proportion of companies engaged with because Carmignac engaged with companies which had a higher proportion of exposure in the year than those with which we did not engage.



Classification of ESG Actions:

In the year, Carmignac undertook engagements with E, S and G relevance. In the normal conduct of our engagements, and in line with our engagement policy, some engagements consider issues which include more than one ESG category, and some engagements focus on a single issue. In the year, the proportion of ESG relevance of our engagements was as follows:



Across 21 separate engagements, the split of E, S and G relevance is as follows:

Engagements with E relevance	11
Engagements with S relevance	17
Engagements with G relevance	7

Collective ESG Actions:

In the year Carmignac undertook one engagement as part of a collective affiliation.

In August 2024 Carmignac was a participating investor in a collaborative engagement as part of our affiliation with the World Benchmarking Alliance's Collective Impact Coalition for Ethical AI. The group requested that Microsoft implement, demonstrate and disclose publicly strengthened and effective AI governance and oversight for the benefit of the company and consumers. The meeting was a first meeting, and the collaborative engagement continues with Carmignac a participating investor.

Any other significant actions taken in relation to the portfolio:

As part of our ongoing controversy identification and management process, in line with our engagement policy we identified a potential risk relating to human rights in the value chain relating to the following holdings:

- L'Oreal
- LVMH
- Estée Lauder

Carmignac engaged 7 times with these companies in the year to understand the adequacy of management's responses to reported controversies. These engagements helped us gather information relating to our proprietary ESG scoring, perform investment analysis, as well as plan our engagement strategy.

Engagement report – Carmignac Emergents

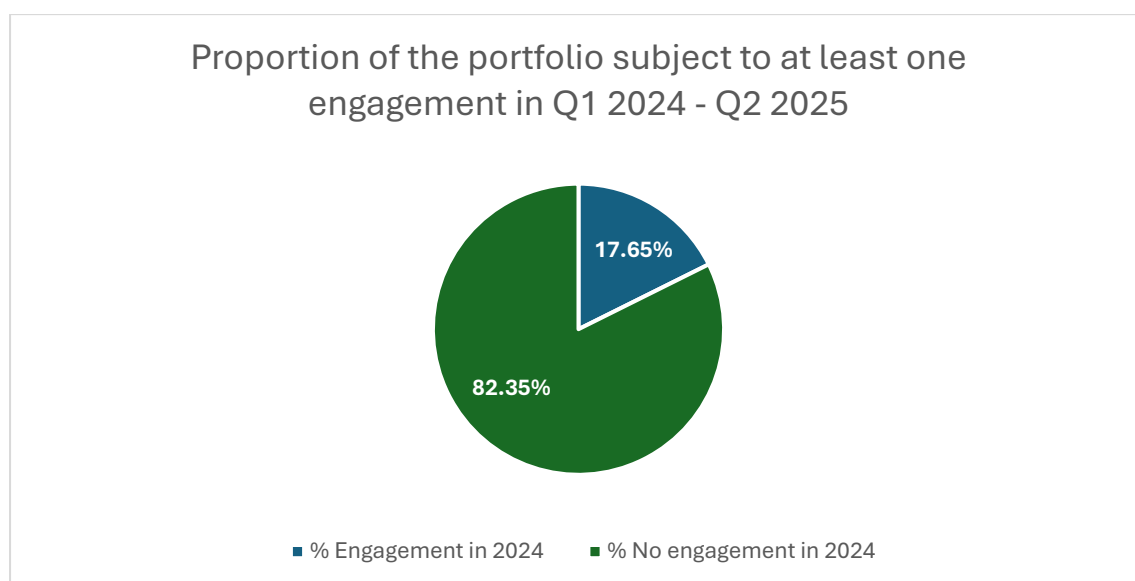
Reference date: 01/04/24 – 31/03/25

ESG Actions carried out over the year:

In the period 01/04/24 – 31/03/25 there were 34 different companies in the portfolio which were eligible for engagement. Eligibility is defined by Carmignac's capacity to engage with the holding – in practice this means that cash and similar asset classes in Carmignac Emergents were excluded from eligibility.

19.45% of the portfolio was comprised of cash and similar assets in the year, measured as an average of the holdings at the end of each month.

In the year Carmignac engaged at least once with 6 companies in the portfolio, being 17.65% of the company names in the portfolio. 11 engagements were undertaken in the year.



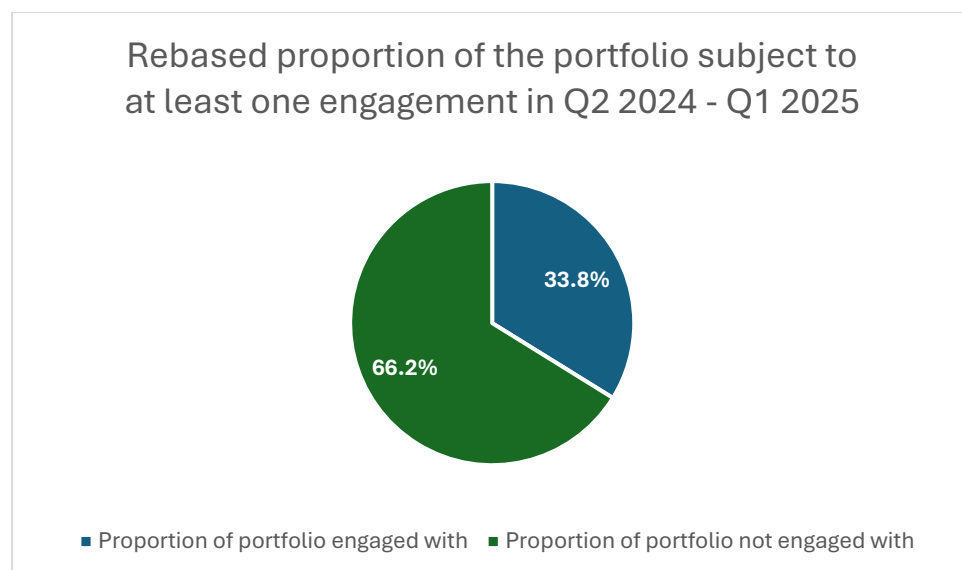
The above calculation measures the proportion of the companies in the portfolio that were engaged with at least once in the year. The calculation below measures the proportion of eligible assets subject to at least one engagement in the year.

Considering the rebased exposure of the portfolio to companies engaged with at least once in the year, Carmignac engaged with 33.8% of the portfolio. The calculation methodology is as follows:

$$\frac{\text{Exposure to companies subject to at least one engagement}}{\text{Portfolio exposure – assets ineligible for engagement}}$$

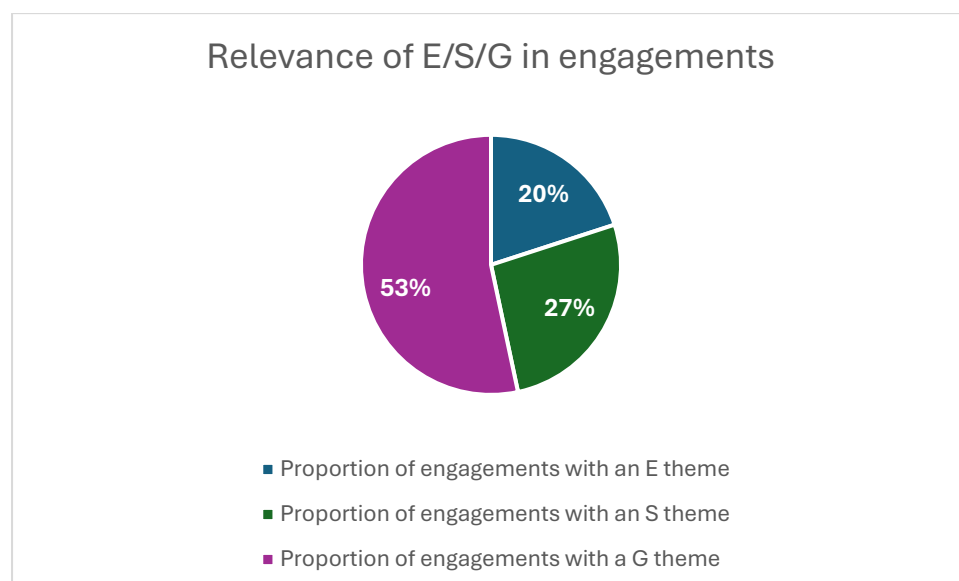
In the year, 33.8% of the eligible portfolio was engaged with.

The rebased proportion of the portfolio subject to at least one engagement in the year is higher than the proportion of companies engaged with because Carmignac engaged with companies which had a higher proportion of exposure in the year than those with which we did not engage.



Classification of ESG Actions:

In the year, Carmignac undertook engagements with E, S and G relevance. In the normal conduct of our engagements, and in line with our engagement policy, some engagements consider issues which include more than one ESG category, and some engagements focus on a single issue. In the year, the proportion of ESG relevance of our engagements was as follows:



Across 11 separate engagements, the split of E, S and G relevance is as follows:

Engagements with E relevance	3
Engagements with S relevance	4
Engagements with G relevance	8

Collective ESG Actions:

In the year Carmignac undertook two engagements as part of a collective affiliation.

In May and November 2024, as part of Carmignac's membership of Climate Action 100+, an investor led affiliation focusing on climate-related engagements, Carmignac engaged with Samsung Electronics, in which Carmignac is an equity holder. The engagement followed up on issues previously raised regarding greenhouse gas target setting and transition planning. By our second engagement, Samsung had set an Interim Scope 1 and 2 target, including a renewable energy target and a net zero target, but these were not in line with the Science Based Targets Initiative (SBTi) framework. Carmignac and Climate Action 100+ continued to engage to encourage further progress.

Any other significant actions taken in relation to the portfolio:

As part of our ongoing controversy identification and management process, in line with our engagement policy we identified a potential risk relating to controversial behaviour in Embassy Office REIT's governance structures. Due to professional misconduct in a prior role, the now CEO of the company was suspended and disbarred for 10 years.

Carmignac engaged to understand how management had responded to the controversy, and how the newly appointed interim CEO had been appointed. This engagement helped us to assess the appropriateness of our ESG scoring and to plan our future engagement and risk review strategy.

Engagement report – Carmignac Portfolio Emergents

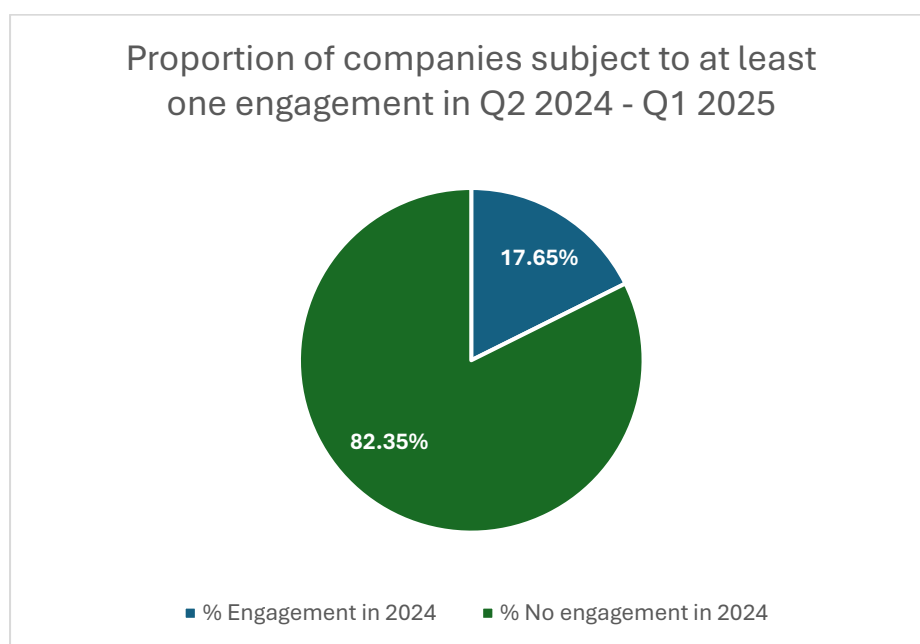
Reference date: 01/04/24 – 31/03/25

ESG Actions carried out over the year:

In the period 01/04/24 – 31/03/25 there were 34 different companies in the portfolio which were eligible for engagement. Eligibility is defined by Carmignac's capacity to engage with the holding – in practice this means that cash and similar asset class positions in Carmignac Portfolio Emergents were excluded from eligibility, with small immaterial positions in mutual funds and derivatives held for hedging and EPM purposes.

25.0% of the portfolio was comprised of cash and other assets in the year, measured as an average of the holdings at the end of each month.

In the year Carmignac engaged at least once with 6 companies in the portfolio, being 17.65% of the company names in the portfolio. 11 engagements were undertaken in the year.



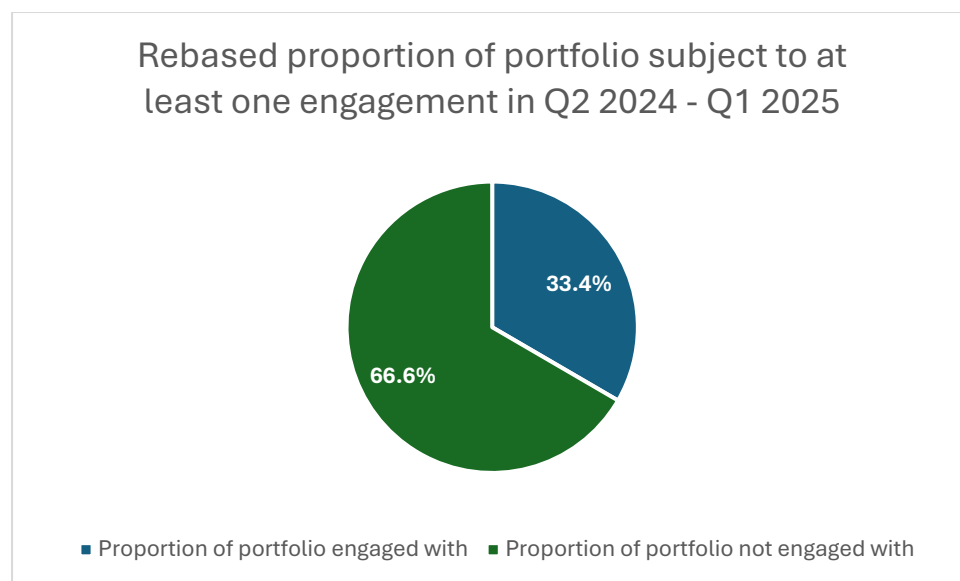
The above calculation measures the proportion of the companies in the portfolio that were engaged with at least once in the year. The calculation below measures the proportion of eligible assets subject to at least one engagement in the year.

Considering the rebased exposure of the portfolio to companies engaged with at least once in the year, Carmignac engaged with 33.4% of the portfolio. The calculation methodology is as follows:

Exposure to companies subject to at least one engagement
Portfolio exposure – assets ineligible for engagement

In the year, 33.4% of the eligible portfolio was engaged with.

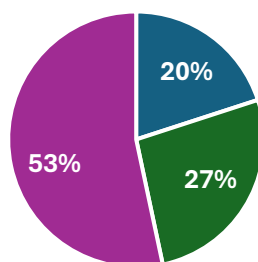
The rebased proportion of the portfolio subject to at least one engagement in the year is higher than the proportion of companies engaged with because Carmignac engaged with companies which had a higher proportion of exposure in the year than those with which we did not engage.



Classification of ESG Actions:

In the year, Carmignac undertook engagements with E, S and G relevance. In the normal conduct of our engagements, and in line with our engagement policy, some engagements consider issues which include more than one ESG category, and some engagements focus on a single issue. In the year, the proportion of ESG relevance of our engagements was as follows:

Relevance of E/S/G in engagements



- Proportion of engagements with an E theme
- Proportion of engagements with an S theme
- Proportion of engagements with a G theme

Across 11 separate engagements, the split of E, S and G relevance is as follows:

Engagements with E relevance	3
Engagements with S relevance	4
Engagements with G relevance	8

Collective ESG Actions:

In the year Carmignac undertook two engagements as part of a collective affiliation.

In May and November 2024, as part of Carmignac's membership of Climate Action 100+, an investor led affiliation focusing on climate-related engagements, Carmignac engaged with Samsung Electronics, in which Carmignac is an equity holder. The engagement followed up on issues previously raised regarding greenhouse gas target setting and transition planning. By our second engagement, Samsung had set an Interim Scope 1 and 2 target, including a renewable energy target and a net zero target, but these were not in line with the Science Based Targets Initiative (SBTi) framework. Carmignac and Climate Action 100+ continued to engage to encourage further progress.

Any other significant actions taken in relation to the portfolio:

As part of our ongoing controversy identification and management process, in line with our engagement policy we identified a potential risk relating to controversial behaviour in Embassy Office REIT's governance structures. Due to professional misconduct in a prior role, the now CEO of the company was suspended and disbarred for 10 years.

Carmignac engaged to understand how management had responded to the controversy, and how the newly appointed interim CEO had been appointed. This engagement helped us to assess the appropriateness of our ESG scoring and to plan our future engagement and risk review strategy.

Engagement report – Carmignac Portfolio Grande Europe

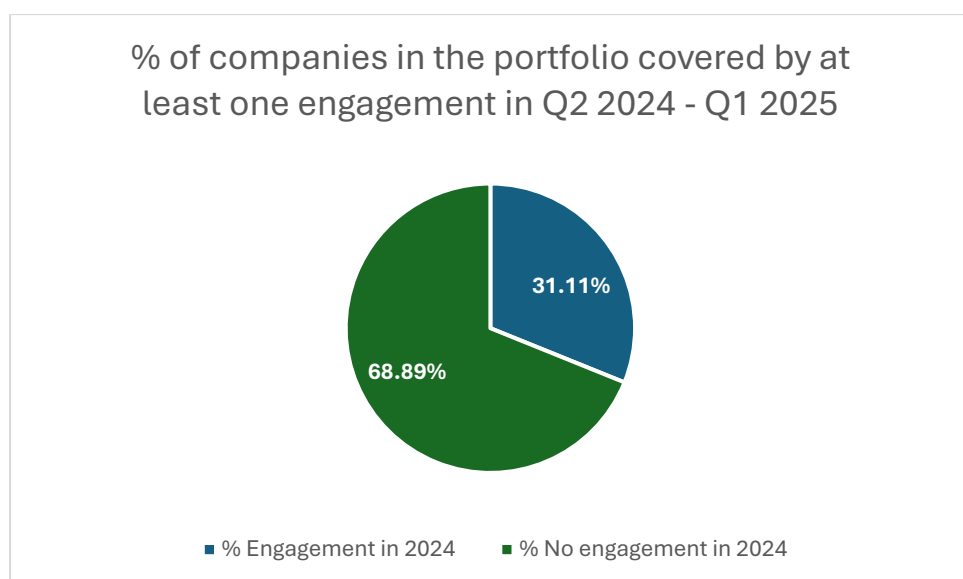
Reference date: 01/04/24 – 31/03/25

ESG Actions carried out over the year:

In the period 01/04/24 – 31/03/25 there were 45 different companies in the portfolio which were eligible for engagement. Eligibility is defined by Carmignac's capacity to engage with the holding – in practice this means that cash and similar asset class positions in Carmignac Portfolio Grande Europe were excluded from eligibility.

6.4% of the portfolio was comprised of cash and other assets in the year, measured as an average of the holdings at the end of each month.

In the year Carmignac engaged at least once with 14 companies in the portfolio, being 31.1% of the company names in the portfolio. 17 engagements were undertaken in the year.



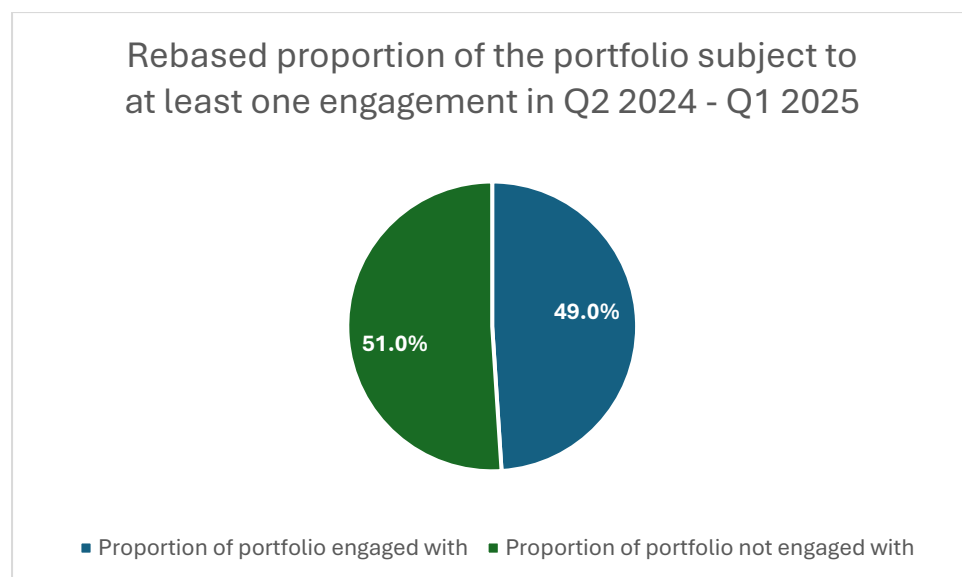
The above calculation measures the proportion of the companies in the portfolio that were engaged with at least once in the year. The calculation below measures the proportion of eligible assets subject to at least one engagement in the year.

Considering the rebased exposure of the portfolio to companies engaged with at least once in the year, Carmignac engaged with 49.0% of the portfolio. The calculation methodology is as follows:

$$\frac{\text{Exposure to companies subject to at least one engagement}}{\text{Portfolio exposure – assets ineligible for engagement}}$$

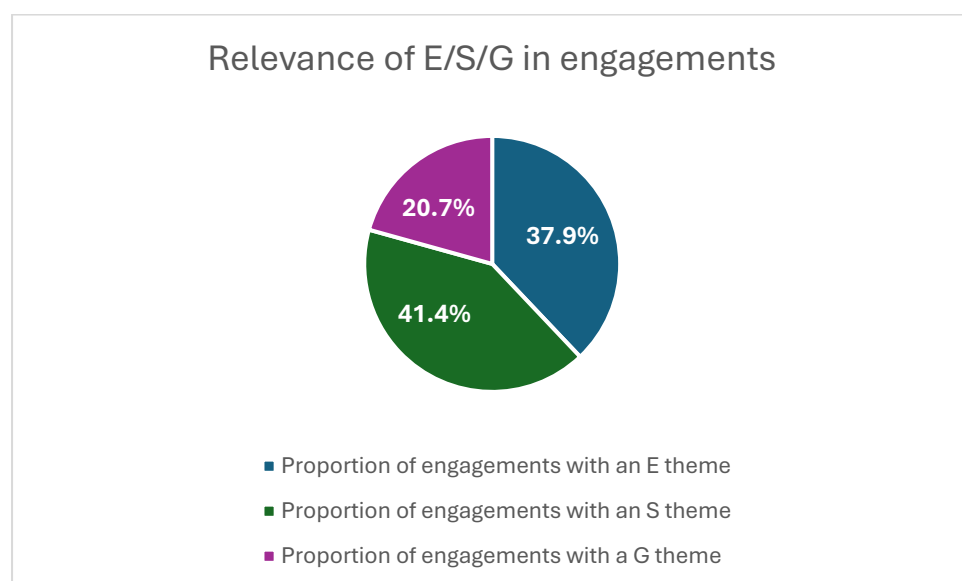
In the year, 49.0% of the eligible portfolio was engaged with.

The rebased proportion of the portfolio subject to at least one engagement in the year is higher than the proportion of companies engaged with because Carmignac engaged with companies which had a higher proportion of exposure in the year than those with which we did not engage.



Classification of ESG Actions:

In the year, Carmignac undertook engagements with E, S and G relevance. In the normal conduct of our engagements, and in line with our engagement policy, some engagements consider issues which include more than one ESG category, and some engagements focus on a single issue. In the year, the proportion of ESG relevance of our engagements was as follows:



Across 17 separate engagements, the split of E, S and G relevance is as follows:

Engagements with E relevance	11
Engagements with S relevance	12
Engagements with G relevance	6

Collective ESG Actions:

In the year Carmignac did not undertake any collaborative engagements with holdings in this fund.

Any other significant actions taken in relation to the portfolio:

As part of our ongoing controversy identification and management process, in line with our engagement policy we identified a potential risk relating to human rights in the value chain relating to the following holdings:

- L'Oreal

Carmignac engaged 2 times with this company in the year to understand the adequacy of management's responses to reported controversies. These engagements helped us gather information relating to our proprietary ESG scoring, perform investment analysis, as well as plan our engagement strategy.

Engagement report – Carmignac Portfolio Human Xperience

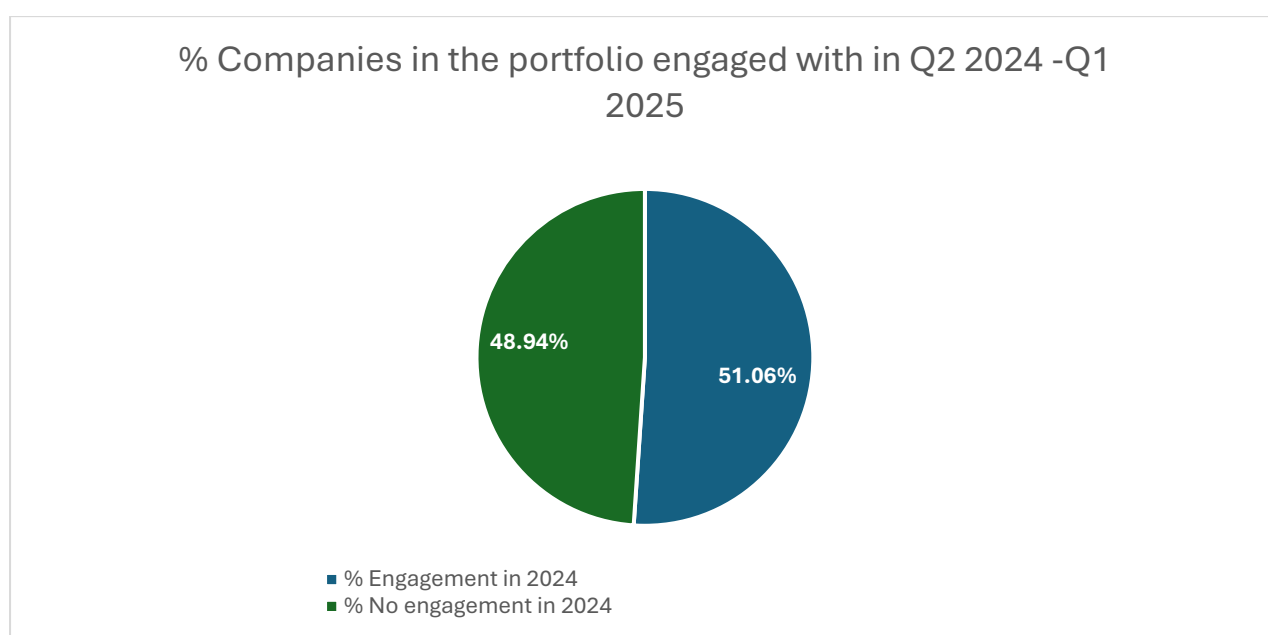
Reference date: 01/04/24 – 31/03/25

ESG Actions carried out over the year:

In the period 01/04/24 – 31/03/25 there were 47 different companies in the portfolio which were eligible for engagement. Eligibility is defined by Carmignac's capacity to engage with the holding – in practice this means that cash and similar asset classes in Carmignac Portfolio Human Xperience were excluded from eligibility.

5.42% of the portfolio was comprised of cash and similar assets in the year, measured as an average of the holdings at the end of each month.

In the year Carmignac engaged at least once with 24 companies in the portfolio, being 51.06% of the company names in the portfolio. 38 engagements were undertaken in the year.



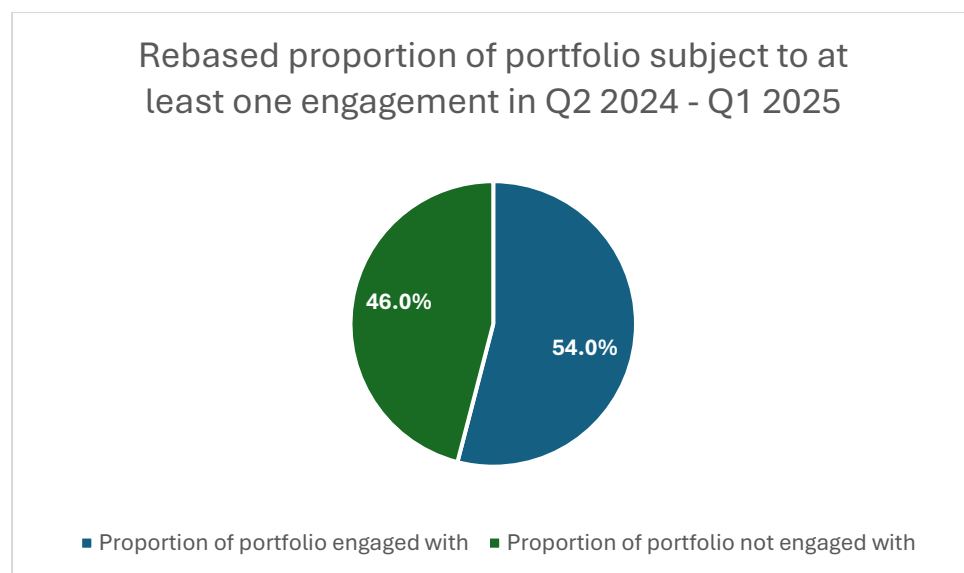
The above calculation measures the proportion of the companies in the portfolio that were engaged with at least once in the year. The calculation below measures the proportion of eligible assets subject to at least one engagement in the year.

Considering the rebased exposure of the portfolio to companies engaged with at least once in the year, Carmignac engaged with 54% of the portfolio. The calculation methodology is as follows:

$$\frac{\text{Exposure to companies subject to at least one engagement}}{\text{Portfolio exposure – assets ineligible for engagement}}$$

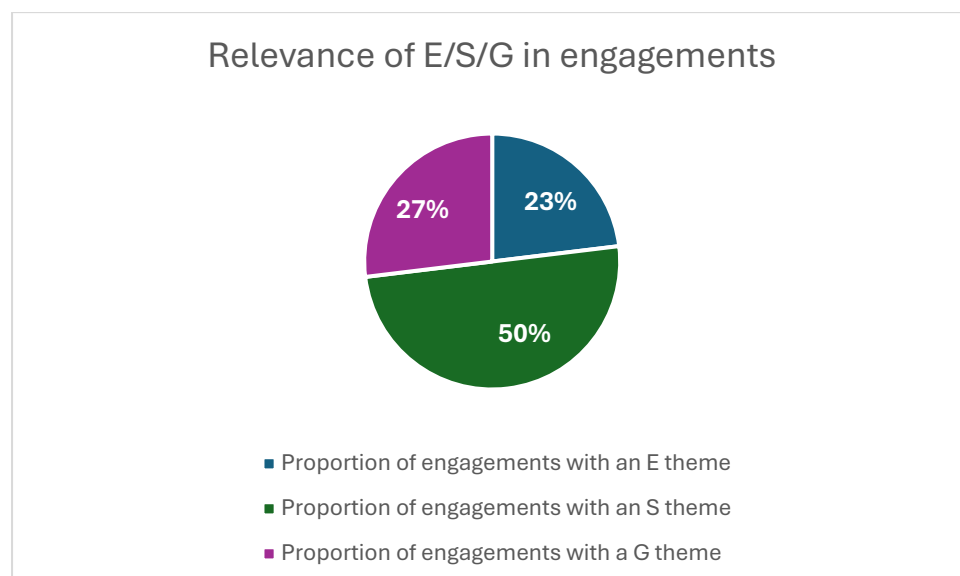
In the year, 54% of the eligible portfolio was engaged with.

The rebased proportion of the portfolio subject to at least one engagement in the year is higher than the proportion of companies engaged with because Carmignac engaged with companies which had a higher proportion of exposure in the year than those with which we did not engage.



Classification of ESG Actions:

In the year, Carmignac undertook engagements with E, S and G relevance. In the normal conduct of our engagements, and in line with our engagement policy, some engagements consider issues which include more than one ESG category, and some engagements focus on a single issue. In the year, the proportion of ESG relevance of our engagements was as follows:



Across 38 separate engagements, the split of E, S and G relevance is as follows:

Engagements with E relevance	12
Engagements with S relevance	26
Engagements with G relevance	14

Collective ESG Actions:

In the year Carmignac undertook three engagements as part of a collective affiliation.

In May and November 2024, as part of Carmignac's membership of Climate Action 100+, an investor led affiliation focusing on climate-related engagements, Carmignac engaged with Samsung Electronics, in which Carmignac is an equity holder. The engagement followed up on issues previously raised regarding greenhouse gas target setting and transition planning. By our second engagement, Samsung had set an Interim Scope 1 and 2 target, including a renewable energy target and a net zero target, but these were not in line with the Science Based Targets Initiative (SBTi) framework. Carmignac and Climate Action 100+ continued to engage to encourage further progress.

In August 2024 Carmignac was a participating investor in a collaborative engagement as part of our affiliation with the World Benchmarking Alliance's Collective Impact Coalition for Ethical AI. The group requested that Microsoft implement, demonstrate and disclose publicly strengthened and effective AI governance and oversight for the benefit of the company and consumers. The meeting was a first meeting, and the collaborative engagement continues with Carmignac a participating investor.

Any other significant actions taken in relation to the portfolio:

As part of our ongoing controversy identification and management process, in line with our engagement policy we identified a potential risk relating to human rights in the value chain relating to the following holdings:

- L'Oreal
- LVMH
- Estée Lauder

Carmignac engaged 7 times with these companies in the year to understand the adequacy of management's responses to reported controversies. These engagements helped us gather information relating to our proprietary ESG scoring, perform investment analysis, as well as plan our engagement strategy.

Engagement report – Carmignac Portfolio Patrimoine Europe

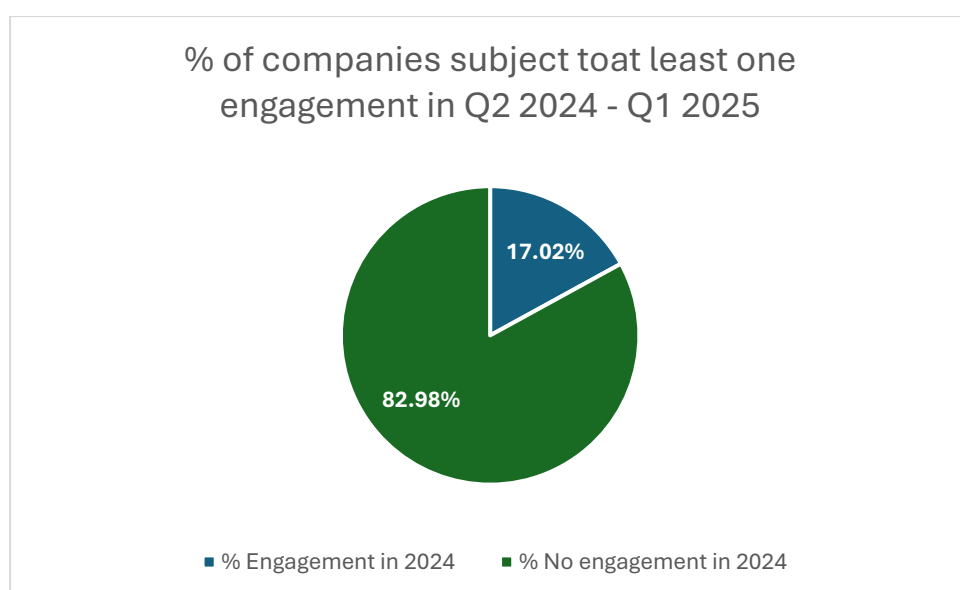
Reference date: 01/04/24 – 31/03/25

ESG Actions carried out over the year:

In the period 01/04/24 – 31/03/25 there were 94 different companies in the portfolio which were eligible for engagement. Eligibility is defined by Carmignac's capacity to engage with the holding – in practice this means that cash and derivative positions in Carmignac Portfolio Patrimoine Europe were excluded from eligibility.

31.0% of the portfolio was comprised of cash, derivatives and other similar assets in the year, measured as an average of the holdings at the end of each month.

In the year Carmignac engaged at least once with 16 companies in the portfolio, being 17.02% of the company names in the portfolio. 21 engagements were undertaken in the year.



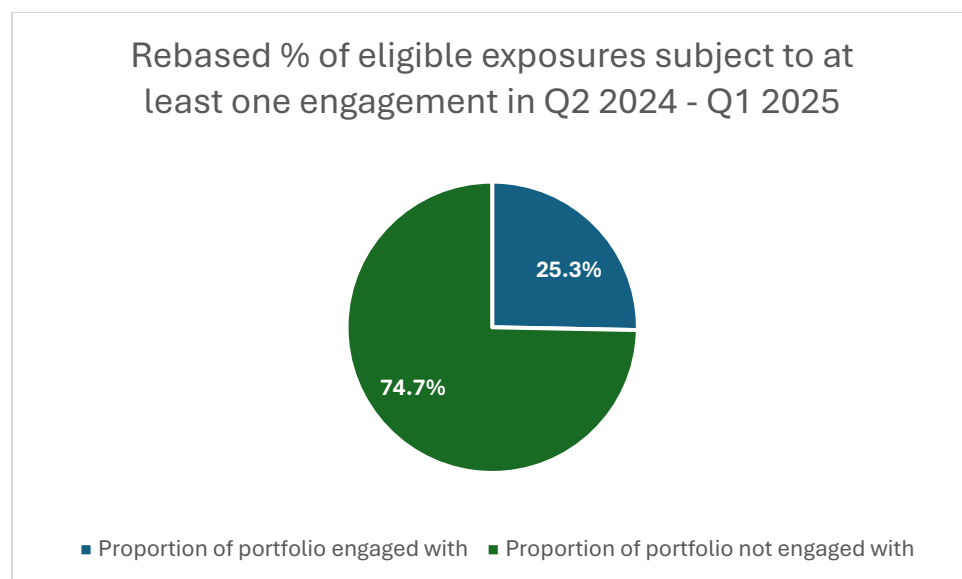
The above calculation measures the proportion of the companies in the portfolio that were engaged with at least once in the year. The calculation below measures the proportion of eligible assets subject to at least one engagement in the year.

Considering the rebased exposure of the portfolio to companies engaged with at least once in the year, Carmignac engaged with 25.3% of the portfolio. The calculation methodology is as follows:

$$\frac{\text{Exposure to companies subject to at least one engagement}}{\text{Portfolio exposure – assets ineligible for engagement}}$$

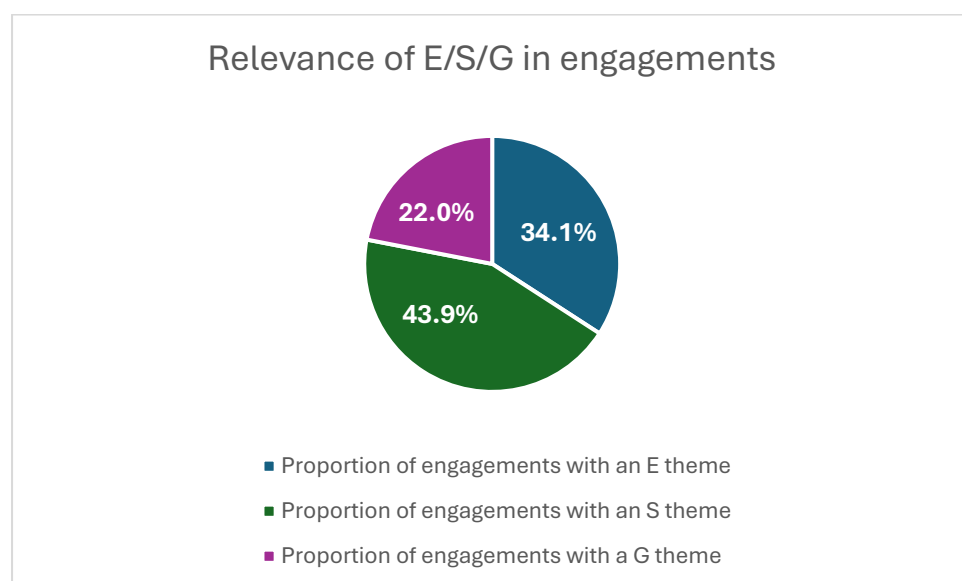
In the year, 25.3% of the eligible portfolio was engaged with.

The rebased proportion of the portfolio subject to at least one engagement in the year is higher than the proportion of companies engaged with because Carmignac engaged with companies which had a higher proportion of exposure in the year than those with which we did not engage.



Classification of ESG Actions:

In the year, Carmignac undertook engagements with E, S and G relevance. In the normal conduct of our engagements, and in line with our engagement policy, some engagements consider issues which include more than one ESG category, and some engagements focus on a single issue. In the year, the proportion of ESG relevance of our engagements was as follows:



Across 17 separate engagements, the split of E, S and G relevance is as follows:

Engagements with E relevance	14
Engagements with S relevance	18
Engagements with G relevance	9

Collective ESG Actions:

In the year Carmignac did not undertake any collaborative engagements with holdings in this fund.

Any other significant actions taken in relation to the portfolio:

As part of our ongoing controversy identification and management process, in line with our engagement policy we identified a potential risk relating to human rights in the value chain relating to the following holdings:

- L'Oreal

Carmignac engaged 2 times with this company in the year to understand the adequacy of management's responses to reported controversies. These engagements helped us gather information relating to our proprietary ESG scoring, perform investment analysis, as well as plan our engagement strategy.

DISCLAIMER

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